Hosken Consolidated Investments Limited

INTEGRATED ANNUAL REPORT

2015

CONTENTS

SCOPE OF INTEGRATED REPORT AND ASSURANCE

HCI's integrated report provides a summary of the Group's financial, social and environmental performance on matters material to the Group and those of interest to the Group's key stakeholders for the financial year ended 31 March 2015.

This summary of our results includes an executive review of our performance as published on SENS and in the Business Day on 22nd May 2015.

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

Business philosophy
HCI's business philosophy incorporates principles which have been identified through experience and continue to evolve.

Our approach is to build long-term value for our stakeholders through focused and ethical business management. Wherever possible we take controlling interests in our businesses, we capitalise them adequately and we deploy appropriate management resources. We act in ways that comply with legal and regulatory requirements, and that respect the rights of organised labour. We aim to be good corporate citizens, operating sustainable businesses in a dynamic environment. In line with the requirements of the King Report on Corporate Governance ("King III"), HCI is aiming for enhanced reporting systems and measures so as to provide increased value-added information to stakeholders. Generally, detailed forward-looking information is not provided.

In accordance with the stated objectives of integrated reporting, this report focuses on those issues that have a material impact on the Group to create and sustain value. The scope of the report does not extend to cover all issues relating to subsidiaries and associates. The scope limitation does not impact on the completeness of the report as separate integrated annual reports for the listed entities are published and can be found on www.oceaniacapital.com.au; www.deneb.co.za; www.tsogosun.com; www.niveus.co.za; and www.seardel.co.za

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

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

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

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

Where relevant in the report, adjusted comparatives are shown on a like-for-like basis to assist in the understanding of the Group's results. The financial information extracted from the audited HCI consolidated annual financial statements for the year ended 31 March 2015 has been correctly quoted in this report.

The notice of the annual general meeting, proxy form and other administrative information also form part of the summarised report and can be found on pages 79 to 84.

The reporting principles which have been applied in this report are in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa 2008 (as amended), the JSE Listings Requirements, King III and the guidance provided in the Integrated Reporting Committee of South Africa's Framework for Integrated Reporting and the Integrated Report Discussion Paper (Framework) 2011. The sustainability information included in this report has been guided by the Greenhouse Gas Protocol and has been disclosed to the Carbon Disclosure Programme.

The board, assisted by the audit and risk committee, is responsible for overseeing the integrity of the report.

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

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

- The annual financial statements and related financial information was audited by independent auditors Grant Thornton Partnership Johannesburg.
- The South African broad-based black economic empowerment information was verified by Empowerdex.
- The Governance Assessment Instrument as developed and licensed by the Institute of Directors of Southern Africa, was applied to gain assurance of compliance with the JSE listing requirements in respect of King III.
- The carbon and water information was compiled with the assistance of ERM.

The board approved this integrated annual report on 27 August 2015.

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

Forward-looking statements

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

OPERATING STRUCTURE

AS AT 27 AUGUST 2015

HCI

GROUP OF COMPANIES

LISTED COMPANIES

TSOGO SUN	SEARDEL	NIVEUS	DENEB	OCEANIA CAPITAL
TSOGO SUN HOLDINGS LIMITED 48%	SEARDEL INVESTMENT CORPORATION LIMITED 64%	NIVEUS INVESTMENTS LIMITED 52%	DENEB INVESTMENTS LIMITED 64%	OCEANIA CAPITAL 68%
incorporating	incorporating	incorporating	incorporating	incorporating
TSOGO SUN GAMING	SABIDO INVESTMENTS	KWV	BRAND ID	BAYCORP
TSOGO SUN HOTELS	e.TV	VUKANI	PRIMA	EON BROADCASTING
	e.SAT	GALAXY BINGO	SEARTEC	SEA FM 91.9
	YIRED		VEGA PROPERTIES	MIX FM 92.7
	OPENVIEW HD			CRIMSAFE

UNLISTED COMPANIES

GOLDEN ARROW BUS SERVICES
100%

HCI Properties
HCI PROPERTIES
100%
(DIVISION)

Coal
HCI COAL
100%

IMPACT OIL AND GAS
20%

KAROSHOEK
KAROSHOEK SOLAR ONE
10%

ITHUBA HOLDINGS
debt funding

SYNTELL
55%

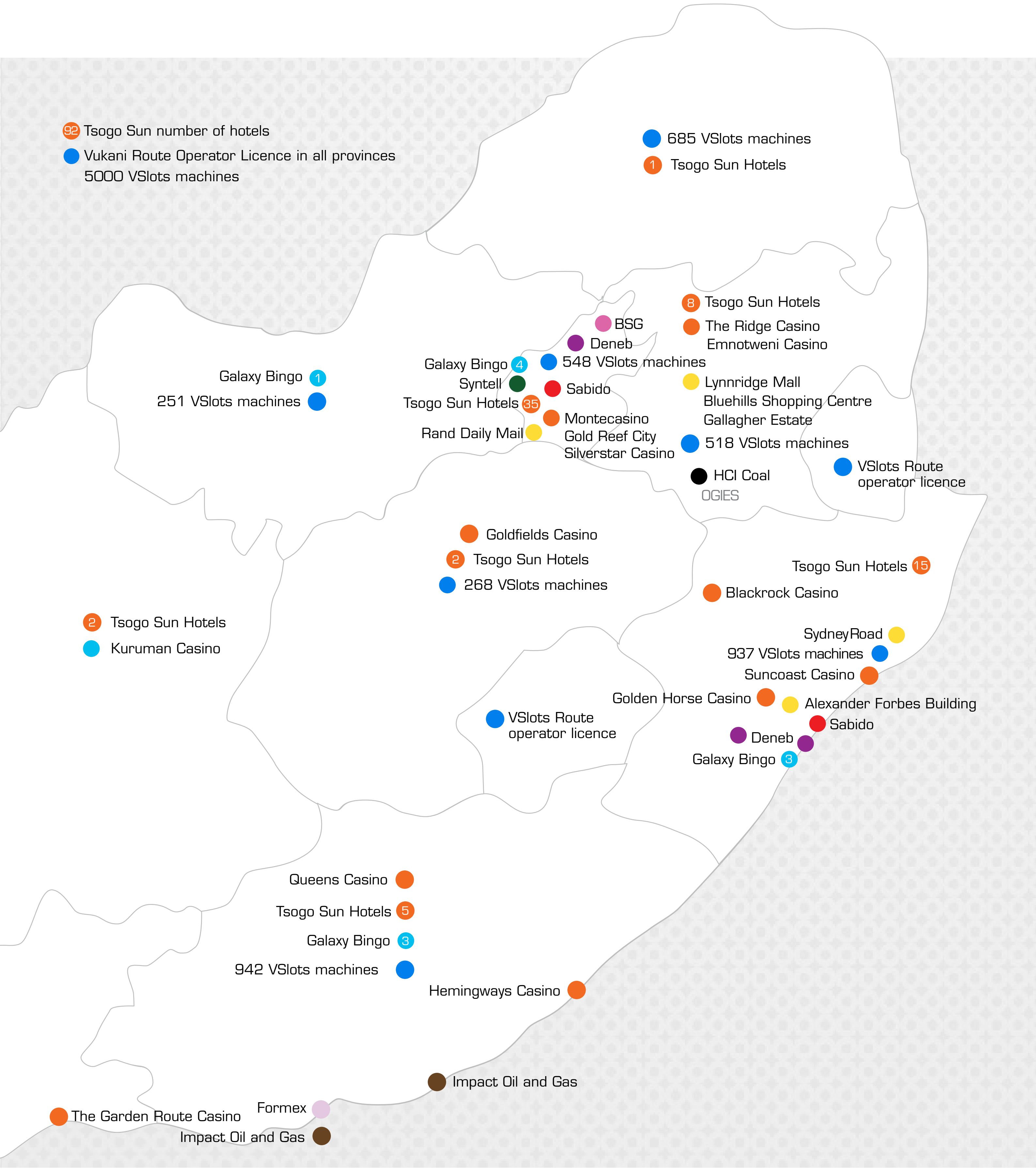
BUSINESS SYSTEMS GROUP (AFRICA)
40%

FORMEX ENGINEERING
100%

GEOGRAPHICAL FOOTPRINT

COMPANIES

- KWV Holdings
- Vukani Gaming Corporation
- Galaxy Bingo
- Seardel Investment Corporation Limited
- Deneb
- Tsogo Sun
- Golden Arrow Bus Services
- HCI Australia
- HCI Coal
- HCI Property
- Business Systems Group (Africa)
- Syntell
- Impact Oil and Gas
- Formex
- Karoshoek


92 Tsogo Sun number of hotels
Vukani Route Operator Licence in all provinces
5000 VSlots machines
685 VSlots machines
1 Tsogo Sun Hotels
8 Tsogo Sun Hotels
The Ridge Casino
Emnotweni Casino
BSG
Deneb
548 VSlots machines
Galaxy Bingo 4
Syntell
Tsogo Sun Hotels 35
Sabido
Montecasino
Gold Reef City
Silverstar Casino
Rand Daily Mail
Lynnridge Mall
Bluehills Shopping Centre
Gallagher Estate
518 VSlots machines
HCI Coal
OGIES
VSlots Route
operator licence
Galaxy Bingo 1
251 VSlots machines
Goldfields Casino
2 Tsogo Sun Hotels
268 VSlots machines
Tsogo Sun Hotels 15
Blackrock Casino
2 Tsogo Sun Hotels
Kuruman Casino
SydneyRoad
937 VSlots machines
Suncoast Casino
Golden Horse Casino
Alexander Forbes Building
Sabido
Deneb
Galaxy Bingo 3
VSlots Route
operator licence
Queens Casino
Tsogo Sun Hotels 5
Galaxy Bingo 3
942 VSlots machines
Hemingways Casino
Impact Oil and Gas
Formex
The Garden Route Casino
Impact Oil and Gas

LETTER TO SHAREHOLDERS

JA Copelyn
Chief Executive Officer

The last year has been a difficult period for the Group. Marcel Golding, who has been our executive chairperson for the last seventeen years, resigned from the Group under strained circumstances. It is also the first period in a long time where our media interest, Sabido, was forced on to the back foot with revenue in e.tv underperforming budget. Likewise, Tsogo Sun had a far flatter revenue line over the previous period than we have seen in a long time.

Nevertheless the Group has continued to see a lot of progress.

1. Noteworthy performances:

   Golden Arrow Bus Services ("GABS") turned in the best performance ever since we acquired the business ten years ago. The business has resolved serious conflicts of interest with the City of Cape Town over its vision for the development of MyCiti. GABS has signed a binding Memorandum of Understanding ("MOU") with both the Municipality and the Western Cape Provincial Government securing its future once the contracting authority for transport is ceded to the Cape Town Municipality. GABS also now operates both the central trunk in phase 1A and the Khayelitsha Express service of MyCiti.

   Turnaround work is always difficult and positive results are invariably slow. Nevertheless, such businesses often employ significant numbers of people. As a result, efforts to fix difficult areas of business in the Group are an important part of its objectives. This year we are happy to report good progress at four such businesses namely: Baycorp in Australia, KWV in Paarl, Formex in the Eastern Cape and Seartec in Johannesburg and Cape Town. In all these companies both profitability and stability of employment have been significantly enhanced over the year.

   Developing a start-up from being a good idea, but a loss-making operation, to a viable business with a really sustainable future is likewise a challenging area for any corporation. Over the last year enormous progress has been made by Brand ID in crossing this chasm and hopefully, next year is the last year in which we will consider this business as a start-up.

2. Award of further licences:

   HCI Coal finally secured its mining rights at Nokuhle Colliery as well as at the Rooipoort property adjacent to Palesa Colliery.

   We obtained three additional Bingo licences in the Eastern Cape as well as Vukani being awarded an additional LPM operator's licence for the Northern Cape, being the last region to finally award such licences. Further awards were made by the KZN Gaming Board to finally allow the bingo industry to operate effectively in the province. Disappointingly, these awards are caught up in delays due to various challenges by aggrieved partiesnwhich will result in delays in their implementation. Your directors remain confident that many of these awards will nevertheless become operational in the fullness of time and are valuable additions to the subsidiaries concerned.

The Competition authorities also permitted us to buy back the Gallagher Convention Business which we were previously compelled to sell.

3. Development of Group Properties:

The group has been engaged in a vast amount of work developing properties under its control:

3.1 Developments completed during the year:

- Tsogo - the capacity of Southern Sun Maputo hotel has been doubled; extensive improvements have been made to the Silverstar casino;
- HCI Properties - The Point development in Sea Point has been completed and is now fully let; likewise, the Blue Hills shopping mall in Midrand has just been opened;
- Niveus completed the building of a casino at Kuruman which opened for business in December 2014;

3.2 Developments currently in progress:

We are currently building at several other sites. These sites include phase 1 of the office park at Monte Circle; Deneb's redevelopment of Reeds House in Observatory Cape Town; Tsogo's redevelopment of Gold Reef City; HCI Properties is redeveloping our Sydney Road Durban factory as well as converting the former Rand Daily Mail offices into inner city residential accommodation in the centre of Johannesburg. It has commenced refurbishing our shopping centre at Lynnwood Pretoria. Sabido has virtually finished the development of its new building in Cape Town.

3.3 Clearance of rights of Delayed Developments:

Long standing difficulties in clearing development rights at two properties have also been resolved in this last period, opening the way for further planned developments. First among these are that the regulatory difficulties to the extension of Tsogo's complex at Suncoast has finally been resolved. This proposed development will virtually double its size as well as include the development of a new retail complex.

We have also finally managed to secure our right to develop property, admittedly a far smaller development, next to the Steenberg estate in Cape Town after a lengthy period.

3.4 Development Pipeline:

The pipeline of further property developments of the Group remains strong. We have acquired a 75% stake in Shell House which we intend to redevelop into about 600 residential units. Properties in Seapoint at Kings Road and the Nedbank centre there will likewise be developed. The Group has acquired an interest in property we intend developing into a shopping centre at Hermanus. We likewise expect to commence building at Heartlands in Modderfontein.

4. Restructuring:

We have finalised the unbundling of Montauk as well as Seardel's interest in its non-media assets which were unbundled into a separately listed company called Deneb. Both the separate listings have traded successfully with Montauk in particular trading at a price indicating its market capitalisation to be in excess of R1,7 billion at year end. We are in the process of renaming Seardel as eMedia Holdings Limited.

5. New investments:

5.1 Karoshoek Solar One:

During the year HCI invested in a concentrated solar energy plant in Upington which is due to produce 100 megawatts of base load electricity from late 2018. The project has achieved financial closure and is on its way to the construction phase.

5.2 Impact Oil and Gas:

We likewise invested in an off-shore oil exploration opportunity, Impact Oil and Gas. The company is carrying out seismic studies across various deep sea reserves around the African coast. Despite the setbacks in the price of oil, we believe there is enormous potential upside in this business and we look forward to the results of the seismic prospecting as well as the efforts made by this company to attract larger partners to farm out these properties for the process of drilling.

5.3 Ithuba Lottery:

The right to operate the National lottery for the next eight years or so was granted to Ithuba Holdings. Subsequent to an approach by Ithuba to HCI for funding, the company decided to invest in high-yielding debt and preference shares to assist Ithuba to commence operations in the face of litigation to set aside its licence.

The matter has now been determined in court and the Minister issued a new licence to Ithuba in compliance with the judgment handed down by the court. The previous operator appears set on further litigation but your directors are confident that this will become an important and valuable asset within the Group going forward notwithstanding this difficulty.

5.4 Mmamabula Colliery:

HCI has formed a joint venture with a corporation controlled by Jayendra Naidoo to acquire an option over 74% of this Colliery from Jindal Investments. We have invested a relatively small amount to secure the opportunity. The colliery has for several years been the subject of a discussion between the South African Government and the Botswana Government with various undertakings to facilitate its development by allowing a privately owned coal fired power station to be built there and to supply electricity to South Africa. In the event the governments decide to proceed with this, Mmamabula will become a really important development opportunity for the Group.

6. Sustainability Issues:

The Group has continued to perform well in this area as detailed elsewhere in the report but it goes without saying that we seek to be an exemplary corporate citizen in this regard. Our Foundation now represents a very coherent and focused social contribution of the Group. The Group continued to improve its BEE ratings to a very high mark in level two of the old codes and has made good progress in identifying and implementing controls in relation to carbon emissions arising from the activity of the Group.

7. In appreciation:

I would like to express appreciation to our board which dealt both firmly and sensitively with the difficulties which beset the Group last year and ensured it forged its way forward with relatively little damage to either itself or the executives involved.

Finally it is with great sadness that we record the passing of Virginia Engel after a long illness. We worked together on and off for over thirty years in different capacities. Virginia was for several years the CEO of the HCI Foundation and remained an active non-executive member of our board until shortly before her death. She was unquestionably one of the pillars of the success of our company and her absence is sorely felt.

Johnny Copelyn
Chief Executive Officer

OPERATIONAL OVERVIEW

TSOGO SUN

TSOGO SUN HOLDINGS LIMITED ["TSOGO SUN"]
www.tsogosun.com

• Income	R 11.3 billion	5%
• EBITDAR*	R 4.2 billion	unchanged
• Adjusted HEPS cents	175.0 cents	(1%)
• Dividend per share for the year	60.0 cents	unchanged

* EBIDTAR - Earnings before interest, income tax, depreciation, amortisation, property rentals, long-term incentives and exceptional items

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 reflected continued pressure on the consumer due to the macro-economic environment and weak consumer sentiment. Organic growth year-on-year although limited, 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 R2.8 billion during the year as follows:

- 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 businesses from Liberty. The net investment by the group is R762 million and the effective date of the transaction was 30 April 2014;

- acquired a 25% interest in Redefine BDL 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;

- acquired the remaining 49% interest in Tsogo Sun One Monte Proprietary Limited, the Pivot office development, for R144 million with effect from 19 May 2014;

- completed the R206 million expansion of Emnotweni Casino, which included the construction of an expanded casino floor, additional gaming positions, additional covered parking, a conference and eventing area and restaurants;

- completed 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 was closed from April 2014 and the refurbishment was completed during August 2014;

- completed the R560 million expansion and redevelopment of Silverstar Casino, which includes additional dining options, an outdoor events area, cinemas, 10-pin bowling alley, laser tag games, an expanded and enhanced casino floor and parking. The project was completed during October 2014;

- acquired the remaining 15% minority shareholding in the Garden Route Casino for R51 million during October 2014;

- acquired the Garden Court Polokwane land and buildings for R80 million with effect from 31 March 2015;

- continued the R630 million refurbishment and expansion of 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;

- commenced the planning phase for the expansion of the Suncoast Casino and Entertainment World following receipt of the requisite regulatory approvals. The expansion includes a destination retail mall, additional restaurants and entertainment offerings, a multipurpose venue, resort style roof-top swimming pools, additional parking, an expansion of the casino floor to incorporate an additional 900 gaming machines and 16 gaming tables. Construction is expected to commence in 2016 with three years to completion; and
- in addition to these acquisitions and expansion projects, the group also invested R749 million on maintenance capex group-wide, including gaming system replacements and major hotel refurbishments, ensuring our assets remain best in class.

