Hosken Consolidated Investments Limited

INTEGRATED ANNUAL REPORT 2016

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 2016.

This summary of our results includes an executive review of our performance as published on SENS and in the Business Day on 25th May 2016.

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.deneb.co.za; www.tsogosun.com; www.niveus.co.za; and www.emediaholdings.co.za

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

- Governance register
- 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.

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 2016 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 71 to 76.

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 Johannesburg Partnership.
- 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 30 August 2016.

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 30 AUGUST 2016

HCI
GROUP OF COMPANIES

LISTED COMPANIES

TSOGO SUN
HOLDINGS
LIMITED
43%

incorporating

TSOGO SUN GAMING

TSOGO SUN HOTELS

eMEDIA
HOLDINGS
LIMITED
62%

incorporating

eMEDIA INVESTMENTS

e.SAT

OpenviewHD

NIVEUS
INVESTMENTS
LIMITED
52%

incorporating

KWV

VUKANI

GALAXY BINGO

DENEB
INVESTMENTS
LIMITED
64%

incorporating

BRAND ID

PRIMA

SEARTEC

VEGA PROPERTIES

UNLISTED COMPANIES

HCI PROPERTIES (DIVISION)
100%

GALLAGHER ESTATES

BLUEHILLS SHOPPING CENTRE
KALAHARI VILLAGE MALL
LYNNRIDGE MALL
OLYMPUS VILLAGE MALL
THE POINT

RAND DAILY MAIL HOUSE

ALEXANDER FORBES BUILDING
PROTEA PLACE
SYDNEY ROAD

HCI COAL
100%

incorporating

PALESA COAL

MBALI COAL

IMPACT OIL AND GAS
20%

GOLDEN ARROW BUS SERVICES
100%

DEBT FUNDING

SYNTELL
55%

BUSINESS SYSTEMS GROUP (AFRICA)
40%

KAROSHOEK SOLAR ONE
10%

FORMEX INDUSTRIES
100%

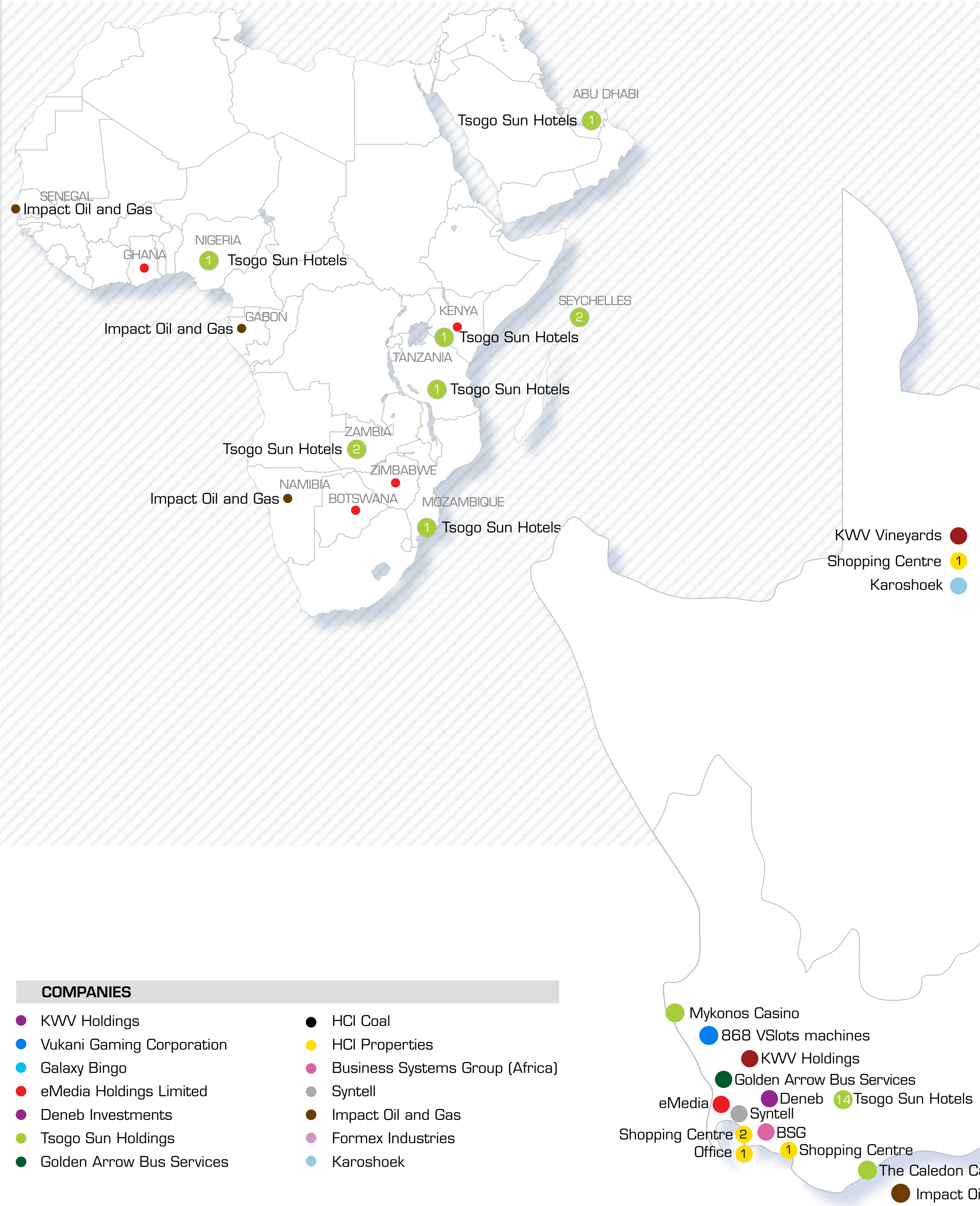
incorporating

FORMEX ENGINEERING

FORMEX TUBING

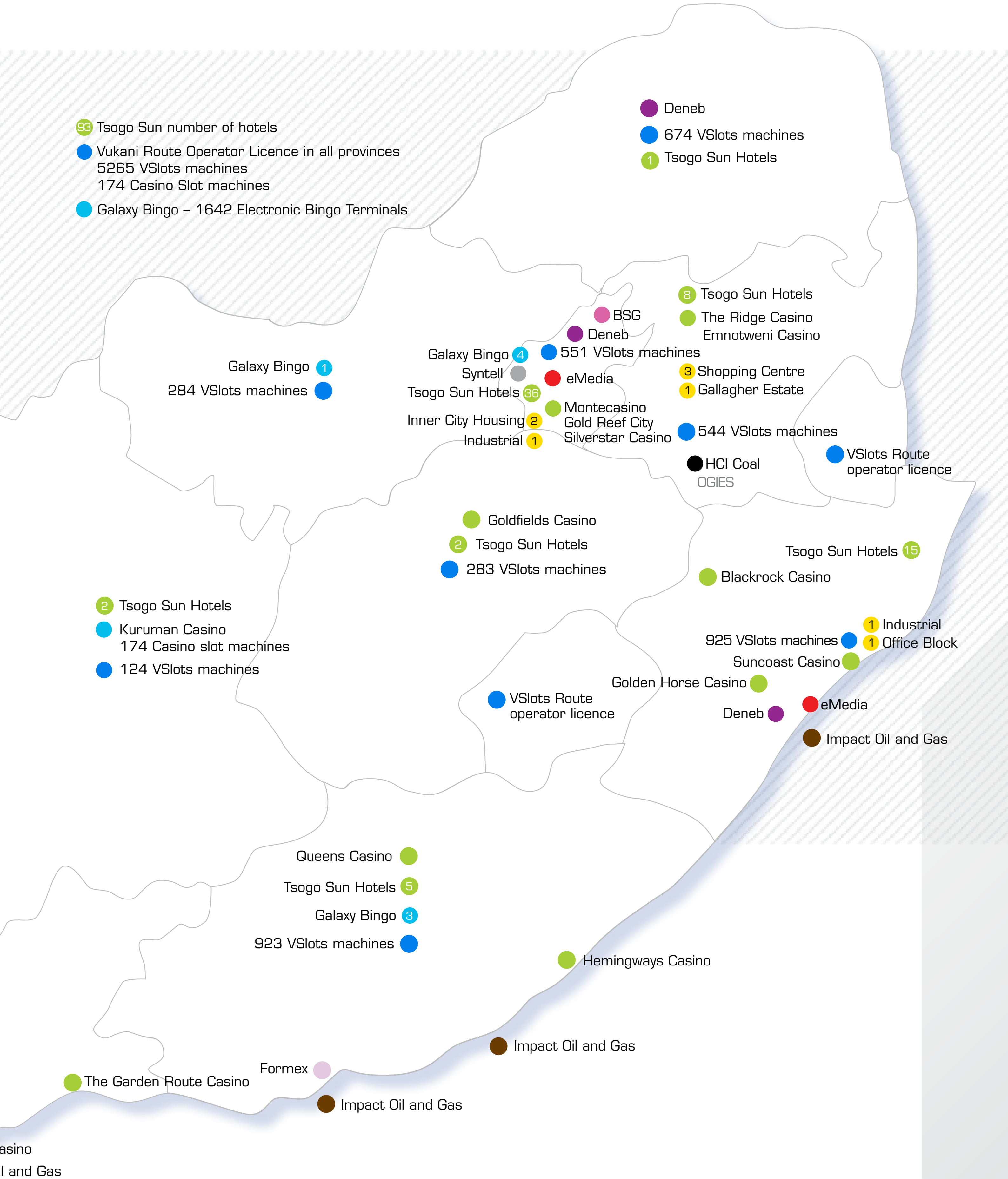
GEOGRAPHICAL FOOTPRINT

AS AT 30 AUGUST 2016



COMPANIES

- KWV Holdings
- Vukani Gaming Corporation
- Galaxy Bingo
- eMedia Holdings Limited
- Deneb Investments
- Tsogo Sun Holdings
- Golden Arrow Bus Services
- HCI Coal
- HCI Properties
- Business Systems Group (Africa)
- Syntell
- Impact Oil and Gas
- Formex Industries
- Karoshoek