In addition to the capital invested in the growth strategy, the group managed the exit of SABMiller from its long-term 39.6% shareholding in the group, including a specific repurchase of 133.6 million Tsogo Sun ordinary shares for R2.8 billion in August 2014. The shares were acquired at a price of R20.96 per share representing an 18.6% discount to the final book build price achieved on the sale of the SABMiller investment of R25.75 per share.

Total income for the year of R11.3 billion ended 5% above the prior year with a 2% growth in gaming win assisted by a 10% growth in hotel rooms revenue and a 13% growth in food and beverage revenue.

EBIDTAR at R4.2 billion for the year was unchanged from the prior year. The overall group EBITDAR margin of 37.2% is 1.9 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. The high level of operational gearing still presents significant growth potential for the group should these sectors of the South African economy improve.

Gaming win for the year in both slots and tables grew by a disappointing 2% on the prior year. Overall revenue for the gaming division increased 3% on the prior year to R8.3 billion. EBITDAR was unchanged on the prior year at R3.3 billion at a margin of 39.2%, 1.2pp below the prior year due to the slow growth in gaming win and the opening of additional profitable lower margin businesses.

The hotel industry in South Africa, excluding the government segment, continues to experience a recovery from the dual impact of depressed demand and oversupply. Overall industry occupancies have improved marginally to 62.5% (2014: 62.0%) 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, albeit at a reduced level as a result of the high exposure of the group to government travel.

OPERATIONAL OVERVIEW

Trading for the group's South African hotels for the year recorded a systemwide revenue per available room ('Revpar') growth of 4% on the prior year due mainly to an increase in average room rates by 6% to R953, with occupancies below the prior year at 62.8% (2014: 63.9%) impacted by the post-election and fiscal austerity impacts on government travel. Overall revenue for the South African hotel division increased 15% on the prior year to R2.5 billion assisted by the inclusion of the additional Cullinan hotels offset by the sale of Garden Court Sandton in December 2013 and the closure of Garden Court De Waal for four months during the year for refurbishment. Ebitdar improved 10% to R830 million at a margin of 33.1% (2014: 34.4%).

The offshore division of hotels achieved total revenue of R552 million, unchanged on the prior year due to the closure of Southern Sun Maputo for five months during the year for refurbishment and particularly the impact of the Ebola epidemic on trading and the uncertain political environment in certain countries. This was offset by the acquisition of Southern Sun Ikoyi on 29 June 2013, giving a full 12 months trading in 2015, and the weakening of the Rand against both the US Dollar and the Euro. Ebitdar (pre-foreign exchange losses or gains) decreased by 10% to R137 million. Foreign exchange losses of R21 million (2014: R33 million gain) were incurred on the translation of offshore monetary items.

Prospects

Trading is expected to remain under pressure due to the ongoing macro-economic conditions and weak consumer sentiment. Nevertheless, the group remains highly cash generative and is confident in achieving attractive returns from the growth strategy once the macro-economic environment improves. The high level of operational gearing still presents significant growth potential for the group should these sectors of the South African economy improve.

The transaction entered into 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 has been cancelled. The revised implementation date of 31 August 2015 could not be achieved.

The Mpumalanga Gaming Board withdrew the second request for proposal for the fourth casino licence. The group is pursuing a legal challenge in this regard, following the submission of a bid proposed in response to the request.

The group has announced a new 500-room hotel complex in the Cape Town city centre, with the opening scheduled for the third quarter of 2017.

The group is considering creating an entertainment and hospitality focused Real Estate Investment Trust ('REIT'), into which it would transfer its extensive owned hotel, retail and office property portfolio.

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

OPERATIONAL OVERVIEW

SEARDEL INVESTMENT CORPORATION LIMITED ["SEARDEL"]
www.seardel.co.za
www.etv.co.za

Seardel reports income attributable to ordinary shareholders of R152.7m and total comprehensive income of R174.9m for the year ended 31 March 2015. The Group's results for the year are not comparable to the prior year, due to the corporate activity that occurred during the past two years which transformed the Group from an investment holding company owning mainly clothing, textile, branded products and property investments to a media investment holding company.

At year-end the company's sole investment is its 64% interest in Sabido Investments Proprietary Limited ("Sabido"). Sabido is the media investment vehicle that houses e.tv ("e.tv"), eSat.TV ("eNCA"), Yired ("Yfm") and Sasani Africa ("Sasani Studios"), amongst others. Sabido was acquired in the second half of the previous financial year. In April 2014 Seardel successfully concluded a R5 billion rights issue which resulted in the Group issuing 3,125 billion N shares, the proceeds of which were utilised primarily to redeem the debt associated with the Sabido acquisition.

The current financial year has been one of consolidation and investment for Sabido.

During the second half of the year management took a critical look at all of the business units. A strategic decision was been made to exit certain non-core and underperforming entities within the Group, which were either sold or discontinued during the current year, as commercial requirements dictated. The Group expects to exit other investments during the 2016 financial year. The Group continues to focus on its core SA operations, being e.tv, eNCA, e.tv Multichannel, OpenView HD (Platco), and its radio, production and property interests. The Group continued with its strategy to further develop its multi-channel and OVHD offering. This, albeit costly and currently loss making in the absence of significant revenue due to the delays in DTT and the slow set-top box uptake, is necessary to establish these platforms for future content development and channel creation.

It is important to recognise that the above-mentioned issues resulted in significantly reduced profits for the year under review. If one excludes the impact of the discontinued operations and the investment into multi-channel and OVHD, the latter of which will yield future returns, the "normalised earnings" for the year amounted to R519,7 million compared to a prior year figure of R571,9 million, a 9% decrease year on year.

The year under review was a difficult one for free-to-air broadcaster, e.tv. Rights to broadcast the FIFA 2014

World Cup were held by third-party broadcasters, which took audiences away from e.tv. Competitor broadcasters also invested significantly in local (and often vernacular) content, which necessitated increased programming investment by e.tv. Aggressive counter-scheduling by free-to-air competitor channels, combined with local programme investment, also contributed to audience drop-off in the year. These factors contributed to a new television landscape characterised by increased choice and a less loyal viewer population. Finally, the general downturn in above-the-line marketing spend because of a downturn in the economy saw revenues under pressure. To counter the prevailing market conditions e.tv continued to invest significantly in new local programming and the new prime time schedule was launched in March 2015. The company expects that this revised schedule will be the driving force behind a resurgent e.tv in the forthcoming fiscal year.

The concept of increased choice is becoming commonplace amongst South African television viewers. To bring viewers into this arena, the company made OpenView HD, a multi-channel free-to-view satellite offering available. With subsidised boxes, the company expects better growth in the take up of OpenView HD set-top boxes in 2015/16 and, consequently, better revenues.

eNCA continues to perform strongly as the best, by share and revenue, of all television news services available in South Africa. Its "know more" policy and skilled, independent voice have gained a strong foothold in the news environment. A long-term contract with MultiChoice terminates next year and negotiations will commence towards the end of the 2016 financial year to renew our deal on the DStv platform.

Solid performances by subsidiaries, Sasani Studios and Yfm, also bolstered the Group while other Group companies, Silverline 360 and affiliate, Cape Town Film Studios, began to demonstrate the turnaround which was contemplated in the strategic plan developed over recent years.

Terrestrial television broadcasting in South Africa is in an imminent phase of migration from analogue to digital platforms. The mechanism of the rollout of digital terrestrial television (DTT) is dependent on the policy on digital migration which is determined by the Minister of Communications. e.tv is contesting the decision-making process in this regard, which it regarded as flawed and is currently in an appeal process.

Finally, the new offices in Durban are now occupied and the move into the new Cape Town offices will commence in the second quarter of the 2016 fiscal.

OPERATIONAL OVERVIEW

DENEB INVESTMENTS LIMITED ["DENEB"]
www.deneb.co.za

The businesses that comprise Deneb are the non-media businesses that were unbundled out of Seardel and separately listed on the JSE Limited (JSE) effective 1 December 2014.

The results to March 2015 reflect the two main themes that have been recurring in the results for the past few years.

- The first is that the economic environment, particularly for the manufacturing businesses, remains challenging. Indeed the past financial year, with the industrial action that took place within our own businesses as well as those of our customer and supplier bases coupled with inconsistent electricity supply, has proven to be particularly challenging.

- The second is that Deneb has been working diligently to make incremental changes to the businesses so that they become more resilient to adversity. These incremental changes take the form of discontinuing unprofitable businesses or product lines whilst, on the other hand, looking to enter new growth areas and diversify and deepen quality revenue streams.

The above factors have meant that Deneb was able, despite the tough conditions, to report an attributable profit of R209 million. However, the attributable profit as recorded includes the following notable items:

- R72 million of tax income was recorded in the current year through the recognition of a deferred tax asset arising from historic assessed losses;

- Investment properties were revalued up by R70 million in the current period against R21 million in the prior period;

- A loss of R17 million was recorded from discontinued operations relating to the closure of the Group's apparel factory stores.

Much work has gone into improving the balance sheet over the past few years. Interest-bearing debt stands at 19% of total asset value at year-end, down from 21% a year ago. Properties now represents 37% of the R3 billion total asset value, whilst plant and equipment comprises a little over 10%.

The value of Deneb's total property portfolio increased by 4% to just over R1.1 billion. This growth is after accounting for R68 million of disposals during the period, countered by development expenditure of R43 million. Revenue increased by 9% to R129 million, whilst revenue from external tenants increased by 34% to R96 million and now represents 74% of the total revenue for this segment.

The Branded Product segment recorded revenue growth of 47% to R1,4 billion however operating profit before finance costs declined 52% to R20 million. The performance of this segment was affected by management's decision to

invest heavily in Seartec, the office automation and electronics distribution business to ensure benefits over the medium term. The performance of this segment was also affected by challenges in the toy business, notwithstanding continued turnover growth due to the rapid depreciation of the Rand leading up to the busy Christmas season thus putting pressure on margins. On the positive side, the distribution of interactive gaming delivered a strong performance, with operating profits up year on year on the back of securing the rights to distribute Electronic Arts games. In addition, the acquisition of the sports brands, mentioned in the prior year report, saw Brand ID's performance improve markedly. This start-up business has now reached breakeven, in line with expectation, and we anticipate that it will become a contributor going forward.

Trading conditions for the businesses within the textile segment and industrial segment remained challenging throughout the period under review. The performance of this segment was influenced by a reduction in the value of public procurement tenders awarded, rising energy costs, downtime as a result of load-shedding, a strike at one of the operations and protracted industrial action in the customer and supplier base. Having said that, given the problems experienced, Deneb is pleased at how well these businesses withstood the tough year and this reflects the work that the management teams within these entities have done to improve the quality of revenue and operating efficiencies.

OPERATIONAL OVERVIEW

NIVEUS INVESTMENTS LIMITED ["NIVEUS"]
www.niveus.co.za

In the face of reduced consumer spending and cost pressure in the general business environment Niveus is pleased that its gaming businesses continued to show growth in earnings and margins. During the year Niveus invested R309 million in capital expenditure, including losses from new operations and support structures, in the gaming businesses, with a significant portion thereof invested in KwaZulu-Natal ("KZN") where the Group is facing significant regulatory hurdles.

As indicated last year, the potential returns in the gaming sector remain good but the risk of regulatory interference and uncertainty has increased. The recent statements from the Department of Trade and Industry ("DTI") are not investment friendly for the bingo industry and also reflect a fixation with legalised gambling when illegal gambling is growing at an unprecedented rate. The DTI also incorrectly believes that gaming outside formal casinos is more harmful to society and that the investment by casino operators needs to be protected. Illegal gaming is now one of the largest risks to the Group, and the communities they operate in. The inability of the DTI, SAPS and SARS to stop these operations is concerning. Numerous complaints have been lodged in multiple jurisdictions, by the gaming boards as well as by Niveus, but action remains very limited and slow.

KWV Holdings Limited ("KWV") increased its profits substantially from the previous year, but it is expected that profits in 2016 will be lower due to increased volatility in the exchange rate and sustained pressure in the South African brandy category.

Bingo and casino operations
The EBITDA contribution of these businesses declined from R33 million in the comparative year to R10 million in the current financial year. EBITDA for sites that are operationally fully developed (including the Kuruman casino that opened in December) was R86 million. This was reduced to R10 million by head office costs, development costs and losses from sites that are not yet operationally complete. It is estimated that the head office costs associated with fully developed sites is less than R15 million.

A significant portion of the cost and losses were incurred in KZN, where the provincial finance authorities have revoked licences issued to Niveus in 2010. If Niveus is unsuccessful in its appeal and ultimately loses its bingo licences Niveus will be required to impair assets to the value of R35 million and may be liable for rent and the retrenchment costs of 300 staff members.

Other costs include development costs for the new licences in the Eastern Cape and the costs of various bids in other provinces. Bingo licences in Uitenhage and King Williams Town, awarded to the Group, have been challenged by another bidder.

Vukani
Vukani continued to grow earnings despite slower than expected machine roll-out in the second half of the financial year. The suspension of the KZN Gaming Board members, the delay in appointment of the Northern Cape Gambling Board as well as reaching licence capacity in the Eastern Cape contributed to the slow machine roll-out. The installed machine base increased from 4 643 in the prior year to 5 052 at March 2015

(4 932 September 2014). The average Gross Gaming Revenue ("GGR") per machine per month increased from R16 848 in March 2014 to R17 832 with total GGR growing 16% year on year.

The current year operating expenses of R184 million include an additional R8 million in marketing expenses compared to the R199 million expenses incurred in the prior year, which included a once-off R31 million share-based payment expense. Operating expenses on a normalised basis therefore increased by 5%, which is largely inflation based.

Vukani contributed EBITDA of R260 million to the R266 million EBITDA reported for the gaming segment. This is up from R183 million in the prior year. Year-on-year EBITDA growth of 25% was achieved on a normalised operating expense basis.

At year-end Niveus had nine operating sports betting licences, which did not make a significant contribution to GGR performance for the year and resulted in operating losses from this segment. Niveus anticipates these licences to operate close to breakeven levels towards the end of the 2016 financial year.

KWV

KWV reported attributable headline earnings of R48 million (R2 million March 2014). While the business has improved and its cost base is well controlled, the majority of the earnings were as a result of the depreciation of the rand and the resultant profits on foreign exchange hedges.

KWV is recognised as the foremost brandy producer in South Africa and this was reflected in numerous awards, including the recognition of KWV 12 year as the best brandy in the world. The volume of packed spirits sold remained flat, but the Group increased its market share in the brandy category to 13,8%. The brandy category is dominated by Distell, with nearly 70% market share, and until Distell increases prices in real terms, the category will remain marginally profitable at the lower end.

Wine sales in South Africa improved in the core Roodeberg, KWV and Laborie brands. The South African wine category is, however, under pressure internationally and the increase in bulk wine exports is further entrenching South African wine as a low-cost offering, at the expense of our premium offerings. In 2015, KWV was the only South African wine brand recognised as one of the World's Top 50 Most Admired Wine Brands by Drinks International (33rd).

KWV will continue to hedge its foreign exchange exports and, following the appreciation of the exchange rate against its trading currencies, in particular the euro, expects the profits in 2016 to be lower than 2015. It is unlikely that it will be able to increase prices in foreign markets with local cost pressure expected to reduce overall margins. KWV's investment in sales and marketing will be maintained even if it reduces profitability in the short term.

OPERATIONAL OVERVIEW

OCEANIA CAPITAL PARTNERS LIMITED ["OCP"]
www.oceaniacapital.com.au

Oceania Capital Partners 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 52.86% interest in Baycorp Holdings ("Baycorp"), a debt-recovery and credit management specialist with operations in both Australia and New Zealand. Baycorp has seen a transformation over the last year. There are many aspects to the operational restructure and turnaround that have been taking place but the establishment of its offshore collection capability in the Philippines is worth highlighting because of the professional and seamless manner in which that new business unit was planned, established and now operates as an important part of the overall operations processes of Baycorp. There are now over 100 employees in the Philippines, which is close to 20% of the entire staff of Baycorp. These are our people: recruited, trained and deployed within an impressive timeframe. Also, during the year, the New Zealand business unit moved to new, modern premises which included the relocation of much of the critical IT infrastructure of the business.

OCP holds a 95% interest in EON Broadcasting which operates two regional radio stations on the Queensland Sunshine Coast – 91.9 Sea FM and 92.7 Mix FM through its subsidiary, Sunshine Coast Broadcasters. The business performed strongly in the year under review with total sales revenue growing by 22%. Whilst this growth partly reflects a quieter FY14, it has taken a significant effort and some excellent content production to achieve this result. The Sunshine Coast radio team is known by the business community on the Sunshine Coast as a dynamic and active team who delivers results for its clients. In the Sunshine Coast Regional Radio Survey conducted in May 2015 the company's stations were placed 1 and 2 in every category in every time slot by some margin. This excellent result lays the foundation for the business to continue to grow revenue in the coming year.

During the year OCP acquired a 50% interest in Cohort Holdings Australia ("Cohort") an online digital lead generation business. Management is excited about the potential growth opportunities for the business. It is truly a new age digital business and its Australian operation has shown revenue and profit growth to match. Management's investment thesis is based on further growth and it is excited by what has been seen to-date. Recently commenced operations in the UK market provide additional growth opportunities for Cohort.