93 Tsogo Sun number of hotels
Vukani Route Operator Licence in all provinces
5265 VSlots machines
174 Casino Slot machines
Galaxy Bingo – 1642 Electronic Bingo Terminals
Deneb
674 VSlots machines
1 Tsogo Sun Hotels
8 Tsogo Sun Hotels
The Ridge Casino
Emnotweni Casino
BSG
Deneb
551 VSlots machines
Galaxy Bingo 4
Syntell
Tsogo Sun Hotels 36
Inner City Housing 2
Industrial 1
eMedia
Montecasino
Gold Reef City
Silverstar Casino
3 Shopping Centre
1 Gallagher Estate
544 VSlots machines
HCI Coal
OGIES
VSlots Route
operator licence
Galaxy Bingo 1
284 VSlots machines
Goldfields Casino
2 Tsogo Sun Hotels
283 VSlots machines
Tsogo Sun Hotels 15
Blackrock Casino
2 Tsogo Sun Hotels
Kuruman Casino
174 Casino slot machines
124 VSlots machines
1 Industrial
1 Office Block
925 VSlots machines
Suncoast Casino
Golden Horse Casino
VSlots Route
operator licence
eMedia
Deneb
Impact Oil and Gas
Queens Casino
Tsogo Sun Hotels 5
Galaxy Bingo 3
923 VSlots machines
Hemingways Casino
Impact Oil and Gas
Formex
The Garden Route Casino
Impact Oil and Gas
asino
l and Gas

LETTER TO SHAREHOLDERS

JA Copelyn
Chief Executive Officer

Business Activity in HCI over the year

The 2016 year has seen HCI continue to expand and to grow its subsidiaries at a relatively rapid rate.

Tsogo succeeded in purchasing a 20% stake in the Grand West Casino in Cape Town; acquired control of the Hospitality Property Fund subject to acceptance by the Competition Tribunal and has bought a 25% stake in a UK focused hotel property fund. It also completed a major renovation of Gold Reef Casino.

The year saw the group's satellite television business, OpenviewHD, roll out over 270 000 new boxes. e.tv regained the market share which it has not held for several years. eNCA, likewise, increased its market share to over 50% of viewers across all news channels on the DSTV bouquet.

Deneb finalised the development of Reeds House; licenced several new brands including Columbia outdoor garments and expanded its distribution agreement with Microsoft to include not only X-box, but also general accessories. Brand ID remains on track to break even over the next twelve months and complete development from its start-up phase to being a strong contributor to the bottom line of Deneb over the next couple of years.

Our property division continues to power ahead with the completion of the Rand Daily Mail House conversion (now 100% let); the commencement of construction on converting Shell House, the iconic former head office of the ANC, into some 500 inner city apartments for rent; likewise we are developing several other projects including the second phase of Monte Circle and a new shopping centre in Hermanus; several shopping centres in Gauteng are now open or virtually complete. We still have an exciting pipeline of building work planned going forward and the division is buzzing with projects.

Our funding allowed Ithuba to commence operating the National Lottery and to overcome several attempts by the former operator to have the newly awarded licence set aside. The continuation of the business is now assured. We are arbitrating a difference over the exercise by HCI of its step-in rights but are confident the investment will be a success.

We achieved good organic growth in Niveus, Deneb and GABS. GABS in particular has had its most successful year ever and seems to be in a very stable period of its 150 year history. We continue to renew its fleet and are less than two years away from having replaced more than 1 000 buses since we bought the company some twelve years ago.

Niveus shareholders approved the disposal of KWV which is subject to Regulatory approval. The exit from KWV is very lucrative, the price achieved effectively doubled the value of Niveus's investment over five years. The business was greatly improved over the period we held it, transforming it to a tightly managed modern business.

We have had our failures. We were obliged to write off R60 million invested in the Botswana coal prospect, which we had hoped to develop as a power station, due to lack of progress. Similarly, several unsuccessful ventures started via our media company some years ago were closed or sold off, resulting in impairments to our balance sheet. These discontinued operations will, however, have no effect on the business going forward.

Nevertheless, all told, it was a fairly successful year for HCI, notwithstanding a relatively stagnant national economy. Even after taking into account adjustments that are based on the increase in the CGT rate, we still increased headline earnings per share at about 5%. This does not really do justice to the underlying double digit growth in the businesses themselves (excluding CGT adjustment).

Market view of the Group Performance

While we do not usually focus comment on the share price of HCI, this year it seems unavoidable since the share declined 22% in value over the period. This has not happened since the 2008 crisis where a great many shares fell dramatically in value. In the current year however, HCI was a poor performing share within the general range of JSE listed stocks. Furthermore, the poor performance came off the base of an unusually flat performance of the previous year.

Perhaps the company's results disappointed the market. This is hard to understand relative to other company results and their share performance. In my view HCI's results were not nearly as disappointing as its share performance.

Our board's considered view is that over the last couple of years the share performance of the company has significantly underperformed its underlying businesses. As a result we took the opportunity to centre transactions of the group on buying back underperforming shares. We paid cash for such shares where we could afford it and otherwise have swapped assets, fairly valued, in exchange for holding company shares valued at the price they were trading for at the time. Obviously it was the company's view that these swaps essentially allowed HCI to buy-back its shares at a good discount to underlying value reflected in the swap.

Over the last couple of years this strategy has resulted in Tsogo buying back some R2,8 billion of its paper when SABMiller exited that company; HCI buying back over R1,2 billion of its shares in exchange for a stake in eMedia.

Subsequent to year-end the group implemented a buy-back of some 16,1million HCI shares valued at R105 a share (roughly R1,7 billion) as well as around 133.5 million shares in Deneb valued at R2 per share. This represented approximately 15% of HCI's issued share capital and 24% of the share capital issued by Deneb.

Your directors are of the view that these transactions will enhance the earnings per share of both Deneb and HCI for the remaining shareholders. We believe that it will, in fact, enhance the growth in the value of the HCI share, as well as actual earning on such shares at a faster rate than its subsidiaries.

Pursuing this strategy over an extended period has resulted in the number of shares in issue in HCI declining from about 431 million shares to the current 89 million; its share price has climbed from R2 to the current price of some R140 per share. While the strategy undoubtedly has its limits and tends to leave the company with little spare cash, we do not believe any good transaction opportunity has been missed for lack of funding.

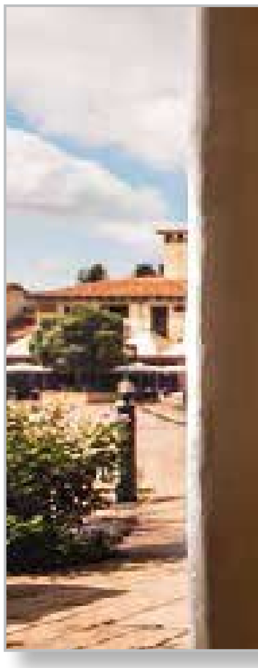
General

Otherwise the company has been performing well. It's BEE rating on the new codes has been established at level three. The Foundation has done amazing work over the year and the company and its management are incredibly proud of its continuous development and expansion.

We have unfortunately had two losses to our board, with Virginia Engel sadly passing away after a long illness and Les Maasdorp retiring from the board following his appointment to the Brics Development Bank based in China. We welcome recently appointed Mahomed Gani as a member of the board who will also chair our audit committee.

John Copelyn
Chief Executive Officer
Cape Town
30 August 2016

TSOGO SUN



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

Tsogo Sun Group Highlights for the year

• Income	R 12.3 billion	↑	8%
• EBITDAR	R 4.5 billion	↑	8%
• Adjusted HEPS cents	196.5 cents	↑	12%
• Dividend per share for the year	98.0 cents	↑	10%

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 weak macro-economic environment and consumer sentiment, although revenues during the last quarter were significantly up on the prior year. Year-on-year growth was achieved in both casino and hotel revenues and the trading results were positively impacted by various expansionary projects, including the acquisition of hotel businesses from Liberty Group Limited by The Cullinan Hotel Proprietary Limited the expansion of Silverstar and the closure for refurbishment of Southern Sun Maputo and Garden Court De Waal during the prior year, offset by the closure of the Riverside Sun and Sabi River Sun hotels for refurbishment during the current year.

Tsogo Sun has continued to allocate capital in terms of its growth strategy and accordingly spent R2.0 billion during the year as follows:

- continued the R640 million refurbishment and expansion of Gold Reef City Casino and Theme Park which includes an increased casino offering, cinemas and additional restaurants at the casino and additional food and beverage outlets and improved access systems at the Theme Park, with an improved linkage to the casino complex and an expansion of the Apartheid Museum. Phase one of the project, which excludes the Theme Park, was completed in November 2015. R256 million was spent during the year;

- continued with the planning for the expansion of the Suncoast Casino and Entertainment World with construction anticipated to commence in mid-2016 with two years to completion. The investment in the expansion has been decreased to R2.1 billion and will include a 22 000 m^2 destination retail mall, additional restaurants and entertainment offerings, additional parking, an expansion of the casino floor to incorporate an additional 900 gaming machines and 16 gaming tables. An amount of R100 million made available to be spent on charitable or social infrastructural developments in the KwaZulu-Natal province was paid in the prior year and forms part of the investment. R47 million was spent during the year;

- acquired 55% of the Hospitality Property Fund Limited ("HPF") B-linked units for R252 million in August 2015;

- acquired a 25% interest in International Hotel Group Limited (an associate), along with the major shareholders of Redefine BDL, for R315 million between September 2015 and March 2016. The property fund, which has a dual listing in Luxembourg and on the Johannesburg Stock Exchange, will pursue hotel opportunities in the United Kingdom and Europe, the hotels being managed by Redefine BDL; and

- invested R945 million on maintenance capex group-wide, including gaming system replacements and casino floor and major hotel refurbishments, ensuring our assets remain best in class.

The Cullinan

Monte Casino

Monte Casino

Mykonos Casino

Total income for the year of R12.3 billion ended 8% above the prior year with a 6% growth in gaming win, assisted by a 13% growth in rooms revenue and a 12% growth in food and beverage revenue.

Earnings before interest, income tax, depreciation, amortisation, property rentals, long-term incentives and exceptional items ("Ebitdar") at R4.5 billion for the year was 8% up on the prior year. The overall group Ebitdar margin of 37.0% is 0.2 percentage points 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 of the group should these sectors of the South African economy improve.

Gaming win for the year grew by 6% on the prior year with growth in slots win at 4% and tables win at 11%. Gaming win for both slots and tables was impacted by lower win percentages with growth in slots handle at 7% and tables drop at 13% on the prior year.

The hotel industry in South Africa continues to experience a subdued recovery from the dual impact of depressed demand and oversupply. Overall industry occupancies have improved to 63.8% (2015: 62.5%) for the year, but were adversely impacted by visa regulations which constrained growth. As a result of the strong sales and distribution channels and the superior product and service quality available within the group, Tsogo Sun hotels continue to achieve occupancy and rate premiums in the segments in which the group operates.

Trading for the group's South African hotels for the year recorded a system-wide revenue per available room ("RevPar") growth of 8% on the prior year due mainly to an increase in average room rates by 7% to R1 018, with occupancies above the prior year at 63.5% (2015: 62.8%). Overall revenue for the South African Hotel division increased 9% on the prior year to R2.7 billion, assisted by the inclusion of the additional Cullinan hotels for an additional month and the closure of Garden Court De Waal for refurbishment during the prior year, offset by the closure of the Riverside Sun and Sabi River Sun for refurbishment during the current year. Ebitdar improved 11% to R920 million at a margin of 33.5% (2015: 33.1%).

The Offshore division of hotels achieved total revenue of R691 million, representing a 25% increase on the prior year due to a recovery from the impact of the Ebola epidemic on trading and the closure of Southern Sun Maputo for refurbishment during the prior year. The result was further assisted by the weakening of the Rand against both the US


Sandton Sun

Dollar and the Euro. Ebitdar (pre-foreign exchange losses) increased by 40% to R192 million. Foreign exchange losses of R23 million (2015: R21 million) were incurred on the translation of offshore monetary items.

Prospects

Given the weak state of the South African economy and many of the commodity focused countries in which the group operates, trading is expected to remain under pressure. However, the fourth quarter of the financial year was strong in both the Gaming and particularly the SA hotel environment. The sustainability of this performance is uncertain and will depend on how these economies perform going forward, including the impact of changes in commodity prices, and the level of policy certainty that the government is able to instill in areas ranging from visa regulations to gaming taxes and administered costs. 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 group continues to implement a variety of projects and acquisitions including:

- entering into a transaction with Sun International Limited and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest International Proprietary Limited and Worcester Casino Proprietary Limited for an aggregate R1.35 billion;
- as previously noted, agreement has been reached with HPF to acquire a controlling stake through the injection of appropriate hotel assets having a value such that the issue of shares to the group at the time will result in the group owning not less than 50% of the shares following the reconstitution of HPF's capital into a single class of shares. All material conditions precedent to the transaction have been fulfilled, with certain administrative conditions remaining. The transaction is expected to be effective September 2016;
- agreement has been reached for the further acquisition of two hotels from Liberty by Cullinan, being the Garden Court Umhlanga and the StayEasy Pietermaritzburg for R310 million. Regulatory approval has been received and control will follow transfer, expected in the next few months;
- the potential to bid for the relocation of one of the smaller casinos in the Western Cape to the Cape Metropole remains an opportunity for the group should the provincial authorities allow such a process; and
- the Mpumalanga Gambling Board withdrew the second request for proposal for the fourth licence. The group is pursuing a legal challenge in this regard.

The ability to continue to pursue these and other opportunities in line with 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

eMEDIA HOLDINGS
www.emediaholdings.co.za

The eMedia Holdings Group ended the year with a loss attributable to the equity owners of the company of R63,6 million compared to a profit in the previous year of R124.8 million. The loss takes into account, a loss of R144.8 million for discontinued operations. The Group has continued disinvesting from non-core and under-performing assets. The Group ended on an EBITDA of R521.4 million compared R595.1 million in the prior year. Headline earnings for the Group ended on R32.2 million compared to R169.4 million the prior year. During the year, the company increased its holding in eMedia Investments from 63.9% to 67.7% by purchasing the shares of all minority shareholders other than Venfin Media Belleggings. This was settled by the issue of eMedia Holdings "N" shares to the minorities of eMedia Investments.

e.tv
The financial year has been a difficult one for the media group with revenue in its core asset, e.tv coming under continual pressure. Despite this, revenue for the Group ended the year on R2.43 billion compared to the prior year R2.39 billion, a 1.7% increase. As mentioned, the core asset e.tv, saw advertising revenue under pressure as a result of a sharp drop in market share in the previous financial year. This necessitated that management review the schedule of e.tv and implement changes to correct the falling market share. These changes were implemented in the latter half of the 2015 financial year and the first part of this financial year. It has seen the market share of e.tv recover, once again becoming the most watched English channel in South Africa. The recovery however, came at considerable investment in local programming which resulted in cost of sales ending the year on R1.09 billion compared to R983 million the previous year, an increase of 10.9%. This investment was necessary and with the market share of e.tv now stable for the latter part of the financial year, advertising revenue should once again become more reflective of market share.

Multi-channel, OpenviewHD ("OVHD") and DTT
Added to the pressure on profitability, has been the continued investment into the multi-channel business. With DTT continuing its slow roll out, e.tv struggles as a lone channel in an ever increasing multi-channel environment. The Group continues to invest in its multi-channel platform, OVHD and producing channels for the multi-channel environment. Further investment of R261.9 million (2015: R245.1 million) is included in the financials for this year with very little revenue recorded. On a more positive note, OVHD has seen the number of activations increase from 112 715 to 388 812 at the end of the financial year, an increase of 245%. Management believes that the investment in quality channels and a multi-channel platform will stand the Group in good stead when the DTT roll-out ramps up.

The litigation matter between e.tv and The Minister of Communications and Others regarding the Broadcasting Digital Migration policy and whether government-funded set top boxes should be encrypted or not was heard in the Supreme Court of Appeal on 9 May 2016. The court found in e.tv's favour and the matter has now been referred to the Constitutional Court by the Minister and others. No court date has been allocated.

e.sat

e.sat continues to perform well and the eNCA channel remains the most watched news channel on DSTV with aggregate news viewership of over 50%. The long term contract with DStv was terminable in May 2016, but all indications are that DStv would like to enter into a new agreement to keep the news on its platform. Negotiations in that regard are under way and a proposal as to deal terms is expected in the second quarter.