Prior to year-end OCP announced the acquisition of the Crimsafe business from its founders. OCP holds a 97% interest in Crimsafe. As the market leader in the Australian door and window security screen industry, this business has very strong brand presence and there is an extraordinary unaided recognition of the brand by a wide cross section of the community. Crimsafe dominates its market and although competitors exist, they cannot compete on quality and service. Management regard the safeguarding of this market position as a key to maintaining the strength of this long established and well run business. The headquarters of Crimsafe are in South East Queensland. Some of the opportunity for Crimsafe's growth lies offshore where Crimsafe has set up an operation in the US. While that business initiative is yet to be profitable, if the right approach and structure can be struck with this excellent product then the opportunity could be very meaningful.

OPERATIONAL OVERVIEW

GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED ["GABS"]
www.gabs.co.za

Amidst the rigorous countrywide rollout of the Integrated Rapid Transit (IRT) services, which enjoy legislative precedence over the conventional bus services plied by Golden Arrow Bus Services (GABS) et al, the 154 year old company produced a solid performance. However, the substantial surge in operating profit vis-à-vis the previous year should be viewed within the context of the crippling five-week national strike at the start of the previous financial period.

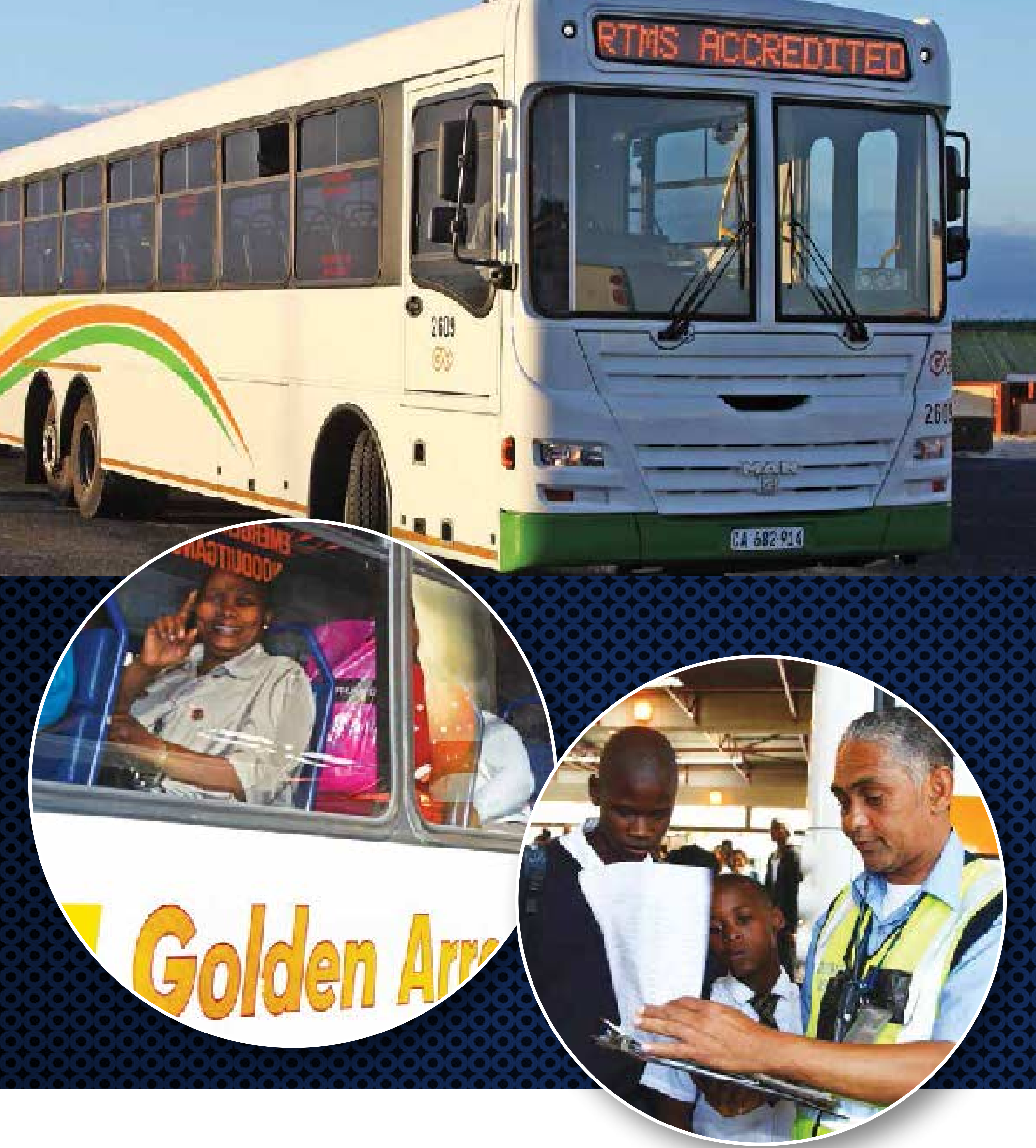
This strong performance was to a large extent buoyed by the windfall spawned by the steady drop in the price of oil, an increase in passenger numbers of 7% compared to the pre-strike base, the implementation of judicious spares inventory management and the generation of enhanced revenue streams from non-operating income sources.

A consequence of the fleet recapitalisation programme initiated 10 years ago is that more than fifty percent of the buses in the GABS fleet are now less than seven years old which provides a firm foundation for the company's consistent 96% operational efficiency ratio as well as reduced breakdown experience.

GABS' services were given a resounding endorsement by an independently conducted passenger survey undertaken by the Mathematics and Physics Department of the Cape Peninsula University for Technology during the reporting period. The survey revealed that 93% of the respondents drawn from a cross section of the GABS operational area indicated that they would recommend the company's services to other commuters and a notable 75% revealed their overall satisfaction with the key components of the service.

The company made considerable strides in the area of Broad-Based Black Economic Empowerment (BBBEE), by improving its overall rating from a level three to a level two contributor. Through the Southern African Bus Operators Association (SABOA), GABS has been actively engaged in the revision of the transport sector BBBEE code which will be applicable in the next reporting period. Formidable challenges in the areas of preferential procurement, enterprise development and employment equity are anticipated in the new revised bus sector codes.

As part of the computation of the HCI Group's carbon and water footprint, GABS' Scope 1 Greenhouse Gas (GHG) emissions increased by 2%, mainly due to increased diesel consumption as a result of the increase in the total kilometres travelled. On the other hand, Scope 3 emissions increased significantly since a number of new scope 3 sources, viz. diesel consumption in MyCiti buses; electricity consumption in shared facilities/depots and business



travel by road were factored into the current year's sustainability report.

GABS has voiced its concern over the disproportionate allocation of the Public Transport budget which reflects a predisposition to the operational and capital expenditure related to the IRT system. The fiscal allocation to conventional bus services, which are responsible for the major portion of road based public transport, is 20% less and is projected to decline in the medium term budgetary framework. There is a place for both operating systems and this dichotomy needs to be recognised in the Comprehensive Integrated Transport Planning of the metropoles as well as Treasury's budgetary allocations and escalation formulae of the subsidy regime for conventional bus services, which over recent years has been lagging behind the consumer price index.

OPERATIONAL OVERVIEW

HCI Properties

HCI PROPERTIES ["HCI-PROPS"]
www.hciproperties.co.za

The 2015 financial year presented some challenges for the South African property sector - slowdown of the economy; increase in interest rates and knock on effect on the cost of hedging. Whilst load-shedding did not delay any of the developments it had the consequence of HCI-Props having to provide for off grid alternatives for the developments; the current default solution being generator capacity. Solar solutions are being investigated to allow for a cleaner and more cost effective alternative to generators in the long term.

The multitude of town planning obstacles and the inability of certain municipalities to deliver services prevails.

New developments
Notwithstanding a generally tough economic landscape, HCI-Props has strengthened its development pipeline with the positive conclusion of another joint venture with Dorpstraat PKEF in developing a regional mall in Hermanus, Western Cape. The 28,000m² mall is still in the planning stage and it is intended to open in the third quarter of 2017.

HCI Properties successfully negotiated a renewal of a long term lease and re-development of the Alexander Forbes Group's regional head office in Umhlanga Ridge, Kwazulu Natal.

Although protracted, the rezoning and the subdivision application for Erven 10964 Constantia, Tokai has come to fruition. HCI-Props received approval from Council for the development of a residential estate adjoining the Steenberg Estate. This should be brought to market early 2016.

Furthermore, the application for the merger between HCI and Atterbell Investments Proprietary Limited, trading as Gallagher Convention Centre, was approved by the Competition Tribunal. This will allow HCI-Props the ability to integrate the development of our Gallagher Estate land holdings.

Inner City Housing developments
In 2014 a vacant office block in the Johannesburg CBD was acquired. This building, which used to house the Rand Daily Mail newspaper, is suitable for conversion to affordable rental accommodation and is well located in the banking precinct. The building is being renamed as Rand Daily Mail House and will offer 230 quality, but affordable, units to the target market. Construction began in October 2014 and the first tenants are expected to move in on 1 September 2015.

Completed developments and existing portfolio
The completed developments are trading well and include Protea Place offices in Claremont, Cape Town; Kalahari Village Mall in Upington; and The Point Mall retail and offices in Sea Point, Cape Town. Vacancies of these properties are below 2%. Trading densities in the retail envelopes are also above expectations.

Bluehills, an 11,000 m² retail convenience Centre in Midrand, officially opened on 30 July 2015.

The vacancies in the Gallagher office component, which was at 20% at the beginning of the financial year, is now around 6%.

Developments in Progress
The Lynnridge Mall and Olympus Village Mall shopping centres situated in Tshwane, both joint ventures with Dorpstraat, are scheduled for completion in March and April 2016 respectively.

The first phase of the Monte Circle office precinct, being co-developed with partners Abland, Pivotal Fund and Tsogo Sun, in Fourways Gauteng is scheduled for completion in the last quarter of 2015.

Two mixed use retail/residential developments with the Berman Brothers Group in Sea Point are due to commence in early next year.

Negotiations have been concluded to buy a 75% share of Shell House, a vacant office building in the Joubert Park area. The building offers excellent opportunities for rental accommodation and we expect to build about 600 units. Over time it is hoped that high yielding, affordable rental housing will become a meaningful part of the property portfolio.

OPERATIONAL OVERVIEW

HCI Coal (Pty) Ltd

HCI COAL PROPRIETARY LIMITED ["HCI COAL"]

The year under review saw HCI Coal producing multiple products from its two commissioned mines which are generating strong cash flows and positions the company well for further development.

Safety performance relative to the industry is satisfactory. The LTIFR (Lost Time Injury Frequency Rate) achieved on a cumulative basis at Palesa Colliery was 0.19 while at Mbali Colliery we achieved a rate of 0.27.

Over the past 12 months Palesa Colliery achieved increased sales of 2 090 354 tons compared with 2 002 495 tons in the previous year. Production output continued to increase as the overall beneficiation yield improved from 77% to 79% due to operational efficiencies. Nothwithstanding the volatility in the financial markets and a weaker coal price, Palesa colliery managed to increase its mining profit before tax by 19% for the 2015 financial year.

The Rooipoort Mining Right which lies adjacent to Palesa Colliery was executed and registered during the financial year which will place the company in a position to increase production should demand increase.

This year marks the first time that Mbali Colliery has reported on production and revenue for a full 12 month period and for which it recorded positive cash generation from its operations as it reached steady state mining. Mbali ended this financial year with total sales volumes of 546 619 tons across a variety of products. Operational improvements and securing market off-take for the export and local coal production has been management's main focus during the year.

Nokuhle Colliery has secured and registered its mining right in this financial year and is currently waiting for issue of a water use license in order to commence site development. Nokuhle Colliery remains a significant coal deposit made up of 28 million inferred tons not reflected in the reserve statement below.

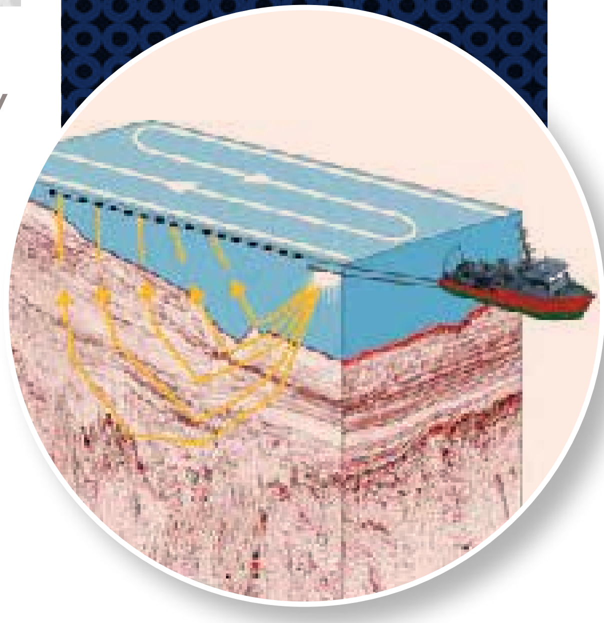
Revenue for the year increased by R178 million to R831 million and EBITDA from R105 million to R138 million for the year under review.

	Palesa Colliery	Mbali Colliery	Nokuhle Colliery	Total
	Tons	Tons	Tons	Tons
Mineral reserve: proven	76 450 532	7 287 132	-	83 737 664
Mineral reserve: probable	17 551 309	-	9 858 718	27 410 027
	94 001 841	7 287 132	9 858 718	111 147 691

Mmamabula Power Project

The Group has acquired the right to effectively acquire 37% of the equity in a company that holds the mining rights to extensive coal reserves in Botswana. The reserves are well explored by a previous owner and have the ability to support a large coal fired power station. The previous owners were unable to develop the project following the failure to secure an acceptable Power Purchase Agreement ("PPA") from Eskom. The Group and its partners are in discussions with various stakeholders to determine the viability of the project and the potential for an economic PPA agreement. The outcome of these discussions should be known by the Group's financial year end.

OPERATIONAL OVERVIEW



IMPACT OIL AND GAS LIMITED ("IMPACT")
www.impactoilandgas.com

HCI acquired a 20% stake in Impact Oil and Gas in consequence of its decision to participate in a fund raise by the Company last year.

Impact is an African-focused pure exploration Company with a substantial portfolio of exploration acreage in medium to deep water areas along the coast of South Africa, Namibia, Gabon, and Senegal/Guinea-Bissau. The areas have been chosen by an experienced team of geologists and geophysicists in the belief that these regions may contain very significant quantities of hydrocarbons.

Impact's strategy is to build large acreage positions in world class, medium to deep water assets, acquire seismic data to identify prospects and partner with major oil and gas producers to monetize and ensure economically viable production.

It was a busy year operationally for the Company, despite the volatile oil price environment in the second half of the year, as it delivered on its strategy to grow and de-risk its portfolio. A number of significant value accretive events occurred in the period including the successful fundraising of US$55 million through a private placing of new shares to both new and existing investors.

South Africa

Impact has one of the largest exploration portfolios offshore South Africa, with interests in four permits (one exploration, three technical co-operation), with a gross area of 75,000km². In 2012 ExxonMobil recognised the significant hydrocarbon potential in Impact's acreage and entered into an agreement to participate in all of its offshore blocks. Exploration activities have continued with ExxonMobil as operator carrying out seismic surveying over the Transkei/Algoa blocks in 2014. The results of the surveys carried out, to date, over Impact's and ExxonMobil's jointly held acreage confirm that major hydrocarbon reserves may lie along the eastern coast of South Africa stretching from Richards Bay to Port Elizabeth. Much further work is required and hydrocarbons cannot be confirmed until wells are drilled but, so far, up to 17 prospects have been identified offshore Durban and a similar number along the Transkei coast. The next phase of exploration is to carry out three-dimensional (3D) surveying, scheduled for early 2016, in the offshore Durban acreage and to follow up with more 2D seismic work along Transkei. Impact is fully carried for all of the work planned in South Africa by ExxonMobil as part of its farm-out agreement in 2012.

In parallel to the exploration work in South Africa, encouraging progress has been made to the modifications to the MPRDA (Mineral and Petroleum Resources Development Act).

Senegal/Guinea-Bissau

Impact's extensive acreage footprint increased further in the period with the award of a new exploration licence covering the AGC Profond block, located offshore, in the Senegal/Guinea Bissau Joint Development Zone ("AGC").

Gabon

In Gabon, Impact was awarded three blocks (B7; D13 and D14) in hydrocarbon prone areas off the coast of Gabon in a highly competitive bidding round and now holds acreage in one of the most prospective regions on the West African coastline, alongside a number of industry leaders including; Repsol, Marathon Oil, Petronas, Noble Energy and Woodside.

Namibia

In Namibia approval from the Government of Namibia was received in May 2014 completing Impact's successful acquisition of an 85% participating interest and operatorship of Block 2913B, 300km offshore southernmost Namibia.

Due to the challenging oil price environment, Impact has re-negotiated a number of work programmes to ensure the Company has very low work commitments in the year ahead while it concentrates on further de-risking and farming out its world class acreage while retaining a significant interest - an area in which the Company has a strong track record of success.

ITHUBA HOLDINGS PROPRIETARY LIMITED (RF) ("ITHUBA")
www.ithubalottery.co.za

Ithuba was established by the Zamani group of companies in 2013 to bid for the third licence to operate the South African National Lottery. Ithuba shareholders are a consortium of BBBEE and high-profile investors, including Zamani Gaming. Ithuba was named the preferred bidder in November 2014 and was subsequently issued an 8-year licence to operate the National Lottery with effect from 1 June 2015.

Following a legal challenge on Ithuba's licence to be set aside by the previous operator, HCI was approached by Ithuba for funding as the raising of third-party bank funding proved difficult given the current litigation. The Group agreed to provide mezzanine debt funding in the amount of R325 million. This funding attracts nominal yields of between 25% and 30% and is repayable in various tranches over the term of the lottery operating licence.

Ithuba literally means "an opportunity". For Ithuba, being awarded the operating licence presents an opportunity to modernise and grow the National Lottery, foster confidence and pride in the National Lottery brand and uphold the mandate to raise money for good causes. Ithuba aims to re-invigorate the National Lottery through optimising the consumer experience, restoring faith and trust in the national lottery, and showcasing the good works done by the national lottery, to the South African public.

While proudly rooted in South Africa, Ithuba's vision is to set the benchmark for lottery operations in South Africa and beyond. Its company mission is to contribute, positively and actively, to socio-economic development, through ethical and efficient operation of the National Lottery, in a manner that will engender a spirit of pride among its shareholders, key strategic partners and staff. Ithuba has partnered with an international technology service provider, GTECH, who will provide the backend operating system for the lottery machines.

The litigation has been determined in court and the Minister issued a new licence to Ithuba in compliance with the judgment handed down by the court. The previous operator appears set on further litigation but HCI is confident that this will become an important and valuable asset within the Group going forward notwithstanding this difficulty.

KAROSHOEK SOLAR ONE PROPRIETARY LIMITED (RF)

HCI is a 10% shareholder in Karoshoek Solar One, the company responsible for the Ilanga One solar project located just outside Upington. The company is building a 100 MW Concentrated Solar Plant, using parabolic trough technology. The project has won a contract to supply power to Eskom on a 20 year power purchase agreement. Our partners are IDC, PIC, ACS Cobra, Emvelo and the Community Trust.

Financial close was reached in February 2015 and construction of the plant is expected to begin in October 2015. Electrical supply is expected to commence in late 2018.

The Upington area is one of the best places on earth to generate solar electricity, due to the outstanding solar radiation and the favourable access to the national grid.

Ilanga One will be constructed and managed by ACS Cobra, a Spanish Company with long experience in concentrated solar technology. The plant will make use of molten salt technology to provide 4.5 hours of storage, therefore enabling us to supply electricity after sunset, and into the peak period when Eskom requires greater levels of supply.

1000 workers will be involved in the construction of the plant, along with a large number of local suppliers. The project has also committed itself to substantial Economic Development projects in the region.

In addition to Ilanga One, HCI is currently considering a number of other renewable energy opportunities.

SYNTELL PROPRIETARY LIMITED ["SYNTELL"]
www.syntell.co.za

The Company achieved a Profit Before Tax (PBT) of R44 million, flat from last year and still below budget due mainly to the poor performance of the Revenue business unit as well as below budget performance on the Cape Town and JMPD contracts. The Cape Town contract is back on track and collections are back to where they should be. JMPD was behind due to the persistent problems with non-payment of fines by the public in light of perceived problems with the implementation of AARTO. The Company continues to make good progress in ramping up the Ekurhuleni road safety contract. All three of these major Road Safety contracts come to an end during the new financial year and the Company's focus will be on retaining them for a further contract period.

The Traffic Management business continues to do well and has traded above budget in all areas. The prospects for the controller business remain good based on winning back the Johannesburg business as well as other opportunities, local and abroad. Mikros Traffic Monitoring has performed well for the year and the Company has successfully migrated to the new SANRAL contract.

The Revenue business performed below expectation due to delays with the awarding of new contracts, its local and export as well as payment problems with one of the Company's key customers. The Company has restructured the business and has hired two new general managers to steer the business forward. The Company has achieved good growth in the private sector business and this will provide good growth in the new financial year. paycity.co.za. has maintained its position as the leading fine viewing and payment gateway with over 950,000 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 its success in other African countries as well as other key markets around the world.

Unlocking potential ➤ Accelerating performance

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

www.bsg.co.za

Guided by its belief in being a proactive force for positive change, BSG has provided consulting and technology professional services to large corporates, locally and across the continent, since 1997. Over the past year, BSG has seen significant growth in its financial indicators as a result of continuing to build trust with an increasing number of business leaders in helping them to solve important business challenges through a customer-centric and fact-based approach.

- 27% increase in revenue year on year
- 55% increase in EBITDA
- Expansion into new client segments (Telecommunications and Life Insurance)
- Growth in existing client segments (Banking, Oil and Gas, Health Insurance)

To accommodate rapid expansion in critical capability areas, BSG introduced an Associate Consulting model, which allowed for onboarding of experienced consultants with niche specialist knowledge in business analytics (BA) and user experience design (UXD). BSG experienced good success in recruiting talent into the organisation, both at graduate and experienced levels, despite the ongoing skills shortage in the ICT industry.

Over and above its core business offerings, BSG will continue to focus on building its non project-based revenue streams through investment in its Services business, including the continued growth of its technology-based solutions, together with its own offerings, such as MyWorkLife. During the 2015 financial year BSG's MyWorkLife offering signed a number of corporate and cloud clients, as it continues to grow its footprint.

This continued growth, along with the recent trend of South African corporates favouring local, rather than global,consulting and technology partners, bodes well for BSG in the coming years.

FORMEX INDUSTRIES PROPRIETARY LIMITED ("FORMEX")

www.formex.co.za

Stronger sales and the securing of new projects in the pressing division resulted in increased revenue for Formex for the year under review.

The Tubing operation had a poor year mainly as a result of lower than planned sales volumes. It is however important to note that a lot of the hard work done over the past 18 months in this area has now started to come to fruition. The company has recently won new contracts in tubing and management is confident that this part of the operation will start to perform at acceptable levels going forward.

There is no doubt that the local vehicle manufacturers were materially affected by the labour unrest in the automobile sector this past year which impacted negatively on all suppliers in the parts supply chain. It is however fortunate for the company that a large volume of the products that are produced by the company are either assembled or packed locally and then exported to Europe and the USA. Direct exports to South America, (Brazil/Argentina) and Thailand have also helped the company to maintain its revenue levels.

The company continues to tender for new programs on a number of fronts and management is confident that it will see a benefit during early 2016 onwards.

The excellent work done by the management team over the past 24 months in terms of the restructuring and reorganising of this business needs to be acknowledged and noted. The focus on absolute customer service, the continuous improvement in all manufacturing disciplines and procedures plus the major improvement in overall quality performance are all now beginning to pay dividends. The positive endorsements that it is getting from the market and the company's ever increasing customer base is testimony to all of these efforts. While the automobile space will continue to be a very tough place to be in, management is encouraged by the improvement and will continue to build on the positive momentum it has shown this past year.

SHAREHOLDERS SNAPSHOT

Analysis of shareholders

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2015

Range of Units

Share Range			Number of shareholders	% of shareholders	Number of shares	% of Issued Capital
1	–	1000 shares	1 319	61.5	398 376	0.4
1 001	–	10 000 shares	484	22.5	1 835 895	1.7
10 001	–	50 000 shares	203	9.5	4 737 854	4.5
50 001	–	100 000 shares	47	2.2	3 339 008	3.2
100 001	–	500 000 shares	61	2.8	14 090 685	13.4
500 001	–	1000 000 shares	23	1.0	16 904 938	16.1
1 000 001	–	shares and over	10	0.5	63 891 913	60.7
			2 147	100.0	105 198 669	100.0

Type of shareholder

	Number of shareholders	% of shareholders	Number of shares	% of Issued Capital
Public companies	33	1.6	5 310 551	5.0
Banks	32	1.5	4 419 022	4.2
Close corporations	54	2.5	2 200 801	2.1
Individuals	1 675	78.0	41 996 527	40.0
Nominees and trusts	187	8.7	4 383 626	4.2
Other corporations	66	3.1	38 734 553	36.8
Pension funds	63	2.9	1 744 083	1.6
Private companies	37	1.7	6 409 506	6.1
	2 147	100.0	105 198 669	100.0

Shareholders' diary

Financial year end	31 March
Annual general meeting	29 October
Reports	
- Preliminary report	May
- Interim report at 30 September	November
- Annual financial statements	September

Shareholdings

At 31 March 2015, insofar as HCI is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2015	2014
Southern African Clothing and Textile Workers Union	**32,8**	32,1
M.J.A. Golding	**7,8**	7,8
	40,6	39,9

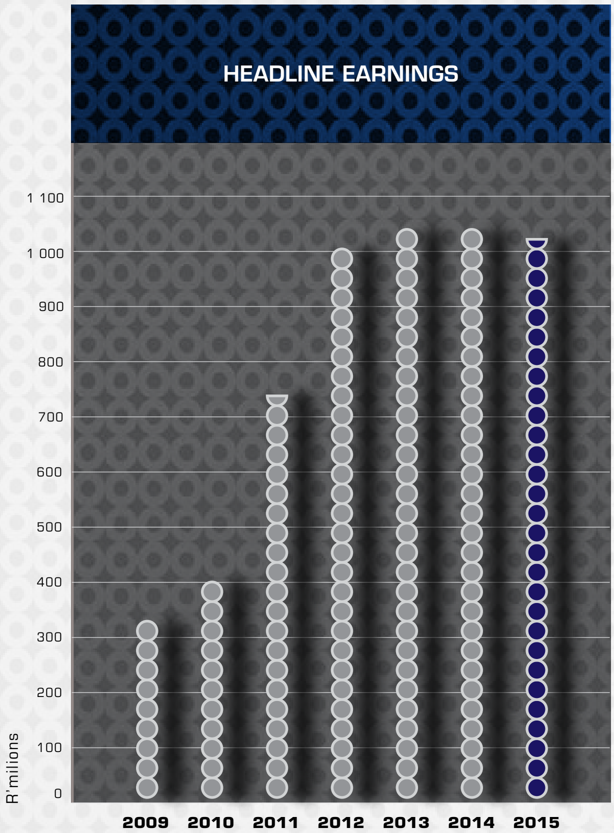
Shareholder spread

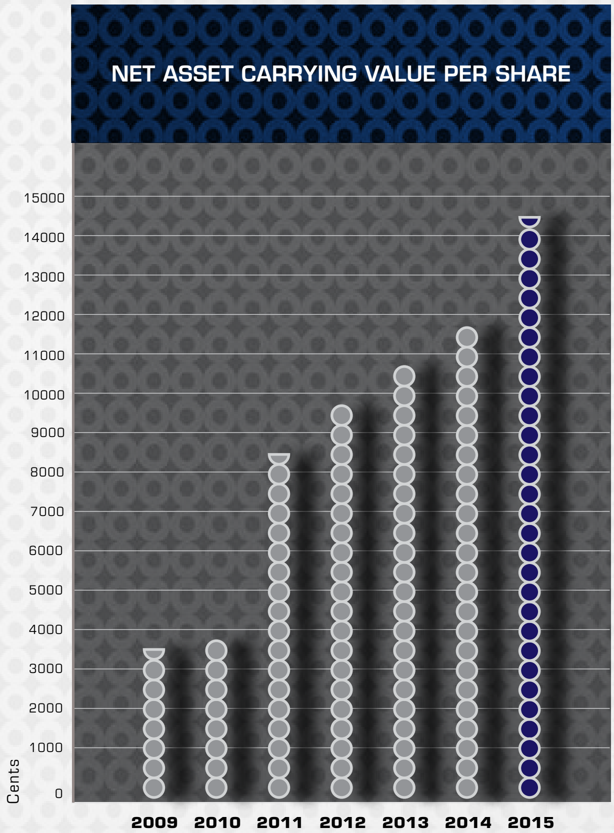
	Percentage held		Number of shareholders	
	2015	2014	**2015**	2014
Public	**59,6**	42,2	**2 140**	2 458
Non Public	**40,4**	57,8	**7**	9
Directors	**5,5**	13,2	**3**	4
Associates of directors	**0,9**	1,1	**1**	1
Significant shareholder	**32,8**	32,1	**1**	1
Share trust	**0,9**	1,1	**1**	1
Treasury shares*	**0,3**	10,3	**1**	2
	100,0	100,0	**2 147**	2 467

*Included 1 359 788 shares in 2014 that were held by the company, pending cancellation, at year end.

Stock exchange performance	31 March 2015
Total number of shares traded (000's)	18 078
Total value of shares traded (R'000)	2 799 662
Market price (cents per share)	
- Closing	14 500
- High	18 068
- Low	12 999
Market capitalisation (R'000)	15 253 807

GROUP FINANCIAL HIGHLIGHTS





SEVEN YEAR REVIEW

		2009	2010	2011	2012	2013	2014	2015
Dividend per share	- cents	0	60	75	90	108	140	165
Share price - high	- cents	7 850	8 195	8 699	8 744	11 790	15 543	18 068
- low	- cents	3 303	3 550	7 205	7 400	7 912	11 001	12 999
- at year end	- cents	4 021	7 880	7 799	8 100	11 253	14 950	14 500
Net asset carrying value per share	- cents	3 371	3 704	8 267	9 259	10 469	11 391	14 390
Shares in issue (net of treasury)	- average	124 692	125 085	126 135	127 149	126 146	114 788	105 724
	- at year end	124 909	125 254	127 089	127 198	123 224	106 177	104 041

2015

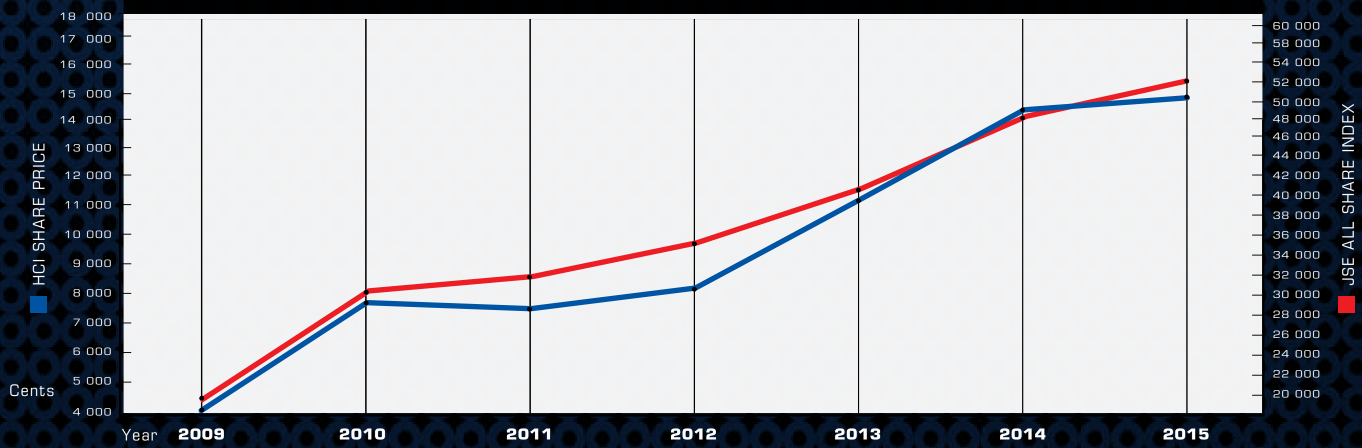
PERFORMANCE HIGHLIGHTS

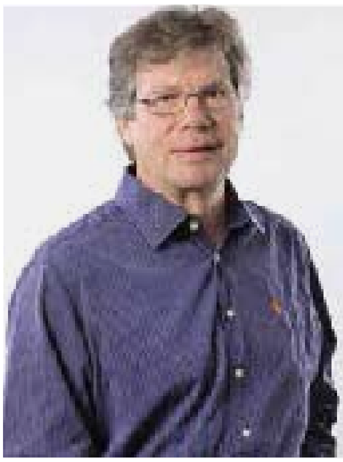
		2015		2014	2013
			% Change	(restated)	
Revenue	million	**12 162,0**	**47,1**	8 265,9	7 367,1
EBITDA	million	**4 107,0**	**148,6**	1 651,7	1 465,0
Profit before tax	million	**5 560,0**	**202,8**	1 836,0	2219,8
Headline earnings	million	**1 021,0**	**-6,0**	1 086,2	1 084,9
Headline earnings per share	cents	**965,8**	**2,1**	946,2	860,1
Headline earnings per share continuing operations	cents	**1055,2**	**3,0**	1 087,6	957,0
Net asset carrying value per share	cents	**14 390**	**26,3**	11 391	10 469

*restated

*includes Tsogo Sun Holdings

HCI SHARE PRICE vs JSE ALL SHARE INDEX





JOHN COPELYN

Chief Executive Officer
B.A. [Hons] B.Proc

Age: 65

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. He is chairman of Deneb Investments, Niveus Investments, Seardel Investment Corporation, Tsogo Sun Holdings and the HCI Foundation.

KEVIN GOVENDER

Financial Director
B.Compt [Hons]

Age: 44

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 numerous HCI subsidiaries including Deneb Investments and Seardel Investment Corporation. He is a trustee of the HCI Foundation. He was appointed to the HCI Board as an executive director in June 2009.

YUNIS SHAIK

Executive Director
B.Proc

Age: 57

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 Deneb Investments, Niveus Investments and Tsogo Sun Holdings. He was appointed to the Board of HCI in August 2005 as non-executive director and appointed as executive director in 2014.

LESLIE (49) MAASDORP

MSc BA

Chairperson - audit and risk committee

Leslie Maasdorp is vice president of the New Development Bank. Most recently he was chief executive officer of Advtech. He is the former president for Southern Africa at the Bank of America Merrill Lynch. He has also served as vice chairman of Barclays Capital and Absa Capital and as international adviser to Goldman Sachs. He is a former deputy general of the Department of Public Enterprises. He was appointed to the Board of HCI as a non-executive director in March 2014.

FREDDIE (55) MAGUGU

Chairperson - remuneration committee

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.

MORETLO (46) MOLEFI

BSc MBChB Telemed

Chairperson - social and ethics committee
Member - audit and risk committee

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 Niveus Investments. She was appointed to the Board of HCI as a non-executive director in January 2007.

ELIAS (57) MPHANDE

Elec. Eng. [dip]

Chairperson

Elias was appointed as Chairperson of HCI in 2014. He has served as national organising secretary of the Southern African Clothing and Textile Workers Union, CEO of AUTA and of the Vukani Group and chairperson of Golden Arrow Bus Services. He is a director of Seardel Investment Corporation and Tsogo Sun Holdings. He was appointed to the Board of HCI as a non-executive director in September 2010.

JABU (64) NGCOBO

Member - social and ethics committee
audit and risk committee
remuneration committee

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 Niveus Investments and Tsogo Sun Holdings. He was appointed to the Board of HCI as a non-executive director in October 2004.

RACHEL (56) WATSON

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 and national media officer. She is a director of Deneb Investments and Seardel Investment 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 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 being be independent.

The board currently comprises three executive directors and six non-executive directors, all 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 comprises of 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.

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

The executive directors Mr JA Copelyn, (chief executive officer), Mr TG Govender (financial director) and Mr Y 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.