Other assets core and non-core

The financial year has seen strong performances from subsidiaries, Sasani Studios and Silverline 360.

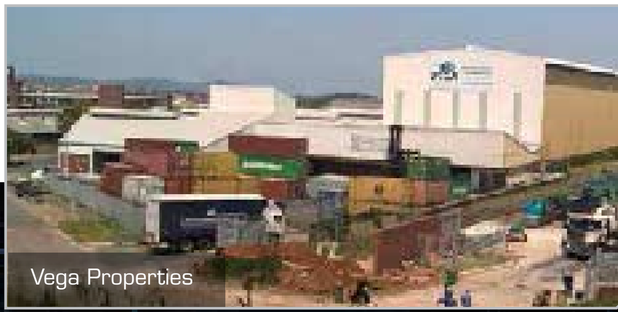
The financial year also saw management take a strategic look at the future of the Group. With this in mind, management decided to exit any non-core and non-profitable investments. This resulted in R144.8 million being reflected as a loss from discontinued operations. The Group has exited or is in the process of exiting from the majority of its offshore investments and will for the near future concentrate on its core South African assets with ever increasing competition from non-linear broadcasting platforms. Also included in the results is the impairment of a loan receivable of R48.2 million for the sale of The Africa Channel (UK) as the purchaser has failed to deliver on payment.

These "once-off" factors, together with the struggles in revenue, have had a negative impact on the results of the Group. Management however believes that with the stabilisation of the e.tv market share, the continued investment in the multi-channel business and the continued need for content, the Group is poised to achieve better results going forward.

eMedia Holdings is separately listed on the JSE Securities Exchange, and more information can be found on the Group at www.emediaholdings.co.za

OPERATIONAL OVERVIEW

DENEB INVESTMENTS LIMITED


Vega Properties

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

Deneb recorded a total comprehensive income for the year of R98 million. This is a decline of R113 million (53%) from the R211 million recorded in the prior year. The main reason for the decline is that in the prior year a deferred tax asset was recognised, resulting in a R72 million credit being recorded on the taxation line. In the current year, a R39 million taxation charge was recorded, a swing of R111 million.

Turnover was marginally up (1.9%) which reflects the difficult market conditions within the industries that the company serves. A small improvement in gross margin saw gross profit climb by 3.8%, slightly ahead of the turnover growth. The continued strong focus on cost control saw fixed cost increases restricted to 2.3%. The overall effect is that operating profit before impairments and revaluations was up 7.9% to R133 million.

The year under review proved to be challenging. The significant Rand weakness experienced during the year and the severe volatility leading up to the busy Christmas and back to school period put margins under pressure, particularly in the Company's branded product distribution segment. The industries that the Company primarily serves within the manufacturing segments, namely, retail, automotive, mining, construction and agriculture remained under pressure. These external factors are not once-off events and are likely to recur at least in the short to medium term. Deneb will continue to focus on cutting out waste and gearing up to operate effectively in lower margin environments.

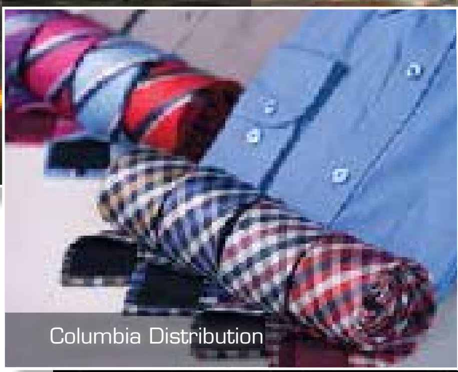
It is important to note that the strong focus on costs does not restrict spending on building future revenue streams and finding new distribution channels. Indeed, in evaluating Deneb's results, consideration should be given to the fact that there are a number of businesses that are either in a turnaround or start-up phase. These businesses are being developed with an eye to the future but are still loss-makers for now. Collectively, these loss-making businesses were responsible for turnover of a little over R300 million and recorded some R40 million in losses. Deneb carries these losses as it believes that these businesses will become contributors in time. However, should it be necessary, Deneb could exit from them with very limited effect on the established businesses.

Segmental Results

Property Segment
The value of the property portfolio increased by R67 million (6.1%) to just under R1.17 billion. Revenue increased by 5.9% to R137 million with revenue from external tenants representing 71% of the total revenue. Operating profit before finance costs decreased by 15% to R129 million. However, during the period, one of the properties was reclassified from an investment property to an owner occupied property, which affected the comparability of the results. If the property revaluations

Integrated Polypropylene Products

Deneb House



Columbia Distribution

Prima Toys

Microsoft X-box

are excluded, operating profit for the current year at R99 million was up 19% from the R82 million recorded in the prior period.

Branded Product Segment

Revenue for this segment was flat at R1.4 billion, however, operating profit before finance costs declined to R2 million from R20 million in the prior period. If one excludes the losses being incurred implementing the turnaround strategies and in the start-up businesses, this segment would have delivered an operating profit of R45 million off a turnover of R1.1 billion. An operating margin of a little over 4% in itself reflects some of the difficulties experienced with the Rand depreciation and pressure facing consumers. We remain confident that the investments being made into the loss makers will deliver returns to shareholders in the future. This segment remains a key growth area for the Group.

Industrial Segment

This sector delivered turnover growth of 8.3% and this, coupled with better margins and tight cost control, saw operating profit improve by 48.8% to R37 million. However, the prior period result included an asset impairment of R3 million. Adjusting for the impairment still sees operating profit improve by 30.7%.

Textile Segment

Trading conditions for the businesses within this sector remain challenging.

The prior year's results included an impairment reversal of R13 million. If one adjusts for this once-off event, operating profit declined by 2.6% to R27 million. It is testament to the management teams within this sector that small profits can be eked out of what are difficult businesses.

Deneb Investments Limited is separately listed on the JSE Securities Exchange, and more information can be found on the Group at www.deneb.co.za

OPERATIONAL OVERVIEW

NIVEUS INVESTMENTS LIMITED ["NIVEUS"]

www.niveus.co.za

The growth in Niveus' gaming division continues to outperform the general economy and other sectors of the gaming industry. Niveus is very fortunate to achieve this growth and remains positive that the Company's growth will continue to surpass the country's overall growth rate. However, its gaming business is impacted by the lower profitability of the hospitality sector in general where its' own in-house restaurants in Galaxy and site owners' businesses in Vukani are affected by reduced profitability.

Legislative changes remain the most significant threat to the Company. The recent release of the Department of Trade and Industry's ("DTI") National Gambling Policy provides an indication of National Government's policy direction. The policy still contains provisions that are negative to the bingo industry, especially regarding the number and type of electronic bingo terminals ("EBTs"). Niveus is engaging with the provincial gaming boards to ensure that the roll-out of EBTs continue and that economic feasibility of bingo licences are not compromised significantly.

Illegal gaming is growing unabated. The South African Police Service and other regulatory structures are not able to curtail the growth, and the illegal operators are becoming even more audacious in the location and type of sites they are opening. In some instances illegal gaming is conducted in premises in very close proximity to police stations. The DTI continues to focus on restricting legal gaming when millions of rands in taxes are being lost through illegal gaming activities.

The significant depreciation of the rand will have a negative effect on Niveus' gaming business as most of the equipment is imported. In KWV it will have a positive effect since a large portion of the wine is exported and the bulk brandy sales are predominantly to the export market.

During the year, Niveus invested R185 million in capital expenditure in the gaming business, including losses from new operations and R45 million in capital expenditure in KWV. The level of the Company's capital expenditure is mainly determined by the machine replacement policy in Vukani and new licences in Galaxy. Debt held with recourse to Niveus is R312 million, which at 1,16 times EBITDA (excluding KWV), is well within tolerable risk limits.

Gaming – Galaxy Gaming and Casino ("Galaxy")

EBITDA increased to R62 million (2015: R33 million), of which fully developed sites contributed R130 million (2015: R86 million). The fully developed sites' EBITDA was reduced to R62 million by head office costs, development and bid costs for new sites, start-up costs and trading losses. Management estimates that the head office costs to manage the fully developed sites would be less than R10 million per annum.

The new bid costs and legal costs of the group amounted to approximately R12 million. These costs are expected to increase due to litigation over the award of our licences in the Eastern Cape and the legal cases relating to the KwaZulu-Natal ("KZN") province where the province's bingo licences and EBT awards were challenged by the MEC of Finance.

The number of EBTs in operation in the group is 1 642. Galaxy's site development costs are depreciated over the term of its leases and the Company's expect the costs of redeveloping/maintaining the sites following the initial lease term to be substantially lower than the current depreciation charge. There is a limited depreciation charge associated with the EBTs since most are rented.

The performance of the Kuruman casino is poor, partly due to the decline of the mining industry in the region, and operational issues. The business has positive cash-flows, but it is not generating an economic return on investment.