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

Ms BA Hogan resigned as a non-executive director of the Company on the 27th October 2014 and Mr MJA Golding resigned as an executive director of the Company on the 30th October 2014.

Ms VM Engel passed away on 18 May 2015.

The roles of the chairperson and chief executive officer are separated. Mr Mphande was appointed as the independent non-executive chairperson of the company on the 27th August 2015.

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 JA Copelyn, Mr TG Govender, Mr MF Magugu and Mr VE Mphande who offer themselves for re-election. The name and brief curriculum vitae of each director appear on pages 38 and 39 of this report. 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 is set out in the table below:

	Board				Audit				Remuneration		Social and Ethics	
					Members: Maasdorp, Hogan; Molefi, Ngcobo				Members: Magugu, Ngcobo		Members: Copelyn, Golding, Molefi, Ngcobo	
	May '14	Aug '14	Nov '14	Mar '15	May '14	Aug '14	Nov '14	Mar '15	Aug '14	May '14	June '14	Aug '14
JA Copelyn	√	√	√	√							√	√
VM Engel	√	√	√	x								
MJA Golding	√	√	*	*							√	x
TG Govender	√	√	√	√								
BA Hogan	√	√	*	*	√	√	*	*				
LW Maasdorp	√	√	√	√	√	√	√	√				
MF Magugu	√	√	√	√					√	√		
LM Molefi	√	√	√	√	√	√	√	√			√	√
VE Mphande	√	√	√	√								
JG Ngcobo	√	√	√	√	**	**	**	√	√	√	√	√
Y Shaik	√	√	√	√								
RD Watson	√	√	√	√								

√ - Attendance
X - Apologies
* - N/A - resigned October 2014
** - N/A - appointed November 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); LM Molefi and JG Ngcobo.

Ms BA Hogan resigned from the audit committee on the 27th October 2014. Mr JG Ngcobo was appointed in her stead.

A report by the HCI audit committee has been provided on page 47 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 49 of this annual report.

Social and ethics committee

Members: LM Molefi (chairperson); JG Ngcobo and JA Copelyn.

Mr MJA Golding resigned from the social and ethics committee on the 30th October 2014

A report by the HCI social and ethics committee has been provided on page 56 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 are adequate.

Company secretary

HCI Managerial Services Proprietary Limited, a juristic person, 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 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 secretary 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") as developed and licensed by the Institute of Directors of Southern Africa 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;
- Approving the 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.

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 2015
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 board appreciates that 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 that 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 function	An internal audit function has been established at the holding company which oversees the internal audit at major subsidiary companies. The audit and risk committee review the internal control effectiveness of 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 the 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 was appointed as the independent non-executive chairperson of the company on the 27th August 2015.
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 board comprises a balance of power, with a majority of non-executive directors. All the non-executive directors are independent. Six of the nine directors are non-executive 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 a policy, is 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 programme 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	Due to the changes in the composition of the board during the period under review, assessments of the board and chairperson were not carried out. Formal discussions have been held at board level to consider the requirements of the board to ensure that all its obligations continue to be met. The audit committee underwent a self-assessment which encouraged continual professional development in light of the changes in legislature and the ever-increasing legislative landscape. 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, 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, Mr JG Ngcobo.

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 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 were held. Please see table on page 41 for attendances at these meetings. Mr JG Ngcobo was appointed as a member of the audit committee on the 18th November 2014 subsequent to the resignation of Ms BA Hogan as member of the audit committee and the board of directors.

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 Act, 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 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 Act 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 Act and accordingly nominates Grant Thornton Johannesburg Partnership 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.

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 has established 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.

REPORT OF THE AUDIT COMMITTEE (continued)

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 2015 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 2015

REPORT OF THE RISK COMMITTEE

The audit and risk 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 that:

- it is management's responsibility to design, implement and monitor the risk management policies;
- 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;
- risks are monitored 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 chairperson 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 2015

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 who are aligned to the strategic and operational requirements of the business.

The functions and mandates of the remuneration committee include:

- making recommendations to the board on directors' fees and the remuneration and service conditions of executive directors, including the chief executive officer;
- providing a channel of communication between the board and management on remuneration matters;
- reviewing the group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the board;
- reviewing and approving the terms and conditions of executive directors' employment contracts, taking into account information from comparable companies;
- determining and approving any grants to executive directors and other senior employees made pursuant to the company's employee share option scheme; and
- reviewing and approving 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 an annual interest rate of 5.75%

Executive directors earn a basic salary which is determined by independent remuneration consultants and escalates 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 2015	Proposed Fee 2016
	R'000	
Non-executive director	240	255
Member of audit committee	99,5	105
Member of remuneration committee	63	67
Member of social and ethics committee	73	77

REPORT OF THE REMUNERATION COMMITTEE
(continued)

Directors' emoluments and other relevant remuneration information are disclosed on page 53 to 55 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 remuneration of the three highest paid members of management, that are not directors, for the year ended 31 March 2015 is reflected below:

	Salary per annum R'000	Other benefits R'000	Bonus R'000	Other long-term incentives R'000	Gains on share options* R'000	Total R'000
Employee A	5 114	1 100	4 768	7 877	53 859	72 718
Employee B	3 139	899	2 085	2 255	26 348	34 726
Employee C	2 663	610	2 033	4 649	15 415	25 370

* IFRS2 share-based payment expense

MF Magugu
Chairman: remuneration committee
27 August 2015

HCI Employee Share Option Scheme

The Group operates a share option scheme, The HCI Employee Share Scheme ("the 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:

	2015 Number of share options	**2015** Weighted average exercise price R	2014 Number of share options	2014 Weighted average exercise price R
Balance at beginning of the year	**2 809 534**	**73.01**	3 074 868	62.76
Options granted	**294 633**	**142.03**	504 145	119.70
Options unconditional	**(656 139)**	**55.89**	(699 479)	60.96
Options forfeited	**(389 724)**	**88.72**	(70 000)	58.24
Balance at the end of the year	**2 058 304**	**87.97**	2 809 534	73.01

The volume weighted average share price during the current year was R154.86 (2014: R130.68).

The options issued in terms of The HCI Employee Share Trust (2001) and outstanding at 31 March 2015 become unconditional between the following dates:

	Number of share options	Exercise price
4 June 2014 and 3 June 2016	7 500	37.80
17 June 2014 and 16 June 2015	8 948	71.52
	16 448	
Options vested but not yet paid for	210 720	40.50
Options vested but not yet paid for	541 148	70.00
	768 316	

The options issued in terms of the Scheme and outstanding at 31 March 2015 become unconditional between the following dates:

15 March and 15 June 2015	254 285	72.32
29 August and 29 November 2015	261 415	77.24
28 August and 28 November 2016	276 031	118.06
29 August and 29 November 2016	45 874	77.24
19 March and 19 June 2017	39 696	125.02
27 August and 27 November 2017	80 276	150.07
28 August and 28 November 2017	2 711	118.06
29 August and 29 November 2017	45 874	77.24
18 March and 18 June 2018	168 251	135.99
19 March and 19 June 2018	39 695	125.02
27 August and 27 November 2018	16 738	150.07
28 August and 28 November 2018	2 710	118.06
19 March and 19 June 2019	39 695	125.02
27 August and 27 November 2019	16 737	150.07
	1 289 988	
Total number of options in issue	2 058 304	

A maximum number of 796 012 (2014: 1 037 966) shares may be issued in respect of 1 289 988 (2014: 1 626 832) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 9 516 352 (2014: 9 462 034) shares may be utilised by the Scheme. 294 633 (2014: 504 145) options were issued in terms of the Scheme during the year and 187 636 shares delivered to participants (2014: nil).

REPORT OF THE REMUNERATION COMMITTEE
(continued)

	2015		2014	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
JA Copelyn				
Balance at the beginning of the year	**685 664**	**79.17**	727 622	72.10
Options granted	**85 495**	**138.07**	103 607	118.06
Options vested and shares delivered	**-**	**-**	(145 565)	71.52
Balance at the end of the year	**771 159**	**85.70**	685 664	79.17
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70.00**	308 571	70.00
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**	103 607	118.06
27 August and 27 November 2017	**12 631**	**150.07**	-	
18 March and 18 June 2018	**72 864**	**135.99**	-	
*MJA Golding**				
Balance at the beginning of the year	**685 664**	**79.17**	727 622	72.10
Options granted	**12 631**	**150.07**	103 607	118.06
Options forfeited	**(389 724)**	**88.72**	-	-
Options vested and shares delivered	**(308 571)**	**70.00**	(145 565)	71.52
Balance at the end of the year	**-**	**-**	685 664	79.17
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**-**	**-**	308 571	70.00
15 March and 15 June 2015	**-**	**-**	137 015	72.32
29 August and 29 November 2015	**-**	**-**	136 471	77.24
28 August and 28 November 2016	**-**	**-**	103 607	118.06
TG Govender				
Balance at the beginning of the year	**205 567**	**87.10**	191 616	71.32
Options granted	**44 508**	**141.25**	69 646	118.06
Options vested and shares delivered	**-**	**-**	(55 695)	71.52
Balance at the end of the year	**250 075**	**96.74**	205 567	87.10
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**77 143**	**70.00**	77 143	70.00
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**	69 646	118.06
27 August and 27 November 2017	**16 629**	**150.07**	-	
18 March and 18 June 2018	**27 879**	**135.99**	-	
Y Shaik				
Balance at the beginning of the year	**119 086**	**125.02**	-	-
Options granted	**-**	**-**	119 086	125.02
Balance at the end of the year	**119 086**	**125.02**	119 086	125.02
Unconditional between the following dates:				
19 March and 19 June 2017	**39 696**	**125.02**	39 696	125.02
19 March and 19 June 2018	**39 695**	**125.02**	39 695	125.02
19 March and 19 June 2019	**39 695**	**125.02**	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	**19 123**	27 835
Payable by 11 June 2014	**-**	8 712
Payable by 11 June 2015	**8 712**	8 712
Payable by 17 June 2016	**10 411**	10 411
*MJA Golding**	**-**	27 835
Payable by 11 June 2014	**-**	8 712
Payable by 11 June 2015	**-**	8 712
Payable by 17 June 2016	**-**	10 411
TG Govender	**7 316**	10 649
Payable by 11 June 2014	**-**	3 333
Payable by 11 June 2015	**3 333**	3 333
Payable by 17 June 2016	**3 983**	3 983

*Mr MJA Golding resigned on 30 October 2014.

		Direct beneficial		**Indirect beneficial**		**Associates**	
		Number	**Percentage holding**	**Number**	**Percentage holding**	**Number**	**Percentage holding**
DIRECTORS' SHAREHOLDINGS							
31 March 2015							
Executive directors							
JA Copelyn		**5 584 766**	**5.3**	**-**	**-**	**-**	**-**
TG Govender		**215 024**	**0.2**	**17 250**	**-**	**1 004 244**	**0.9**
Non-executive directors							
VM Engel	*	**2 000**	**-**	**-**	**-**	**-**	**-**
Directors that resigned during the year							
MJA Golding	**	**7 327 217**	**6.9**	**921 519**	**0.9**	**-**	**-**
		13 129 007	**12.4**	**938 769**	**0.9**	**1 004 244**	**0.9**
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	-	1 354 244	1.1
Non-executive directors							
VM Engel		2 000	-	-	-	-	-
		12 820 436	11.9	1 388 769	1.3	1 354 244	1.1

* Mrs VM Engel passed away subsequent to the reporting date on 18 May 2015.

**Mr MJA Golding resigned on 30 October 2014.

Mr JA Copelyn and Mr TG Govender took delivery of 83 601 and 31 987 shares respectively in terms of the HCI Employee Share Scheme on 10 June 2015.

REPORT OF THE REMUNERATION COMMITTEE (continued)

		Board fees R'000		Salary R'000	Other benefits R'000	Gains from share options R'000	Bonus R'000	Total R'000
DIRECTORS EMOLUMENTS								
Year ended 31 March 2015								
Executive directors								
JA Copelyn		-		5 763	1 404	3 497	3 242	13 906
MJA Golding	#	-		3 362	851	114	-	4 327
TG Govender		-		3 000	502	1 424	1 463	6 389
Y Shaik		-		2 978	8 543	1 157	1 452	14 130
Non-executive directors								
BA Hogan	##	181	*	-	-	-	-	181
JG Ngcobo		838	**	-	-	-	-	838
LW Maasdorp		327	***	-	-	-	-	327
MF Magugu		292	****	-	-	-	-	292
ML Molefi		593	*****	-	-	-	-	593
R Watson		376	******	-	-	-	-	376
VE Mphande		571	*******	-	-	-	-	571
VM Engel		231		-	-	-	-	231
		3 409		15 103	11 300	6 192	6 157	42 161

resigned 30 October 2014
resigned 27 October 2014

*	includes R52 940 audit committee fees
**	includes R57 810 remuneration committee fees, R57 810 social and ethics committee fees, and R491 000 board fees paid by subsidiary companies
***	includes R95 708 audit committee fees
****	includes R60 666 remuneration committee fees
*****	includes R57 810 audit committee fees, R57 810 social and ethics committee fees, and R246 000 board fees paid by subsidiary companies
******	includes R145 000 board fees paid by subsidiary companies
*******	includes R340 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 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
R 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 9660 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

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

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.

Mr MJA Golding resigned as a members of the Social and Ethics Committee on the 30th August 2014.

Functions of the social and ethics committee

To ensure that the committee fulfils its responsibilities in line with the Act, 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 57 to 59 and the corporate social investment report on pages 60 to 65 incorporates the various aspects overseen by the committee.

Dr LM Molefi
Chairperson: social and ethics committee
27 August 2015

During the 2015 financial year, HCI has continued to address issues of environmental and social sustainability. In particular an attempt has been made to strengthen the quality and continuity of reporting. Further efforts have been made to ensure the integration of such issues are incorporated into risk analysis and performance indicators of HCI subsidiaries.

The report focuses on three key areas of this work:

BLACK ECONOMIC EMPOWERMENT

HCI is one of the most empowered companies on the JSE. In fact, this year, HCI and Tsogo were adjudicated as the second and third most empowered companies by Empowerdex in their published league table of the top listed companies, which is really encouraging. The company has its roots in the trade union movement, and it is committed to broad based Black Economic Empowerment. The South African Clothing and Textile Workers Union continues to be a major shareholder of HCI, and through this shareholding, more than 90 000 clothing and textile workers benefit from our investments.

In 2015 HCI once again improved its BBBEE score, as measured through the DTI Codes. In 2015 it achieved Level Two with 94.58 points compared with 89.93 in 2014. HCI is pleased to note that the group has improved its BEE score every year since 2007.

BBBEE category	2013	2014	2015
Ownership	23,00	23,00	23,00
Management control	9,19	9,28	9,50
Employment equity	10,46	9,73	10,39
Skills development	6,80	7,99	11,69
Preferential procurement	20,00	19,93	20,00
Enterprise development	15,00	15,00	15,00
Socio-economic development	5,00	5,00	5,00
Total %	89,45	89,93	94,58
Level achieved	Two	Two	Two

ENVIRONMENTAL SUSTAINABILITY

HCI seeks to follow international best practice in reporting its impact on the environment. HCI reports annually to the Carbon Disclosure Project, and has done so again this year, reporting on both carbon and water. In reporting on its carbon emissions the company has followed the Greenhouse Gas Protocol published by the World Resources Institute. HCI has also made use of guidance published by the National Business Initiative, CDP's partner in South Africa.

Carbon

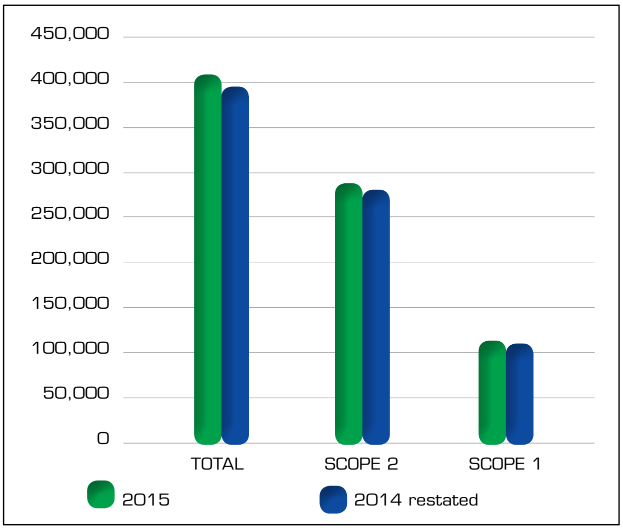
HCI reports on the Scope One and Two emissions of all of its subsidiaries. Scope 1 emissions are direct emissions produced by equipment and production processes owned and controlled by the reporting entity. These are generally derived from the combustion of fuel. Scope 2 emissions are indirectly derived from energy supplied by third parties and principally consist of emissions associated with the use of electricity.

Each year the company restates its baseline to take account of structural changes, such as the disposal of businesses. This restatement is calculated in terms of the GHG Protocol. This year's restatement relates to a number of factors including the disposal of Montauk.

This year the carbon emissions rose slightly, by 1%. Although there were emission reductions in some of the businesses, others increased their emissions due to increased activity, and in some cases due to increased use of electricity generators.

Emissions intensity per unit of revenue declined by 1% compared with 2014.

	2014 (restated)	2015
	CO_2e tons	
Scope 1	113 358	114 245
Scope 2	284 667	288 368
Total	398 025	402 613



Tsogo Sun, GABS and Deneb are the major producers of carbon emissions in the Group. The breakdown of emissions per HCI subsidiary is as follows:

Total scope 1 and 2 for 2015 (CO_2e tons)	
Broken down by company	Scope 1+2 emissions (CO_2e tons)
Tsogo Sun	215 380
GABS	71 263
Deneb	62 003
KWV	15 193
HCI Coal	14 212
Galaxy Bingo	8 133
Sabido	7 804
Formex	4 105
Vukani	1 965
Syntell	1 665
HCI Properties	572
BSG	318

The total Scope One emissions were almost unchanged from 2014.

59% of the Scope One emissions are accounted for by GABS and arise from the consumption of fuel. In absolute terms GABS Scope One emissions increased. However, this is due to an increase in the number of kilometres travelled. The company in fact reduced their Scope One emissions per kilometre by 2,5%, reflecting the benefits of an upgraded fleet. A total of 70 new buses were purchased this year, allowing older vehicles, with less efficient engines, to be retired.