Management is working on plans to increase activity in the complex, but this remains a challenge given the economic conditions. The Company remains positive about this licence and its prospects.

Gaming – Vukani

Vukani increased its EBITDA to R291 million (2015: R260 million). This included losses in sports betting of R9 million (2015: R7 million) and exceptional items of R12 million (2015: R8 million). Adjusted for these items, the core business grew EBITDA by 14%. This is a satisfactory performance but below the Company's expectations, mainly due to the underperformance of the Eastern Cape licence where a new competitor reduced the Company's market share and the KZN province where few new licences where allocated due to the issues at the KZN Gaming and Betting Board.

The installed machine base increased to 5 265 machines (2015: 5 052). This is only 41 machines more than reported in the Company's September results. While this increase is very small and below expectations, Niveus also closed approximately 100 sites (500 limited pay-out machines ("LPMs")) during the year as part of a programme to optimise the return on capital. The gross new site installations for the year were 213 (approximately 715 LPMs). Niveus will continue with this programme as Management believes that there is significant capacity to replace underperforming sites in the Company, rather than purely focusing on new roll-outs.

The average monthly gross gaming revenue ("GGR") per machine was R18 492 (2015: R17 832) with total GGR growing 11% year on year.

Operating expenses for the year were R199 million (2015: R184 million). On a like-for-like basis expenses increased by 7,3%, which included the full operating cost of the new Northern Cape licence. The depreciation charge increased by 27% as the cost of machine replacements at a higher cost was accounted for. It is the Company's policy to depreciate gaming machines over six years and assess machine replacement requirements based on a number of factors to ensure that the Company receives an appropriate return on capital on this significant investment.

Despite incurring losses in the Company's sports betting offering, management remains confident that it is a profitable gaming sector and acknowledge that there is a need to improve the execution and focus. The Company's effective shareholding in Bet.co.za is 42,6%. The Company incurred greater losses in this business segment than expected at the prior reporting date and have subsequently adapted the business model. The Company intends to combine the retail operations with Bet.co.za and to consolidate the sports betting offering under one brand, Bet.co.za, that will leverage marketing spend and overhead costs.

KWV

KWV reported headline earnings of R31 million (2015: R48 million). While this is lower than the previous year, it included foreign exchange losses of R40 million (2015: profit R31 million) and reduced income from bulk brandy sales of R8 million (2015: R34 million).

Revenue from wine sales increased by 13%, with volume growth of 8%. The Company's core brands are performing well and despite a decline in the South African wine category internationally, its brands have managed to retain and grow volume. Revenue from spirit sales only declined by 17,5% despite a 31% decline in volume, mainly as a result of lower bulk spirits sales. Despite the lower sales volume, the profitability of its core brands increased significantly as a result of the Company's premiumisation strategy.

The core business of KWV is improving every year and the depreciation of the rand will have a positive effect on earnings in the 2017 financial year.

Niveus has announced the disposal of the core operating assets of KWV subsequent to the end of the financial year. The disposal for R1.15 billion is subject to a number of conditions precedent, including a due diligence and approval by the regulatory authorities.

Niveus Investments Limited is separately listed on the JSE Securities Exchange, and more information can be found on the Group at www.niveus.co.za

OPERATIONAL OVERVIEW

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

Despite lingering legislative constraints inhibiting the organic expansion of its service footprint, Golden Arrow Bus Services posted one of the more formidable operating performances of its chequered 155-year involvement in public transport services in the City of Cape Town. Buoyed by an extraordinarily long cycle of depressed oil prices and the company's forays as a Vehicle Operating Company in the expanding MyCiti IRT services provided a solid platform for the creditable performance.

Notwithstanding relatively flat passenger volumes, possibly induced by lower fuel prices which enticed the migration to private car usage, the achievement of consistently high operating efficiencies formed the bedrock of the company's results.

The handling of cash as a method of payment on buses, kiosks and at depots has been entrenched as a high risk factor in the company's business model and the decision to procure a state of the art automatic fare collection system at a cost of R85 million has been endorsed by the GABS Board to mitigate this phenomenon. The automatic fare collection system will be smartcard based and is set to provide considerable detail associated with travel patterns across the full spectrum of the commuting experience. It is anticipated that the data unlocked by the system's functionality will serve as a rich source of management information which could be used to further refine efficiencies across the company's revenue base.

The ongoing recapitalisation of the bus fleet, which saw the replacement of 74 buses at a cost of R136 million, has undoubtedly been a positive influence in the accomplishment of a commendable operating efficiency ratio of 97% of all first time departures being on time. The GABS fleet currently boasts an average age of 9,6 years and during the period under review, the GABS Technical team reduced the number of breakdowns by a notable 18% to achieve an industry best practice rate of 3,5 breakdowns per 100 000 kilometres.

GABS also achieved major accreditations during the review period, the most prominent being the Road Transport Management System ("RTMS") certification. The RTMS accreditation is only awarded to transport operators who have been through a stringent audit process. Golden Arrow is the largest bus fleet in S.A. to achieve this milestone and was commended by the National Minister of Transport for being exemplary in giving passengers the assurance that the company is proactively engaged in ensuring that they have a safe and reliable travel experience. This certification forms part of a holistic strategy to improve road safety within the company which includes accident prevention and defensive driving techniques to ensure a safe driver at all times.

Furthermore ISO 9001, 14001 and Occupational Health and Safety Management Systems ("OHSAS") 18001 accreditations were also conferred during the reporting period. These certifications confirm that quality

management and environmental systems are in place and provide an internationally recognised affirmation of the quality standards in the internal processes followed by the company.

Golden Arrow, its subsidiary Table Bay Rapid Transit and its joint venture partnership Sibanye Bus Services all succeeded in achieving a commendable Level 2 Broad-Based Black Economic Empowerment ("BBBEE") rating. The initiation of a myriad of plans, particularly in the elements of Skills Development and Social Economic Development ensured that the momentum of prior years' accomplishments were sustained during the reporting period. GABS continues to be actively engaged through the Southern African Bus Operators Association ("SABOA"), in the revision of the bus sector BBBEE code which will be applicable in the next reporting period. Formidable challenges in the areas of preferential procurement, enterprise development and skills development are anticipated in the new revised bus sector codes which are set to pose formidable challenges to corporate South Africa.

OPERATIONAL OVERVIEW

Olympus Village Mall

HCI PROPERTIES
www.hciproperties.co.za

Developments completed

A portion of the development pipeline came to fruition this year with the completion of its first inner-city housing conversion, Rand Daily Mail House. It was completed in time, on budget and is 100% let.

The first phase of the Monte Circle office park co-development with joint ventures partners, Tsogo Sun and Abland, was also completed.

Olympus Village Mall, a convenience shopping centre in Tshwane, commenced trading March 2016. Blue Hills Shopping Centre in Midrand also opened its doors during the period under review.

Existing Portfolio

Kalahari Village Mall in Upington continues to grow its trading densities to such an extent that the demand for space has led to the planning of phase 2 of the mall.

Both the retail and office component of The Point Mall in Sea Point is 100% let. Protea Place in Claremont continues to retain its tenants and has no vacancies. Furthermore the vacancies at Gallagher Office Park in Midrand at year end were under 3%.

Under construction

Lynnridge Mall a 24 000 m^2 mixed use (predominantly) retail and office complex will be completed this year. The development and construction of the new Cycle Lab mega store adjoining the mall has been successfully concluded.

The Sydney Road industrial development in Durban will also be completed during the course of 2016. The co-development of a further industrial development at the Westlake site in Modderfontein with Abland commenced during the period under review. The first phase is already let (prior to completion).

Monte Circle office precinct B also broke ground and is scheduled for completion in October 2016; the redevelopment of the Alexander Forbes new head office in La Lucia Ridge is nearing completion.

Pipeline

The development pipeline remains solid but town planning obstacles, services infrastructure or rather lack thereof, continue to impede the ability to commence the developments.

The cost of debt capital has increased, along with imported content of construction, but rentals have remained flat. This is affecting the returns on the Company's investments. Greenfield development opportunities are scarce and with retailers curbing expansion in South Africa this will limit out foreseeable expansion of the Company's retail assets.

The size of the pipeline and developments in the ground are more than satisfactory for the property division's current growth aspirations in the HCI Properties portfolio.

HCI Coal (Pty) Ltd

HCI COAL PROPRIETARY LIMITED ["HCI COAL"]

The year under review was a challenge for both operating mines. Quality inconsistencies were experienced at Palesa Colliery mainly during the first half of this financial year. Mbali Colliery's performance was impacted by production inefficiencies as well as securing a market for the Middling's product.

Safety performance for the year was satisfactory. The Lost Time Injury Frequency Rate ("LTIFR") achieved on a cumulative basis at Palesa Colliery was 0.19, similar to the previous year, while Mbali Colliery's rate improved from 0.27 in the previous year to 0.12 in this financial year.

Despite its challenges Palesa Colliery sold 1 892 091 tons compared with the 2 090 354 tons in the previous year. The overall beneficiation yield decreased from 79% to 74% due to the quality inconsistencies. Notwithstanding the above, Palesa Colliery managed to meet its contractual obligation to Eskom for the 2016 financial year.

The process to consolidate the Rooipoort Mining Right which lies adjacent to Palesa Colliery has not yet been approved by the Department of Mineral Resources but management remain optimistic that this will be granted in the near future.

The Mbali Colliery achieved a growth of 11% on saleable tons for the year, ending with total sales volumes of 607 669 tons, up from the 546 619 tons sold in the previous year. The overall beneficiation yield increased from 54% to 56% due to management's main focus to improve operational efficiencies. Securing a market off-take for the Middlings coal will be management's main focus for the year ahead.

The Integrated Water Use License for Nokuhle Colliery was received from the Department of Water Affairs in February 2016. Mine planning is currently underway. Nokuhle colliery remains a significant coal deposit made up of 28 million inferred tons which are not reflected in the reserve statement below.

Revenue for the year decreased by R13 million to R817 million and EBITDA from R138 million to R114 million for the year under review.

	Palesa Colliery	Mbali Colliery	Nokuhle Colliery	Total
	Tons	Tons	Tons	Tons
Mineral reserve: proven	74 515 432	6 215 482	-	80 730 914
Mineral reserve: probable	17 551 309	-	6 389 801	23 941 110
	92 066 741	6 215 482	6 389 801	104 672 024

OPERATIONAL OVERVIEW

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

Impact Oil and Gas Limited is a UK-based hydrocarbon exploration company with a strategy focused on developing a portfolio of large, world-class oil and gas exploration licences in offshore areas of Africa with the potential to attract major oil and gas companies as partners. Despite the very large fall in oil and gas prices in 2015, which resulted in a huge cut-back in exploration activity by the oil industry worldwide, Impact has been able to continue with its strategy.

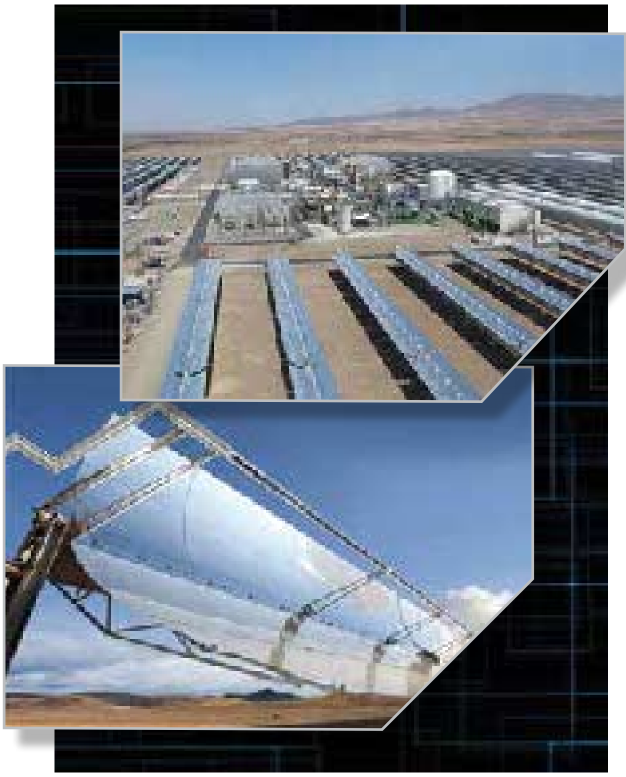
South Africa Impact entered South Africa in 2011 with the award of the Tugela South Permit offshore Durban, then added Tugela North, Transkei Algoa and West Bredasdorp in 2012. The Company has retained a 25% working in return for a carry of exploration costs by ExxonMobil. In late 2015, Statoil joined the partnership by acquiring a 35% interest from ExxonMobil. At over 75,000 km², Impact already had one of the largest exploration portfolios offshore South Africa, but in 2016 was awarded (subject to final approval) the Orange Deep Technical Co-operation Permit off the Western Cape thereby adding a further 15,473 km². This permit is held 100% by Impact.

Work has continued at pace, with all costs covered by the ExxonMobil carry arrangements and results on the hydrocarbon potential in the block will be known in late 2016. Work has also progressed on Impact's other South African blocks and a huge aero gravity and magnetic survey has been commissioned covering all of the South African licences held with ExxonMobil. This should aid a better understanding of the subsurface.

Senegal/Guinea-Bissau ("AGC") Impact holds the 6,690 km² "Profond" offshore licence in the joint development region between the two countries. In 2016, agreement was reached with Woodside Petroleum to partner Impact in return for Woodside carrying the exploration costs up to, and including, the first exploration well, plus the payment to Impact of a substantial cash consideration. Impact will retain a 20% interest in this block.

Gabon Impact holds three deep water blocks, totalling 7,284 km², awarded in 2014, in one of the world's more established petroleum provinces. Interpretation of 2D seismic data over the southern blocks, D13 and D14, has been completed and the Company intends to acquire 3D seismic over these blocks in the hope of progressing this further and ultimately partnering with an oil major.

Namibia Impact operates the large, offshore 2913B deep water block (8,215 km²) adjacent to the South African maritime border, the geology forms part of the South African Orange River Basin. Geological interpretation work continues on the data acquired in 2014.



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 began 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.

1 000 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.

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

Ithuba was awarded the third licence to operate the South African National Lottery with effect from 1 June 2015 for an eight year period. Ithuba shareholders are a consortium of BBBEE and high-profile investors.

Ithuba successfully re-launched the National Lottery on the 1 June 2015 and over the past year has increased the number of terminals at retailers, re-launched lotto, power ball and power ball plus and launched lotto plus and EaziWin. In addition, the core lottery products are available on the Ithuba National Lottery Website and major banks in SA.

HCI provided funding in 2015 to Ithuba following a legal challenge on Ithuba's licence to be set aside by the previous. The total mezzanine debt funding provided to Ithuba by HCI was to the amount of R325 million, excluding capitalised interest. 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 has repaid R175 million plus interest of the debt to HCI post year end.

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 funds raised by the national lottery for good causes, to the South African public. In addition, Ithuba provides an opportunity for the individual players to change their lives, and those around them, by playing the National Lottery. Anyone can win by playing the National Lottery.

The litigation setting aside the issue of the initial licence was 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 appealed this decision, all the appeals were rejected by the various courts.

The previous operator further challenged the issue of the new licence in court and the judge ruled in favour of the DTi, NLC (Ithuba's regulator) and Ithuba. This ruling, as for the challenge on the initial licence, is being appealed by the previous operator. It appears that the previous operator is 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.

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

The company achieved a profit after tax of R33 million (R28 million after minorities), up 5% from last year but 5% below budget due mainly due to the poor performance of the Cape Town and Johannesburg Metropolitan Police Department ("JMPD") Road Safety contracts.

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 Administrative Adjudication of Road Traffic Offences Act ("AARTO"). Good progress has been made in ramping up the Ekurhuleni road safety contract. The JMPD contract comes to an end during the new budget year and the company's focus will be on retaining it 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 although the order book is currently under pressure. Mikros Traffic Monitoring and the SANRAL traffic counting contract has performed well for the year.

The Revenue business performed below expectation due to delays with the awarding of new contracts, local and export. The re-structuring of the Revenue business is starting to pay off with a good performance in the private sector business and the launch of a new service targeted at large power clients of our Municipal customers. paycity.co.za. has maintained its position as the leading fine viewing and payment gateway with over 1 million 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.

MyWorkLife

Unlocking potential ➤ Accelerating performance

BUSINESS SYTEMS GROUP (AFRICA) PROPRIETARY LIMITED ["BSG"]
www.bsg.co.za

BSG's core positioning of "getting it done" continues to deliver positive change by enabling clients to execute on their strategy and solve their most important business problems. This has engendered continuously strengthening relationships with established clients across the banking, insurance and oil and gas sectors; while also acquiring clients in new sectors such as telecommunications.

These efforts were driven by BSG's key focus on offering services relating to the business customer interface and core operational platforms.

Like other successful organisations currently, BSG is proactively managing the current macro-economic situation in South Africa, yet is happy to announce healthy financial results:

- Profit before tax increased by 29% compared to 2015
- 8% increase in gross profit driven by an 18% revenue increase and limiting operating cost increases to 3%
- Budget was exceeded by 37% at a profit before tax level

Priding itself on creating a happy and engaged workplace, BSG strives to attract experienced consulting and technology professionals and exceptional graduates. This ensures BSG can be passionate about being a proactive force for positive change and work collaboratively with business executives to solve their most important problems.