The total Scope Two emissions increased this year by just over 1% despite electricity savings in a number of our subsidiaries. Some of the companies expanded their activities, therefore increasing the net use of electricity.

73% of the Scope Two emissions emanate from Tsogo Sun. These emissions have increased by 2% year-on-year as four new hotels were added to the company. Tsogo Sun continues to implement electricity saving initiatives throughout the company.

Niveus recorded growth in its combined Scope One and Two emissions largely as a result of growth in the various business segments.

HCI Coal saw a significant increase in its combined Scope One and Two emissions as a result of the ramping up of production at Mbali mine.

Deneb reduced its combined Scope One and Two emissions largely as a result of the disposal of clothing factories. Deneb (which was reported as Seardel in 2014) reduced its combined Scope One and Two emissions largely as a result of the disposal of clothing factories.

A number of subsidiaries implemented energy saving initiatives and these will continue to bear fruit over time. HCI's carbon emissions are to some extent mitigated by its investments in Renewable Energy. HCI is a 10% shareholder in Karoshoek Solar One, a company which is building a 100 MW Concentrated Solar Power plant near Upington, as part of Government's Renewable Energy Independent Power Producer programme. A number of other renewable energy investments are under consideration by the Group.

Water

South Africa is a water scarce country facing growing demands on our limited water resource. HCI takes its water conservation responsibilities seriously, reporting on both water use as well as water discharge from our various facilities.

The following companies reported water use data in 2014/15: Deneb, Formex, GABS, HCI Coal, HCI Properties, KWV and Tsogo Sun. Water use is considered to be immaterial to the operations of the remaining HCI companies (BSG, Galaxy Bingo, Sabido, Syntell, and Vukani).

Water use

HCI's total water use in 2015 was 3 926 megalitres which represents a 1% decrease on last year.

Tsogo Sun represents the 66% of HCI's water use, followed by Deneb and HCI Coal.

HCI total water withdrawals (megalitres):	2015	%
Tsogo Sun	2 613	66
Deneb	732	19
HCI Coal	262	7
KWV	217	5
Formex	41	1
HCI Properties	38	1
GABS	23	1

- Tsogo Sun's consumption increased by 3% in line with increased activity

- HCI Coal increased water use significantly reflecting both expanded production and an increase in water use for dust suppression.

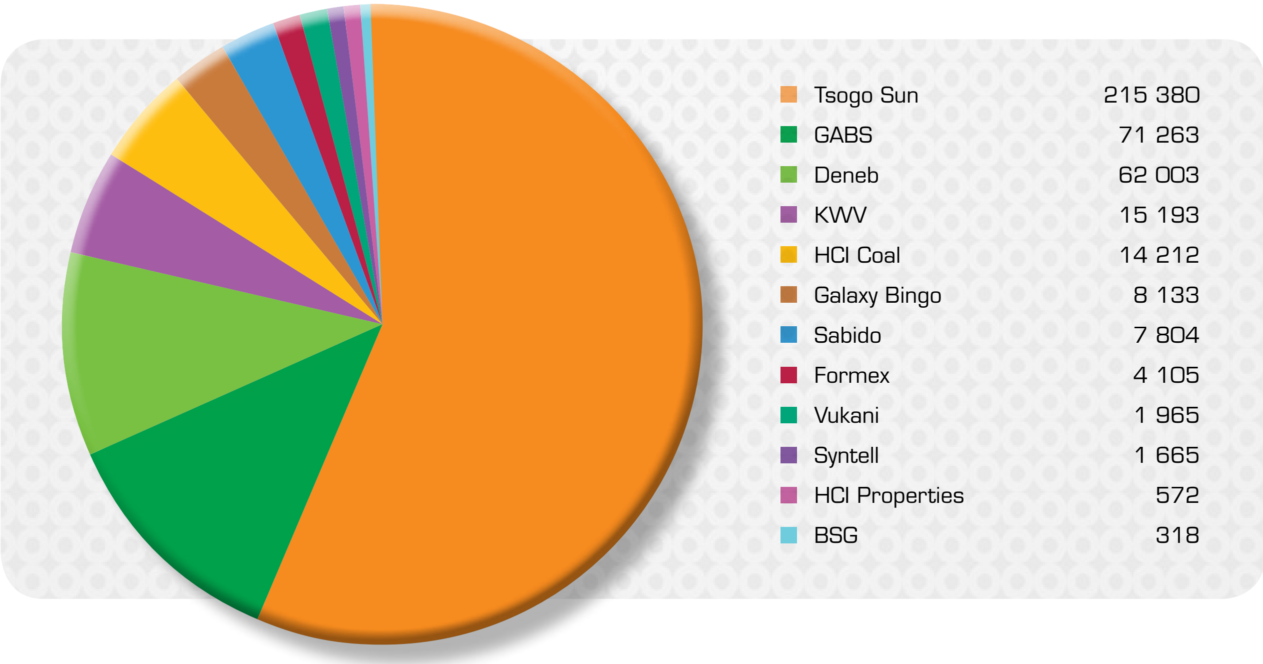
- Deneb's water use decreased significantly primarily driven by a reduction in water use at Berg River Textiles

Water discharges

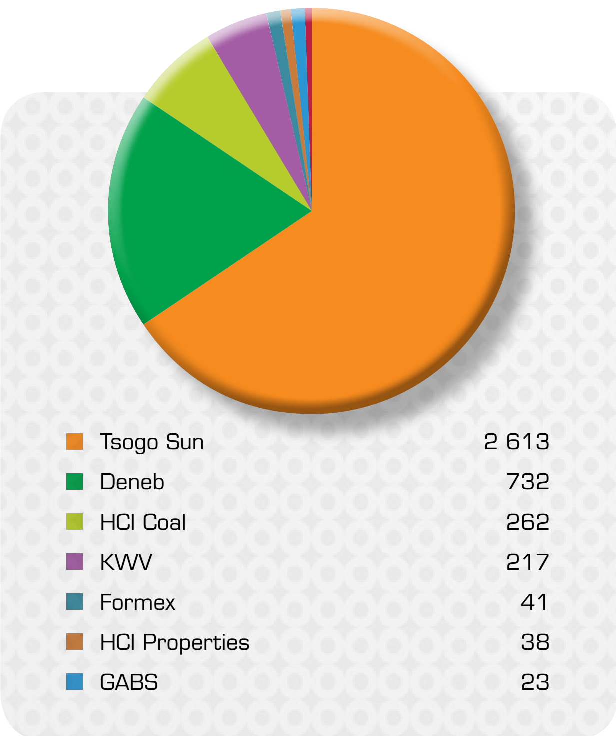
HCI companies discharged 457 352 kilolitres in 2015. Water discharge, or effluent, is mainly associated with manufacturing and as a result Deneb and KWV are the key sources of discharge within the Group. All discharges are released in terms of permits issued by the relevant authorities.

HCI water discharges (megalitres)	2015	%
Deneb	365	80
KWV	88	19
GABS	4	1
Formex	0,2	0

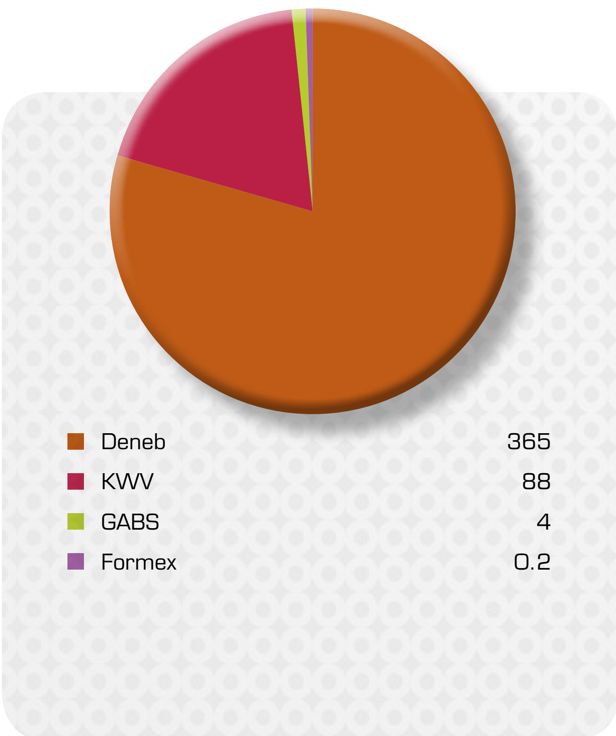
HCI Total Scope 1 + 2 for 2015 (CO_2e tons) broken down by company



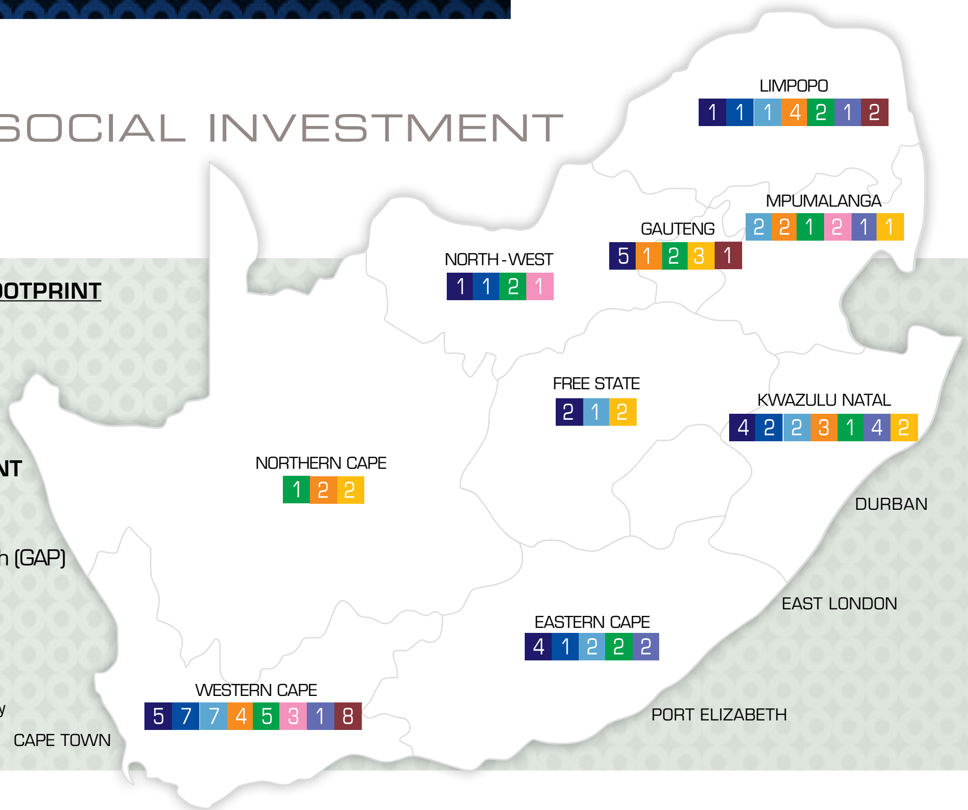
HCI Total water withdrawals (megalitres):2015



HCI water discharges (megalitres):2015



CORPORATE SOCIAL INVESTMENT



HCI FOUNDATION NATIONAL FOOTPRINT

EDUCATION AND DEVELOPMENT

- Bursaries - number of institutions
- Formal
- Informal

DEVELOPMENT AND ENRICHMENT

- Skills development
- Art and culture
- Gender, awareness and personal growth (GAP)
- Refugee and advocacy

ENVIRONMENT

HEALTH

Denotes the number of projects funded per category

INTRODUCTION

HCI's CSI work is effected through the HCI Foundation which is separately capitalised and staffed. Its primary focus is on promoting education and skills development, and it also has a broader social engagement with a range of community based projects.

EDUCATION

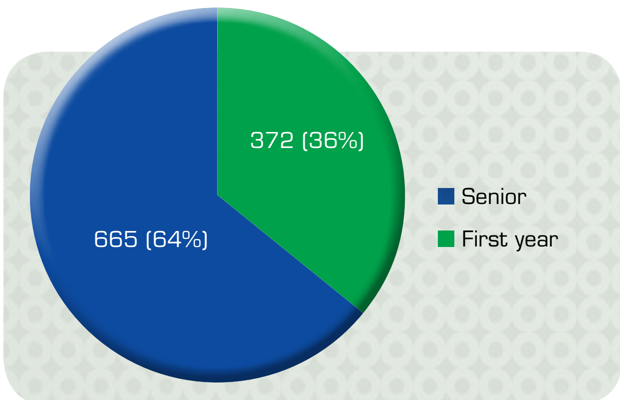
We believe that education is the key to building an informed and engaged nation whose citizens can exercise responsible choices and plan for a secure and stable future for all. In 2014/2015 we placed increased emphasis on monitoring and evaluation and project sustainability.

EDUCATION - NATIONAL BURSARY PROGRAMME

We are more than a bursary programme – we are a family! We care for each bursary recipient in his/her quest to achieve academic success and personal growth.

We make quality tertiary education accessible to disadvantaged students. We support our continuing senior students and target first years because they have limited funding opportunities. In the 2014 academic year, 36% of our bursaries went to first year students.

Bursary awards 2014 - first year vs senior students



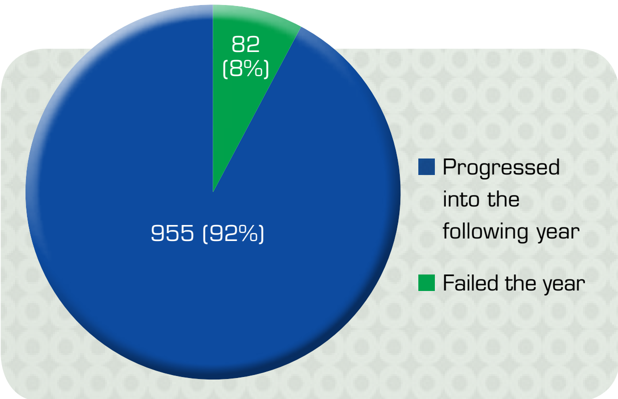
Our selection criteria are based primarily on financial need and academic potential. In general we support students who would not have had access to tertiary education without our funding.

Profile of a bursary recipient

Dzulani Munzhelele graduated with Honours in May 2015 from the University of Limpopo.

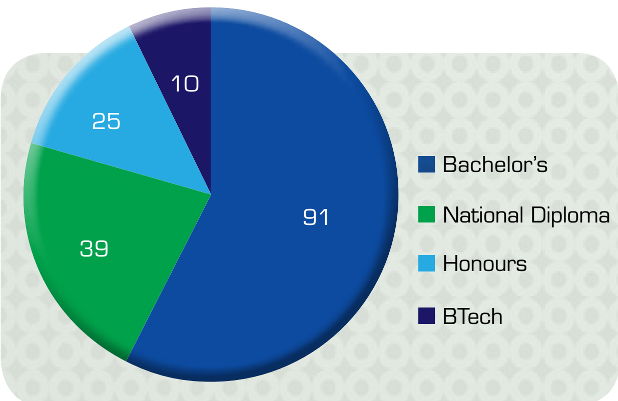
- He is bright and resilient with big dreams.
- The first in his family to study at tertiary level, in his 3rd year his family could not afford to support him and his younger brother.
- He joined a running club in order to support himself, entering competitions every weekend.
- He has to be amongst the top 3 runners to win R500 each time.
- He gives back to his community as a peer mentor. His mentee has joined the running club too.

Pass rate for the 2014 academic year (1037 students)



Graduates for the 2014 academic year

Of the 955 students who passed (progressed into the following year of study) in the 2014 academic year, 165 of them were graduates.



Student support and engagement

Our programme's distinguishing feature is the strong relationship we have with our students through various programmes. Mentoring is a key component of our student support and success:

- HCI company mentoring programme (W Cape, KZN)
- National Peer2Peer mentoring programme (one on one)
- Annual institution visits and workshops
- Diversity workshops

COMMUNITY ENGAGEMENT PROJECTS

Our objective is to build capacity through organisational networks and to support marginalised communities by facilitating the development of their knowledge and skills.

DEVELOPMENT AND ENRICHMENT
Skills Development

Under the skills development focus area, The Bookery's Library Support Programme continued to make a significant contribution as the table below shows.

The Bookery – Western Cape

More than 90% of public schools in South Africa do not have functional libraries. The Bookery Library Support Programme (LSP) in the Western Cape trains and places library assistants at schools with designated library space. The school's mananagement must take ownership of the project.

- With its partners, the LSP has placed Library Assistants in 46 schools, mainly in the Western Cape.
- Library Assistants receive extensive training
- Libraries regularly receive new books
- A library period is introduced into the school calendar
- Reading clubs and literacy support programmes are introduced in partnership with other organisations

Arts and culture

Amaphiko Township Dance Project – Eastern Cape

The Amaphiko Dance Project offers formal modern dance training to over 100 girls and boys between 6 – 18 years in the eRhini Township of Grahamstown.

Wendy Stamper is Amaphiko's project co-ordinator and principal teacher, having joined the project as a student when it started in 1993. In 2008 she was the project's first senior dancer to qualify as a modern dance teacher. Over the years, Amaphiko has received numerous awards and accolades. Wendy says the following of her dancing career:

> *"Dancing has been my passion ever since I knew how to step my little foot on the ground. As a dancer I take my work very seriously on and off stage. Teaching and mentoring young dancers is what fills my heart as I give back to my community at large. As the award winner of our regional cluster, I intend to inculcate my skill and experiences to my dance colleagues. That makes me very proud of myself."*

Magnet Theatre - Western Cape

Magnet Theatre's two year Full Time Training and Job Creation Programme affords young people the opportunity to give full expression to their creativity.