BSG will reach its 20-year milestone in 2017. The company is looking forward to continuing to make a difference in it's client environments and the community in which it lives.

formex
engineering : delivered right

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

This past year saw revenue at Formex in line with budget with a significant improvement in the overall operating performance, in spite of a very difficult economic environment which has seen local vehicle sales well down on the previous years' levels. A number of our customers are major exporters which has offset some of this local market weakness.

Good progress has been made in the Tubing division where a change in product and customer profiles has resulted in more sustained manufacturing volumes. Important capital investments in Tubing have also contributed to this improvement.

The Pressed parts volumes are down year-on-year in line with the depressed market plus the run-out of certain parts that are reaching the end of their contract periods.

The continuous improvement in all manufacturing disciplines and procedures, coupled with the extreme focus on quality and customer service, are now paying dividends. The improving customer base plus the fact that the Company has won a number of new and significant forward contracts is testimony to this improvement. The full benefits of these new contracts will only be felt in the latter half of 2017, this due to the long lead times attached to the tooling development and new parts introduction on all new platforms introduced by the Original Equipment Manufacturer.

The coming year will be a difficult one from a revenue point of view with a number of our existing contracts coming to the end of their term. The company is, however, winning a lot of Re-location work (from other suppliers) which is more immediate and which should largely fill these revenue gaps.

The sustained good performance that has been achieved at Formex is most encouraging, Management are confident that the business is now on a solid footing and that it will continue to show improvement in its performance going forward.

SHAREHOLDERS SNAPSHOT

Analysis of shareholders

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2016

Range of holdings

Share Range			Number of shareholders	% of shareholders	Number of shares	% of Issued Capital
1	–	1000 shares	1 139	60,52	316 688	0,30
1 001	–	10 000 shares	418	22,21	1 665 286	1,58
10 001	–	50 000 shares	190	10,10	4 477 574	4,26
50 001	–	100 000 shares	45	2,39	3 232 608	3,07
100 001	–	500 000 shares	61	3,24	15 279 628	14,52
500 001	–	1000 000 shares	18	0,96	13 002 269	12,36
1 000 001	–	shares and over	11	0,58	67 224 616	63,91
			1 882	100,00	105 198 669	100,00

Type of shareholder

	Number of shareholders	% of shareholders	Number of shares	% of Issued Capital
Public companies	23	1,22	5 034 731	4,79
Banks	25	1,33	6 862 738	6,52
Close corporations	53	2,82	4 592 208	4,37
Individuals	1 479	78,58	30 278 355	28,78
Nominees and trusts	149	7,92	3 366 859	3,20
Other corporations	52	2,76	39 028 194	37,10
Pension funds	66	3,51	2 323 528	2,21
Private companies	35	1,86	13 712 056	13,03
	1 882	100,00	105 198 669	100,00

Shareholders' diary

Financial year end	31 March
Annual general meeting	1 November
Reports	
- Preliminary report	May
- Interim report at 30 September	November
- Annual financial statements	September

Shareholdings greater than 5%

At 31 March 2016, insofar as HCI is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2016	2015
Southern African Clothing and Textile Workers Union	**32,8**	32,8
M.J.A. Golding*	**7,8**	7,8
J.A. Copelyn	**5,5**	5,3
	46,1	45,9

* Through shareholding in Geomer Investments Proprietary Limited in 2016

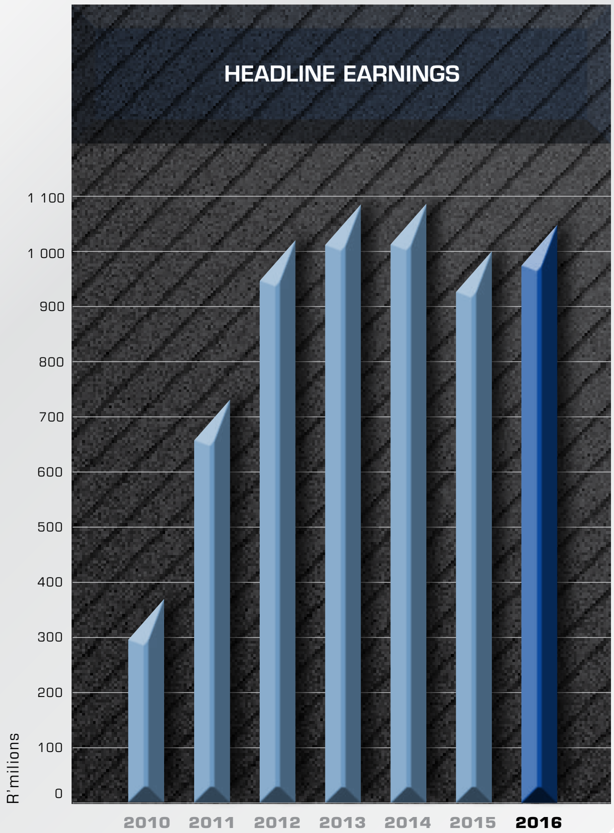
Shareholder spread

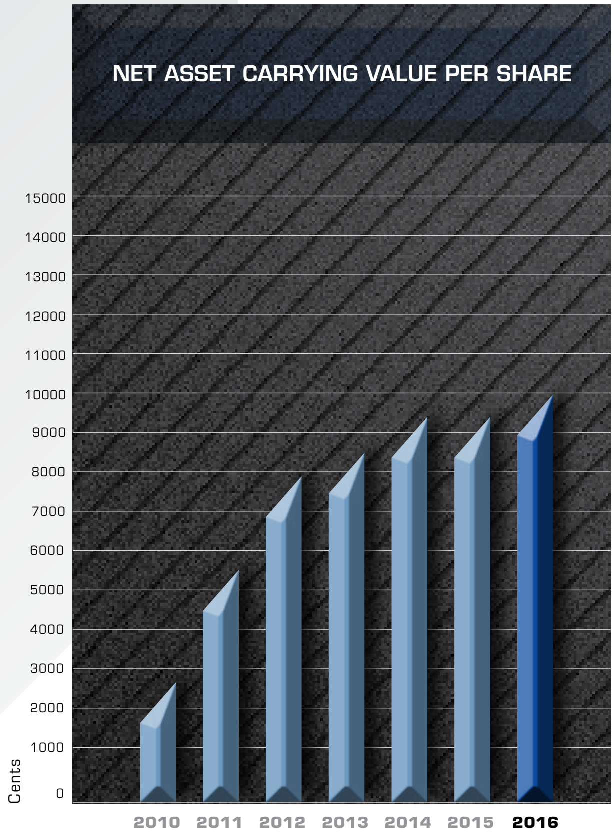
	Percentage held		Number of shareholders	
	2016	2015	**2016**	2015
Public	**59,6**	59,6	**1 875**	2 140
Non public	**40,4**	40,4	**7**	7
Directors	**5,7**	5,5	**2**	3
Associates of directors	**0,9**	0,9	**1**	1
Significant shareholder	**32,8**	32,8	**1**	1
Share trust	**0,8**	0,9	**1**	1
Treasury shares*	**0,2**	0,3	**2**	1
	100,0	100,0	**1 882**	2 147

*Included 244 021 shares (2015: 276 480) that were held by the company, pending cancellation, at year end.

Stock exchange performance	31 March 2016
Total number of shares traded (000's)	17 346
Total value of shares traded (R'000)	2 252 311
Market price (cents per share)	
- Closing	11 202
- High	16 460
- Low	9 500
Market capitalisation (R'000)	11 784 355

GROUP FINANCIAL HIGHLIGHTS





SEVEN YEAR REVIEW

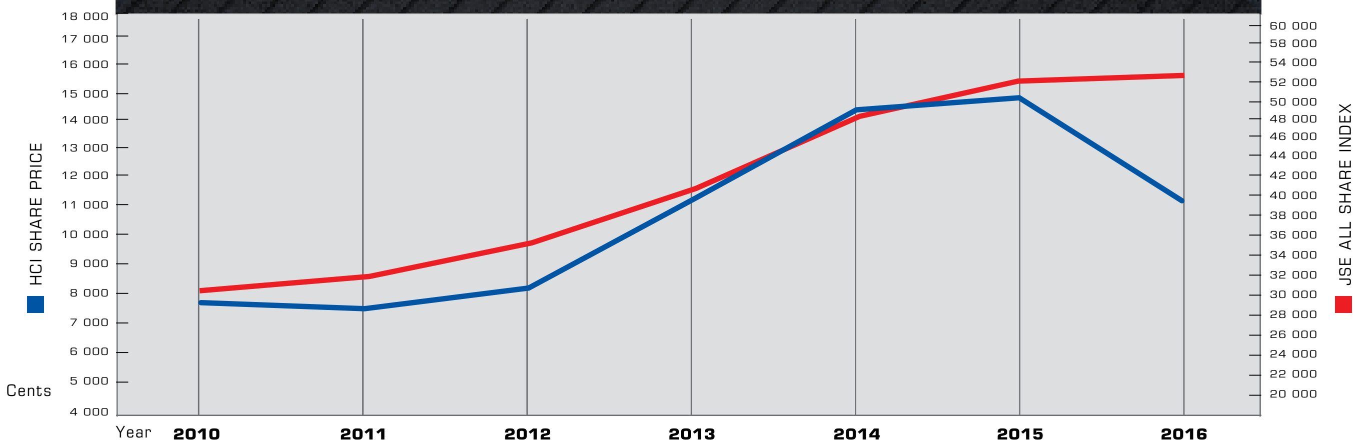
		2010	2011	2012	2013	2014	2015	2016
Dividend per share	- cents	60	75	90	108	140	165	190
Share price - high	- cents	8 195	8 699	8 744	11 790	15 543	18 068	16 460
- low	- cents	3 550	7 205	7 400	7 912	11 001	12 999	9 500
- at year end	- cents	7 880	7 799	8 100	11 253	14 950	14 500	11 202
Net asset carrying value per share	- cents	3 704	8 267	9 259	10 469	11 391	14 370	15 887
Shares in issue (net of treasury)	- average	125 085	126 135	127 149	126 146	114 788	105 724	104 167
	- at year end	125 254	127 089	127 198	123 224	106 177	104 041	104 110