Since 2009, four cohorts comprising 57 students have been trained by the project. Magnet aims to meet five main objectives through this programme:

- Act as a bridge between communities and tertiary institutions of education
- Contribute to transformation of the theatre industry
- Bridge the gap between township drama performers and the professional performance industry
- Enable trainees to create their own product
- Produce performers who are employable and able to respond to the needs of the job market

The diagram below shows the level of activity within the theatre industry amongst Magnet graduates,

Graduate outcomes	Graduates
37 enrolled into programme 2009 - 2014	32
Currently employed	20
Self-generated productions	28
Number of paying jobs since graduation	186 jobs
Creation of registered entities (NPO, CC etc.)	5
Involvement in community drama groups	22

Gender, awareness and personal growth (GAP)

Cape Town Interfaith Intercultural Twinning and Exchange Programme – Western Cape

The Interfaith programme, which has been running since 2011, promotes inter-religious tolerance and creates a space for sharing ideas, learning and co-operation through its two year programme involving 30 learners from 10 diverse schools in Cape Town. The programme facilitates accord amongst young people of different religions and cultures, offering opportunities for understanding and respecting differences as well as for bonding and friendships. These are comments from some of the learners who participated in the project:

"I don't think anyone can imagine what this wonderful programme actually does for us. We have all changed in such a dramatic way and our view of life has also changed."

"This programme has given me a much broader perspective on life. It has had a huge impact on me, especially about people who I thought were different from me. I have learnt so much about the similarities in all religions. I shall spread my knowledge and strive for our world to become more peaceful and for people to become more respectful of others."

Education

The academic achievements of the five education projects below were noteworthy in 2014.

Education level	Project	Impact
Primary	**Litha Primary School** Western Cape School with history of under-achievement. We provided support and skills to teachers and funding for the librarian.	• Monitored Foundation and Intermediate teaching • Regular use of school library • Active reading club • Extra-mural activities established • Improved maths results • Improved overall results
	Good Work Foundation Mpumalanga Works with 7 schools and 2 projects for orphaned children to use technology to improve learning.	• Digital learning in curriculum from Grade 4 • 30% improvement in ANA maths results in one school • Motivated and digitally skilled educators and learners
Secondary	**LEAP Schools** Western Cape Maths and Science School Future Leaders Programme	• 91% Matric pass 2014 (83% 2013) • 61% Bachelor pass 2014 (41% 2013) • 42 trainee teachers in 2015 (32 in 2014) • 5 graduate teachers working in Leap schools
	Ikataleng Works in 9 sites in North West, Gauteng and Northern Cape with Grade 10 - 12 learners. Assists learners to meet tertiary admission requirements	• 98% Matric pass 2014 • 73.7% Bachelor pass 2014 • Supplementary teaching for 2 300 learners Grades 10 – 12 • Uses tutors with proven track records
	GADRA Eastern Cape Matric School assists learners to meet tertiary admission requirements. Feeder for Rhodes University	• 93% Matric pass 2014 • 70% Bachelor pass 2014 (52% 2013) • 24 Matric students awarded HCIF bursaries in 2015

Refugee and advocacy

Three2Six Project – Gauteng

Since 2007 the Three2 Six project at Sacred Heart College in Johannesburg has been running an afternoon bridging school for inner city refugee children who are currently outside the State education system. Every school day up to 150 children attend Sacred Heart College, while 50 more go to Observatory Primary School nearby for 3 hours of quality education, access to resources and social and nutritional support.

Overall, academic outcomes are remarkable, given that most of the learners cannot speak English when they arrive at the school. In 2014 they achieved averages of 67% for English and 70% for maths. These results see an average of 50 students a year progressing to mainstream schooling.

ENVIRONMENT

Thanda Afterschool Programme (TASP) Food gardening project – KwaZulu-Natal

In 2012 TASP began work on a food gardening project to increase food security in the uMzumbe municipality on the KZN rural South coast.

The project now consists of five successful small-scale farms with fencing, ram-pumps and irrigation provided in partnership with Aqualima and HCI Foundation. Initially only 28% of the 95 farmers had any agricultural knowledge with 18% growing food at home to support their families. By the end of 2014 all 95 farmers had gardens at home and were supporting an average of four people in their households. With the addition of training in permaculture techniques, planting planning, record keeping and business training, 66% are now generating income by selling produce locally. Once successful crop rotation has been achieved, market networks can be strengthened to further improve food security in the area with locally grown crops.

Thanda's vegetable garden has been uniquely successful at involving and upskilling youth to lead the initiative, with the vision of achieving sustainable livelihoods for themselves and their families in the future.

Tshwane University of Technology (TUT) The Ndumo Project – KwaZulu-Natal

At Ndumo Game Reserve children and young people are given the opportunity to develop environmental awareness to protect the park's future.

The environmental education programme at the game reserve, which began in 2012, targets learners, teachers, local communities and tribal authorities.

Since then, 13 primary and 7 secondary schools have joined the programme, involving a total of 2520 Grade 3, 7 and 8 learners in regular environmental workshops and events. Forty-five teacher workshops have been held. Local communities, with a focus on women, have also been encouraged to adopt more environmentally aware practices in their daily lives.

Twelve schools are now registered as eco-schools, with one primary school working towards maintaining its international flag status; teachers are incorporating environmental education into their teaching plans and rhino deaths in the area have decreased significantly since 2012.

COMMUNITY TRANSPORT SUPPORT PROGRAMME (CTSP) – Western Cape

The Community Transport Support Programme operates in the Western Cape with the assistance of Golden Arrow Bus Services and funded by HCI Foundation. Access to a wide range of programmes and activities is supported through the provision of bus transport.

The two projects below are longstanding members of the programme.

Each of the projects has had a profound effect on the lives of its beneficiaries.

Fun'ulwazi
The Fun'ulwazi programme run by the Sciences Education Resources Initiative (SERI) offers additional Maths and English

tuition to high achieving Grade 7- 9 learners from Khayelitsha secondary schools, to prepare them for acceptance at the Centre For Science And Technology (COSAT) from Grade 10 onwards. Fun'ulwazi also nurtures learners' interest in Science and Technology.

Arthur Mabentsela was born and raised in Khayelitsha where he attended primary and high school. He joined Fun'ulwazi in 2003 and began his studies at COSAT in 2004. Since then Arthur has completed his undergraduate degree in Engineering at UCT and his Masters at Stellenbosch. He is now studying towards his PhD in pyrometallurgy at UCT, where he also lectures and runs a mentoring programme for young graduates. Arthur hopes that his achievements to date will be an inspiration to others.

"Personally, I feel the intelligence of the African way of doing things has been in question for long. I feel that my achievements are my stand as an African black man … and I wish for all to be inspired by them so that we all, especially the youth, can prosper."

Western Cape Music Education Project (WCMEP)

The Western Cape Music Education Project has been giving Saturday morning music making classes to young people who would otherwise not be able to afford music lessons, for more than 15 years.

Kaylin Levendal joined the WCMEP when she was nine years old. By the time she was 13 she knew that playing the violin was her calling in life and she took her Grade 8 violin exams and Matric music exams with WCMEP's support. A scholarship to Norway allowed her to attend violin lessons at the Barratt-Due Institute of Music for six months.

Kaylin is now in her second year at the University of Stellenbosch where she plays in the University orchestra. As the leader of the WCMEP String Quartet she is committed to sharing her skills and experience with other young musicians.

Kaylin says of her musical calling;

"My entire life is devoted to music and I am blessed to work alongside my former educators as a violin teacher at the project. I will most likely never know the cost of the education I've received this far. What I do know is that the living I could make out of it goes far beyond the scope of material wealth."

HEALTH

Waterburg Welfare Society (WWS) – Mpumalanga

From its base in Vaalwater in the Waterburg district, WWS offers a holistic approach to the treatment and care of people infected and affected by HIV/AIDS, through various programmes for youth, including care for orphans and vulnerable children; skills development; and hospice and respite care for those who are ill. An active mobile clinic provides voluntary HIV/AIDS testing and counselling throughout the area, and most recently a new community radio station - Waterburg Waves – has added its voice to the drive to increase HIV/AIDS awareness and prevention across the district.

Two life skills programmes reaching about 5000 young people – Boys2Men (B2M) and Ladies with a Mission (LwM) - are based at the local youth centre and support young men and women to be resilient, self-reliant and sufficiently well-informed to protect themselves, as well as make good life choices.

Many of the young people achieved significant goals in 2014/2015 with this support.

DIRECTORS' REPORT

for the twelve months ended 31 March 2015

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 income statement contains five months of equity-accounted earnings from Tsogo Sun and seven months consolidated earnings due to the "acquisition" of this entity effective end of August 2014.

Revenue, including net gaming win, increased by 90%. Although this is skewed by the consolidation of Tsogo Sun's revenue for the seven months from September 2014, other contributors to this increase were non-casino gaming (up 25%), transport (up 19%), branded products and manufacturing (up 24%) and mining (up 27%). The steady growth in machine and site roll-out in the limited payout business and bingo operations increased non-casino net gaming win significantly. Transport recorded higher passenger revenue from both single and multi ride when compared to the prior year and have experienced strong demand during peak periods. The Mbali colliery became operational in the second half of the previous financial year and now contributed to mining revenue for a full year. Properties' revenue increased significantly due to additional revenue from new properties in Upington, Pretoria and Cape Town. Revenue in respect of media and broadcasting increased marginally by 2%, mainly due to increases in subscription revenue and content sales in Sabido Investments whilst advertising revenue in respect of e.tv remained under pressure due to the difficult trading environment. Management has implemented new scheduling and programming strategies, which may only be evidenced in advertising revenue during the second half of the calendar year if successful.

EBITDA for the group increased by 149%. EBITDA from media and broadcasting decreased by 25% mainly due to the cost of the e.tv Multi-Channel business as well as Platco. These businesses launched during October 2013. Consequently the current year is the first to include their results for 12 months. EBITDA from non-casino gaming increased 28% with gains in its limited payout operations funding the expansionary spend in its bingo operations. Casino gaming and hotels is not comparable due to its inclusion for seven months in the current year. The continued improvement in efficiencies from a lower fuel price, controlled employment and overhead expenditure in GABS contributed to a 45% increase in EBITDA from the prior year, which was initially affected by a transport strike. Beverages' EBITDA increased substantially as a result of the continuing turnaround at KWV and a reduction in foreign exchange hedging losses in the current year. Mining EBITDA, although increasing by 32% as a result of the Mbali colliery trading for the whole year, was negatively impacted by reduced margins on delivered product. Branded products and manufacturing's EBITDA from continuing operations decreased due to difficult trading conditions in the manufacturing businesses and was affected by litigation proceeds of R39 million relating to the Searll family settlement in the prior year not recurring.

Profit before tax increased significantly due to the large fair value gain on associates arising from the accounting treatment of the group's increased interest in Tsogo Sun following the SABMiller share repurchase. IFRS requires that a deemed disposal of the Group's investment in associate be recognised prior to the acquisition/consolidation of Tsogo Sun. This resulted in a fair value gain of R2 757 million. Profit before tax from casino gaming and hotels before this adjustment amounted to R1 761 million, which is not comparable to the prior year as this includes seven months' consolidated results. Transport profit's increase was aided by marginally reduced depreciation. Properties' increase of 104% relates mainly to the revaluation of the property in Upington, with increases in EBITDA being offset by increased finance costs. Profits relating to mining decreased by R50 million, substantially due to previously capitalised box cut expenditure in the amount of R66 million at the Mbali colliery being depreciated, with R13 million being expensed in the prior year. Other profit before tax increased mainly due to R57 million in losses accruing from Baycorp Holdings in the prior year reversing to an R11 million profit. Media and broadcasting profit before tax includes R22 million in profits in respect of Sunshine Coast Radio in Australia.

Discontinued operations' losses increased by R114 million compared to those as restated for the prior year. Operational losses of R60 million from Natural gas were increased by a loss on disposal of R181 million upon the unbundling of the business by the group. Natural gas' results were included for nine months to its unbundling in December 2014. Losses of R118 million were recorded for the offshore media and broadcasting interests. This includes a R27 million impairment of the investment in The Africa Channel and R47 million impairment of goodwill relating substantially to Power Entertainment. R17 million of losses relate to the discount retail operations of Deneb Investments.

Headline earnings decreased by 6%. Media and broadcasting reported a decrease of 53% in headline earnings. This can be attributed significantly to the group's reduced effective interest in Sabido Investments and also in part to losses after tax in respect of its multi-channel business increasing by R125 million. Casino gaming and hotels showed a decrease of 2% in its headline earnings contribution. Included in Tsogo Sun's contribution to the group's headline earnings is an effective R49 million portion relating to the share-based payment expense in respect of the facility granted to senior management to acquire shares in that company. The results of Tsogo Sun were equity accounted at 41.5% for the five months ending August 2014 and consolidated at an effective 48% for the remaining seven months of the year. Other includes R118 million HCI head office finance costs and R88 million in HCI and Niveus head office costs.

Notable items on the income statement include: Finance costs increased in Properties by R50 million, head office by R34 million and a further R501 million arose on the consolidation of Tsogo Sun. Profit from associates and joint ventures is not comparable to the prior year due to Tsogo Sun being consolidated from September 2014. The amount includes R236 million from Tsogo Sun. Fair value adjustments of investment properties consist substantially of revaluations done on Properties' shopping centre in Upington and industrial properties owned by the group's branded products and manufacturing interests.

Headline earnings per share increased by 2% with headline earnings decreasing by 6%. This can be attributed to the weighted average number of shares in issue in the prior year of 114 788 000 being reduced to 105 724 000 in the current year as a result of 17.7 million and 2.7 million shares being repurchased during the 2014 and 2015 financial years, respectively.

The group's overall financial position remains strong with the major businesses still generating strong cash flows.

The statement of financial position changed significantly with the consolidation of Tsogo Sun in its results from end of August 2014.

Group long-term borrowings at 31 March 2015 comprise central borrowings of R1 692 million, investment property-related borrowings of R893 million, borrowings in Tsogo Sun of R8 557 million and the remainder in various operating subsidiaries. Included in current liabilities is R1 132 million owing to SACTWU, being part of their proportionate non-controlling share in Seardel and Deneb Investments and following their indirect participation in Seardel's rights issue in April 2014.

2,7 million shares in the company, to the value of R420 million, were repurchased during the current period.

The group invested R1 904 million in property, plant and equipment and R502 million in investment properties. Included in cash flow from investing activities are dividends totalling R404 million received from Tsogo Sun. Borrowings of R254 million was raised in respect of investment property developments in Properties and R2 167 million by casino gaming and hotel operations.

Shareholders are referred to the individually published results of Seardel Investment Corporation Limited, Deneb Investments Limited, Tsogo Sun Holdings Limited and Niveus Investments Limited for further commentary on the media and broadcasting; branded products and manufacturing; casino gaming and hotels; non-casino gaming; and beverages operations.

4. Dividends

Ordinary dividend number 50, in the amount of thirty five cents per share, was paid to shareholders on 17 December 2014. Ordinary dividend number 51, in the amount of one hundred and thirty cents per share, was paid to shareholders on 17th June 2015.

5. Share capital

During the period 15 097 559 ordinary shares were cancelled and a further 426 861 shares were listed. 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 the inside back cover. Ms BA Hogan and Mr MJA Golding resigned as directors of the company as of the 27th October 2014 and 30th October 2014 respectively. Ms VM Engel passed away on the 18th May 2015, subsequent to year-end.

7. Company secretary

The secretary of the company for the twelve months ended 31 March 2015 is HCI Managerial 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 the inside back cover.

8. Auditors

Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act, with Mr Ben Frey as the designated auditor.

9. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are Southern African Clothing and Textile Workers Union and MJA Golding who own 32.8% 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 a general meeting of shareholders held on 7 August 2015:

- 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 1 November 2014 until the next annual general meeting of the Company.

- Granting the company and the subsidiaries of the company a general authority contemplated in terms of the JSE Listing Requirements 5.72, 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 10 February 2015:

- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's Memorandum of Incorporation for the repurchase by HCI of an aggregate of 1 000 000 HCI Shares, being 500 000 HCI Shares currently owned by The Corjo Trust, 150 000 HCI Shares currently owned by Andre van der Veen and 350 000 HCI Shares currently owned by Majorshelf 183 for a consideration of R150.00 per HCI Share, and an aggregate consideration of R150 000 000.

- Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's Memorandum of Incorporation for the repurchase by HCI of 1 000 000 HCI Shares from Circumference Investments at a price of R150.00 per HCI Share, for an aggregate purchase price of R150 000 000.

- Specific authority in terms of the Companies Act and HCI's Memorandum of Incorporation for the repurchase of 5 500 000 HCI Shares from its wholly-owned Subsidiary, Squirewood Investments 64 for a repurchase consideration of R146.50 per HCI Share, and an aggregate consideration of R805 750 000.

The following special resolutions were passed by the company's shareholders at a general meeting of shareholders held on 7 August 2015:

- General approval of the provision of financial assistance in terms of sections 44 and 45 of the Companies Act

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 Johannesburg Partnership and their unqualified audit report on the comprehensive 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 2015, are set out in the remuneration report on page 53.

14. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2015 are set out in the remuneration report on page 54 and in note 44 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 2015.

19. Subsequent events

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

- HCI-Treasury Proprietary Limited and HCI Invest15 Proprietary Limited, both wholly owned subsidiaries of the group, entered into certain funding arrangements with the newly appointed operator of the National Lottery, Ithuba Holdings Proprietary Limited, during April and August 2015 whereby the group agreed to provide mezzanine debt funding in the amount of R325 million. This funding attracts nominal yields of between 25 and 30% and is repayable in various tranches over the term of the lottery operating licence.

- TIH Prefco Proprietary Limited, a wholly owned subsidiary of the group, issued 300 variable rate cumulative redeemable preference shares to the value of R300 million during July 2015 to certain commercial banks in order to recapitalise short term facilities utilised during the course of the year ended 31 March 2015.

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 2015 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 71 to 78 and the annual financial statements for the year ended 31 March 2015, 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 Johannesburg Partnership, 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 2015, which are available on the company website, were approved by the board of directors on 27 August 2015 and are signed on its behalf by:

VE Mphande	JA Copelyn	TG Govender
Chairman	Chief Executive Officer	Financial Director

27 August 2015
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 2015, 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 2015
Cape Town

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 March 2015 R'000	Audited 31 March 2014 R'000
ASSETS		
Non-current assets	**39 415 175**	16 851 858
Property, plant and equipment	**17 480 890**	3 735 578
Investment properties	**2 506 275**	1 695 532
Goodwill	**12 048 425**	279 011
Interest in associates and joint ventures	**1 336 564**	9 974 196
Other financial assets	**49 231**	9 163
Intangibles	**5 260 885**	806 887
Deferred taxation	**440 056**	127 941
Operating lease equalisation asset	**46 476**	27 185
Long-term receivables	**246 373**	196 365
Current assets	**8 964 849**	4 935 432
Other	**5 171 507**	3 746 752
Bank balances and deposits	**3 793 342**	1 188 680
Non-current assets held for sale	**307 338**	1 006 446
Total assets	**48 687 362**	22 793 736
EQUITY AND LIABILITIES		
Equity	**22 837 064**	14 930 161
Equity attributable to equity holders of the parent	**14 971 847**	12 094 478
Non-controlling interest	**7 865 217**	2 835 683
Non current liabilities	**15 872 887**	3 407 985
Deferred taxation	**2 224 359**	277 439
Long-term borrowings	**12 356 611**	2 917 689
Operating lease equalisation liability	**280 753**	3 596
Other	**1 011 164**	209 261
Current liabilities	**9 952 444**	4 336 792
Non-current liabilities held for sale	**24 967**	118 798
Total equity and liabilities	**48 687 362**	22 793 736
Net asset carrying value per share (cents)	**14 390**	11 391

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	% change	Audited 31 March 2015 R'000	Audited* 31 March 2014 R'000
Revenue		12 161 963	8 265 913
Net gaming win		5 101 290	818 421
Income	90,0%	17 263 253	9 084 334
Expenses		(13 156 203)	(7 432 588)
EBITDA	148,6%	4 107 050	1 651 746
Depreciation and amortisation		(947 421)	(404 545)
Operating profit		3 159 629	1 247 201
Investment income		82 478	45 810
Finance costs		(843 602)	(243 721)
Share of profits of associates and joint ventures		270 262	756 478
Investment surplus		5 312	-
Fair value adjustment on deemed disposal of associate		2 757 227	-
Fair value adjustments of investment properties		155 753	23 284
Impairment reversals		12 771	509
Asset impairments		(38 318)	(12 489)
Fair value adjustments of financial instruments		7 868	19 238
Impairment of goodwill and investments		(9 358)	(329)
Profit before taxation	202,8%	5 560 022	1 835 981
Taxation		(683 190)	(306 077)
Profit for the year from continuing operations		4 876 832	1 529 904
Discontinued operations		(377 807)	(264 207)
Profit for the year		4 499 025	1 265 697
Attributable to:			
Equity holders of the parent		3 574 824	1 060 455
Non-controlling interest		924 201	205 242
		4 499 025	1 265 697

*Restated

RECONCILIATION OF HEADLINE EARNINGS

	% change	Audited year ended 31 March 2015 R'000 Gross	Net	Audited year ended 31 March 2014 R'000 Gross	Net
Earnings attributable to equity holders of the parent	237,1%		**3 574 824**		1 060 455
IAS 16 gains on disposal of plant and equipment		**269**	**10**	23 556	17 695
IAS 16 impairment of plant and equipment		**40 962**	**16 573**	6 563	2 265
IAS 38 impairment of intangible assets		**-**	**-**	4 617	3 396
IFRS 3 fair value adjustment on deemed disposal of associate		**(2 757 227)**	**(2 738 733)**	-	-
IFRS 3 impairment of goodwill		**49 603**	**20 665**	329	172
IAS 28 gain on disposal of associates		**(17 519)**	**(7 298)**	-	-
IAS 28 impairment of associates and joint ventures		**34 059**	**21 650**	5 925	4 823
IAS 36 reversal of impairments		**(12 771)**	**(5 900)**	(509)	(203)
IAS 38 losses on disposal of intangible assets		**-**	**-**	107	43
IAS 27 loss from disposal / part disposal of subsidiary		**181 207**	**181 207**	-	-
IAS 40 losses on disposal of investment property		**386**	**312**	-	-
IAS 40 fair value adjustment to investment property		**(155 753)**	**(74 036)**	(23 284)	(17 418)
IAS 39 impairment of investments reclassified to profit and loss		**14 608**	**14 608**	-	-
Re- measurements included in equity-accounted earnings of associates and joint ventures		**17 166**	**17 166**	31 101	14 926
Headline profit	(-6,0%)		**1 021 048**		1 086 154
Basic earnings per share (cents)					
Earnings	266,0%		**3 381,28**		923,84
Continuing operations			**3 682,38**		1 088,25
Discontinued operations			**(301,10)**		(164,41)
Headline earnings	2,1%		**965,77**		946,23
Continuing operations			**1055,19**		1087,62
Discontinued operations			**(89,42)**		(141,39)
Weighted average number of shares in issue ('000)			**105 724**		114 788
Actual number of share in issue at end of year (net of treasury shares) ('000)			**104 041**		106 177
Diluted earnings per share (cents)					
Earnings	266,4%		**3 329,63**		908,62
Continuing operations			**3 626,13**		1070,32
Discontinued operations			**(296,50)**		(161,70)
Headline earnings	2,2%		**951,02**		930,64
Continuing operations			**1039,08**		1069,70
Discontinued operations			**(88,06)**		(139,06)
Weighted average number of shares in issue ('000)			**107 364**		116 710

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 31 March 2015 R'000	Audited 31 March 2014 R'000
Profit for the year	**4 499 025**	1 265 697
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**125 457**	200 412
Cash flow hedge reserve	**(79 099)**	38 201
Items that may not be reclassified subsequently to profit or loss		
Actuarial gains on post-employment benefit liability	**(17 909)**	5 773
Income tax relating to items that may not be reclassified	**2 674**	-
Total comprehensive income	**4 530 148**	1 510 083
Attributable to:		
Equity holders of the parent	**3 592 489**	1 300 005
Non-controlling interest	**937 659**	210 078
	4 530 148	1 510 083

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 31 March 2015 R'000	Audited 31 March 2014 R'000
Balance at beginning of year	**14 930 161**	15 432 755
Share capital and premium		
Treasury shares released	**62 301**	45 779
Shares repurchased	**(419 557)**	(457 443)
Current operations		
Total comprehensive income	**4 530 148**	1 510 083
Equity settled share-based payments	**11 495**	16 170
Non-controlling interest on acquisition of subsidiaries	**4 243 958**	3 359
Effects of changes in holding	**513 147**	(1 347 440)
Dividends	**(1 034 589)**	(273 102)
Balance at end of year	**22 837 064**	14 930 161

CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 31 March 2015 R'000	Audited 31 March 2014 R'000
Cashflows from operating activities	**1 153 239**	1 045 692
Cashflows from investing activities	**(2 575 096)**	(1 240 277)
Cashflows from financing activities	**1 579 332**	430 598
Increase in cash and cash equivalents	**157 475**	236 013
Cash and cash equivalents		
At beginning of year	**574 386**	311 762
Foreign exchange differences	**(22 630)**	26 611
At end of year	**709 231**	574 386
Bank balances and deposits	**3 793 342**	1 188 680
Bank overdrafts	**(3 102 514)**	(706 908)
Cash in disposal groups held for sale	**18 403**	92 614
Cash and cash equivalents	**709 231**	574 386

SEGMENTAL ANALYSIS

	Revenue 31 March 2015 R'000	Net gaming win 31 March 2015 R'000	Revenue 31 March 2014 R'000	Net gaming win 31 March 2014 R'000
Media and broadcasting	**2 489 466**	-	2 445 043	-
Non-casino gaming	**82 566**	**999 695**	44 770	818 421
Casino gaming and hotels	**2 720 404**	**4 101 595**	-	-
Information technology	**312 625**	-	294 054	-
Transport	**1 417 136**	-	1 194 948	-
Vehicle component manufacture	**328 227**	-	300 620	-
Beverages	**1 155 385**	-	1 110 212	-
Properties	**161 979**	-	80 944	-
Mining	**830 813**	-	652 873	-
Branded products and manufacturing**	**2 661 837**	-	2 140 324	-
Other	**1 525**	-	2 125	-
Total	**12 161 963**	**5 101 290**	8 265 913	818 421

SUMMARISED AUDITED FINANCIAL STATEMENTS

SEGMENTAL ANALYSIS (continued)

	EBITDA	
	31 March 2015 R'000	31 March 2014* R'000
Media and broadcasting	**609 628**	811 628
Non-casino gaming	**276 872**	215 835
Casino gaming and hotels	**2 427 837**	-
Information technology	**62 054**	61 964
Transport	**324 719**	224 620
Vehicle component manufacture	**24 946**	15 829
Beverages	**92 152**	26 075
Properties	**116 609**	54 905
Mining	**138 390**	104 736
Branded products and manufacturing**	**164 735**	239 162
Other	**(130 892)**	(103 008)
Total	**4 107 050**	1 651 746

	Profit before tax Audited year ended		Headline earnings Audited year ended	
	31 March 2015 R'000	31 March 2014 R'000	**31 March 2015 R'000**	31 March 2014 R'000
Media and broadcasting	**474 468**	665 730	**121 865**	258 816
Non-casino gaming	**137 869**	113 747	**62 479**	48 967
Casino gaming and hotels	**4 517 687**	779 791	**768 604**	785 062
Information technology	**44 019**	43 675	**15 189**	15 290
Transport	**233 618**	126 638	**161 123**	90 589
Vehicle component manufacture	**10 406**	1 520	**10 822**	17
Beverages	**61 678**	(448)	**14 021**	549
Properties	**143 519**	70 226	**36 958**	31 114
Mining	**15 031**	65 008	**14 530**	47 482
Natural gas	**-**	-	**(59 796)**	(54 055)
Branded products and manufacturing**	**152 702**	173 600	**94 540**	10 922
Other	**(230 975)**	(203 506)	**(219 287)**	(148 599)
Total	**5 560 022**	1 835 981	**1 021 048**	1 086 154

* Restated

** Segment previously identifed as "Clothing, textiles and toys"

NOTES TO THE SUMMARISED AUDITED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2015 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. The accounting policies applied by the group in the preparation of these summarised consolidated financial statements are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2014. 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 summarised financial statements are extracted from audited information, but is not itself audited.

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

BUSINESS COMBINATIONS

ACQUISITIONS

Other

Oceania Capital Partners Limited, through its 97%-owned subsidiary, Crimsafe Holdings Proprietary Limited, acquired all of the shares in the Crimsafe group of companies (Crimsafe), effective 20 March 2015. Crimsafe manufactures home safety installations. The details of the net assets acquired on the above business combination, for which the purchase price has been allocated to the respective assets and liabilities on a provisional basis, is as follows:

	R'000
Non-current assets	91 578
Current assets	113 575
Non-current liabilities	(13 213)
Current liabilities	(25 228)
Net assets acquired	166 714
Goodwill	108 357
Cash balances acquired	(7 651)
Net cash paid	267 420

The acquired business contributed revenues of Rnil and profit after tax of Rnil to the group for the year ended 31 March 2015. Had the acquisition been effective on 1 April 2014 the contribution to revenue would have been R363.1 million and profit after tax R24 million.

Media and broadcasting

During the year the group's media and broadcasting operations acquired 50.1% of the issued share capital of Coleske Artists Proprietary Limited and Afrikaans is Groot Proprietary Limited, effective 1 March 2015. It also acquired 70% of the issued share capital of TVPC Media Proprietary Limited, effective 1 July 2014. The details of the aggregate net assets acquired on these business combinations, for which the purchase price has been allocated to the respective assets and liabilities on a provisional basis, is as follows:

	R'000
Non-current assets	3 110
Current assets	21 703
Non-current liabilities	(5 587)
Current liabilities	(10 116)
Net assets acquired	9 110
Non-controlling interest	(4 832)
Goodwill	45 619
Cash balances acquired	(16 260)
Net cash paid	33 637

The acquired businesses contributed revenues of R2.2 million and losses after tax of R2.6 million to the group for the year ended 31 March 2015. Had the acquisitions been effective on 1 April 2014 the contribution to revenue would have been R85.8 million and profit after tax R1.4 million.

Casino gaming and hotels

During August 2014 Tsogo Sun Holdings Ltd ("Tsogo Sun") repurchased 134 million of its issued ordinary shares from SABSA Holdings Proprietary Limited, a subsidiary of SABMiller plc. As a result of this, the Group's effective interest in Tsogo Sun increased to 47.6%. SABMiller furthermore sold its remaining 302 million shares through a preferred bidding process.

It was determined that, in terms of IFRS, the Group acquired effective control over the business of Tsogo Sun after the sale of shares by SABMiller and that it would be appropriate to consolidate the results of Tsogo Sun with effect from the repurchase date of 25 August 2014, whereas it had been equity accounted prior to that.

The details of the net assets acquired on the above business combination, for which the purchase price has been allocated to the respective assets and liabilities on a provisional basis, is as follows:

	R'000
Non-current assets	19 995 476
Current assets	2 376 523
Non-current liabilities	(11 402 718)

Current liabilities	(4 093 028)
Net assets acquired	6 876 253
Non-controlling interest	(4 241 146)
Goodwill	9 541 450
Interest held prior to acquisition	(12 176 557)
Purchase consideration	-
Cash balances acquired	(635 300)
Net cash received	(635 300)

The acquired business contributed revenue of R2 720 million, net gaming win of R4 102 million and profit after tax of R1 121 million to the Group since the acquisition date. This profit after tax does not include equity earnings of R235.9 million which was recognised in respect of Tsogo Sun for the five months ended 31 August 2014. Had the acquisition been effective on 1 April 2014, the contribution to revenue would have been R4 367 million, net gaming win R6 976 million and profit after tax R1 706 million and no equity earnings would have been recognised.

DISPOSALS

Natural gas

The group disposed of its interest in Montauk Energy Holdings LLC through the distribution of its shareholding in the company's South African holding company to shareholders in December 2014. The details of assets and liabilities disposed of through this distribution are as follows:

	R'000
Non-current assets	870 624
Current assets	253 836
Non-current liabilities	(196 820)
Current liabilities	(68 127)
Net assets disposed of	859 513
Non-controlling interest	(2 025)
Recognised as distribution	(676 281)
Loss on disposal	(181 207)
Cash balances disposed of	(189 469)

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

The group unbundled its shareholding in its natural gas interests in December 2014. Consequently, these results are contained in discontinued operations in the income statement and its assets and liabilities contained in disposal groups held for sale in the statement of financial position in the prior year.

The Board of Deneb Investments has resolved to discontinue the operations of its discount retail operations and the results of these operations, as contained in the branded products and manufacturing segment, have been reclassified to discontinued operations in the prior year and its assets and liabilities are contained in disposal groups held for sale in the statement of financial position in the current year.

In addition to the above, the board of Sabido Investments has resolved to exit certain of its offshore operations. The results of these operations are included in the media and broadcasting segment and have been reclassified to discontinued operations in the prior year and its assets and liabilities are contained in disposal groups held for sale in the statement of financial position in the current year.

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

	Branded products and manufacturing R'000	Media and broadcasting R'000
Disposal group assets held for sale	57 933	249 405
Disposal group liabilities held for sale	-	24 879

NOTICE TO MEMBERS

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

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 2015

NOTICE IS HEREBY GIVEN that the annual general meeting of Hosken Consolidated Investments Limited ("the company") will be held on Thursday 29 October 2015 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 18 September 2015 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 23 October 2015. Accordingly, only shareholders who are registered in the register of shareholders of the company on 23 October 2015 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 Wednesday 28 October 2015. 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 38 and 39;
- the major shareholders of the company on page 34; and
- the share capital of the company in note 19 and an analysis of shareholders on page 34.

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 2015 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 2015, 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 66 to 69, and the audit committee report is set out on pages 47 and 48, 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 2015 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 71 to 78 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**
Mr JA Copelyn; Mr TG Govender, Mr MF Magugu and Mr VE Mphande retire as directors in accordance with the company's MOI but, being eligible, each offer themselves for re-election as a director of the company. For CV details, see pages 38 and 39.

Accordingly, shareholders are requested to consider and if deemed fit, to re-elect Mr JA Copelyn; Mr TG Govender, Mr MF Magugu and Mr VE Mphande by way of passing the ordinary resolutions set out below:

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

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

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

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

The reason for ordinary resolution numbers 2.1 to 2.4 is to re-elect those directors of the company who retire as directors in accordance with the company's MOI.

4. **Reappointment of auditor – ordinary resolution number 3**
The company's audit committee has recommended that Grant Thornton Johannesburg Partnership 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 2016 is Mr Frey. Accordingly, the directors propose that the following resolution be adopted:

"Resolved that Grant Thornton Johannesburg Partnership 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**

5.1. Appointment of audit committee – ordinary resolution number 4.1
"Resolution that Mr LW Maasdorp (see CV details on page 39) be appointed to the audit committee of the company for the ensuing year."

5.2. Appointment of audit committee – ordinary resolution number 4.2
"Resolved that Dr LM Molefi (see CV details on page 39) be appointed to the audit committee of the company for the ensuing year."

5.3. Appointment of audit committee – ordinary resolution number 4.3
"Resolution that Mr JG Ngcobo (see CV details on page 39) 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 MOI 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 MOI 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 15% (fifteen) of the number of shares of the relevant class of shares issued prior to such issue."

   Additional requirements imposed by 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 SENS 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% (five percent) of the number of shares in issue prior to that issue;

   - that issues in the aggregate in any 1 (one) financial year may not exceed 15% (15 779 800 shares) of the number of the shares of the Company in issue of that class of shares before such issue;

   - 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 2015 – non-binding resolution number 7**

   "To endorse on an advisory basis, the company's remuneration policy on page 49 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 2015 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
LW Maasdorp	360
MF Magugu	322
VE Mphande	255
LM Molefi	383
JG Ngcobo	383
R Watson	255

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 MOI;

- 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 writing to the JSE prior to the commencement of the prohibited period;

- a SENS 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 2015
Cape Town

CORPORATE ADMINISTRATION

DIRECTORS

Executive Directors

John Anthony Copelyn
(Chief Executive Officer)

Theventheran Govindsamy Govender [Kevin]
(Financial Director)

Yunis Shaik

Independent Non-Executive Directors

Leslie Warren Maasdorp

Mimi Freddie Magugu

Dr Lynette Moretlo Molefi

Velaphi Elias Mphande

Jabulani Geffrey Ngcobo

Rachel Doreen Watson

WEBSITE ADDRESS

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