PERFORMANCE HIGHLIGHTS

		2016		2015	2014
			% Change	restated	
Revenue	million	**15 054**	**23.8**	12 156	8 266
EBITDA	million	**5 925**	**44.2**	4 108	1 652
Profit before tax	million	**3 403**	**-38.1**	5 501	1 836
Headline earnings	million	**1 044**	**44.0**	1 000	1 086
Headline earnings per share	cents	**1 003**	**6.0**	946	946
Headline earnings per share continuing operations	cents	**1 013**	**-2.2**	1036	1 088
Net asset carrying value per share	cents	**15 887**	**10.6**	14 370	11 391

*includes Tsogo Sun Holdings

HCI SHARE PRICE vs JSE ALL SHARE INDEX



JOHN COPELYN

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

Age: 66

John 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, eMedia Holdings, Tsogo Sun Holdings and the HCI Foundation.

KEVIN GOVENDER

Financial Director
B.Compt [Hons]

Age: 45

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 eMedia Holdings. He is a trustee of the HCI Foundation. He was appointed to the Board of HCI as executive director in June 2009.

YUNIS SHAIK

Executive Director
B.Proc

Age: 58

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.

MAHOMED (63) GANI

Independent
Non-executive Director
member -
audit and risk committee

B.Compt [Hons] CA(SA)

Mahomed (Mac) Gani is a Chartered Accountant with over 30 years' experience in the accounting and audit profession. He was a founding partner of MSGM Masuku Jeena Inc., a partner of Saboor Gani & Co and a partner of PwC until 2013. He is a non-executive director on a number of boards including Basil Read Holdings Limited and Tsogo Sun Holdings and is on the investigating committee of the Independent Regulatory Board of Auditors. He was appointed to the Board of HCI as non-executive director in August 2016.

FREDDIE (56) MAGUGU

Chairperson -
remuneration committee

BA (Theology)

Freddie has been serving the community in East London as a pastor since 2006. Prior to this appointment he reached the position of national organising secretary for the Southern African Clothing and Textile Workers Union and thereafter as a senior development manager at Unibank. He was appointed to the Board of HCI as a non-executive director in April 1998.

MORETLO (47) MOLEFI

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

BSc MBChB Telemed

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 (58) MPHANDE

Chairperson

Elec. Eng. [dip]

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 eMedia Holdings and Tsogo Sun Holdings. He was appointed to the Board of HCI as a non-executive director in September 2010.

JABU (65) 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 (57) 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 eMedia Holdings. She was appointed to the Board of HCI as a non-executive director in March 2014.

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.

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

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

Mr LW Maasdorp resigned as a non-executive director of the Company on the 31 March 2016.

Mr MSI Gani was appointed as non-executive director of the company on 30 August 2016.

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 Dr LM Molefi, Mr JG Ngcobo and Mr Y Shaik who offer themselves for re-election. The name and brief curriculum vitae of each director appear on pages 32 and 33 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:

Name	Category	No. of meetings	Attendance
Main board			
JA Copelyn	Chief executive officer	4	4
TG Govender	Chief financial officer	4	4
LW Maasdorp	Independent non-executive	4	1
MF Magugu	Independent non-executive	4	3
LM Molefi	Independent non-executive	4	4
VE Mphande	Independent non-executive	4	4
JG Ngcobo	Independent non-executive	4	4
Y Shaik	Executive director	4	4
RD Watson	Independent non-executive	4	4
C Philip	Company secretary	4	4
Audit and risk committee			
LW Maasdorp	Chairman	4	2
LM Molefi	Member	4	4
JG Ngcobo	Member	4	4
Guests:			
B Frey	External auditor – Grant Thornton	4	4
TG Govender	Chief financial officer	4	4
D Levin	Group risk officer	4	4
P Naidoo	Financial manager	4	4
C Pereira	Group financial manager	4	4
C Philip	Company Secretary	4	4
T Schoeman	External auditor – Grant Thornton	4	4
C Smit	Group audit executive	4	4
Remuneration Committee			
MF Magugu	Chairman	2	2
JG Ngcobo	Member	2	2
Social and ethics committee			
LM Molefi	Chairperson	2	2
JA Copelyn	Member	2	2
JG Ngcobo	Member	2	2
CS Abel	HCI Foundation	1	1
L Bethlehem	BBEEE and sustainability	2	2
C Philip	Company secretary	2	2
C van der Rheede	HCI Foundation	1	1

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.

Audit committee

Members: LW Maasdorp (chairman); LM Molefi and JG Ngcobo.

Mr LW Maasdorp resigned from the audit committee on the 31 March 2016. Mr MSI Gani was appointed in his stead.

A report by the HCI audit committee has been provided on page 40 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 42 of this annual report.

Social and ethics committee

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

A report by the HCI social and ethics committee has been provided on page 49 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 framework by which governance can be assured by independent service providers;

  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 2016
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	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.
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	Board and director evaluations are assessed and completed on an annual basis. The results of these evaluations are comprehensively discussed at a board meeting. 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 competence of the financial director and the finance team 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.

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 LW Maasdorp resigned as a member of the audit committee and the board of directors on 31st March 2016.

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 2016;
- 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. 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 2016 and, based on the information provided to the committee, the committee recommends the adoption of the integrated annual report by the board.

LM Molefi
Acting Chairperson : audit committee
30 August 2016

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
30 August 2016

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
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 a volatility indicator of 19% and an annual interest rate of 6%

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
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 2016	Proposed Fee
	R'000	
Non-executive director	255	270,5
Member of audit committee	105	111,4
Member of remuneration committee	67	71
Member of social and ethics committee	77	81,6

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 2016 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	5 497	1 120	2 253	6 179	-	15 049
Employee B	3 970	745	1 548	-	4 922	11 185
Employee C	3 720	-	718	5 150	-	9 588

* IFRS2 share-based payment expense

MF Magugu
Chairman: remuneration committee
30 August 2016

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, whereafter 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:

	2016		2015	
	Number of share options	**Weighted average exercise price R**	Number of share options	Weighted average exercise price R
Balance at beginning of the year	**2 058 304**	**87,97**	2 809 534	73.01
Options granted	**306 833**	**123,49**	294 633	142.03
Options unconditional	**(589 648)**	**70,98**	(656 139)	55.89
Options forfeited	**(5 122)**	**132,61**	(389 724)	88.72
Balance at the end of the year	**1 770 367**	**99,66**	2 058 304	87.97

The fair value of options granted is measured using the Black Scholes Model. Share options granted in the current year were fairly valued using a volatility indicator of 19% (2015: 16% and 19%) and an annual interest rate of 6% (2015: 5.75%). The cost relating to these options is recognised by allocating the fair value over the vesting period on a straight-line basis.

The volume weighted average share price during the current year was R129.84 (2015: R154.86).

The options issued in terms of The HCI Employee Share Trust (2001) and outstanding at 31 March 2016 become unconditional between the following dates:

	Number of share options	Exercise price R
4 June 2014 and 3 June 2016	7 500	37.80
	7 500	
Options vested but not yet paid for	145 720	40.50
Options vested but not yet paid for	541 148	70.00
	694 368	

The options issued in terms of the Scheme and outstanding at 31 March 2016 become unconditional between the following dates:

28 August and 28 November 2016	273 557	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	78 356	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	167 523	135,99
19 March and 19 June 2018	39 695	125,02
27 August and 27 November 2018	306 833	123,49
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
	1 075 999	
Total number of options in issue	1 770 367	

A maximum number of 668 997 (2015: 796 012) shares may be issued in respect of 1 075 999 (2015: 1 289 988) 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 9 356 249 (2015: 9 516 352) shares may be utilised by the Scheme. 306 833 (2015: 294 633) options were issued in terms of the Scheme during the year and 287 118 shares delivered to participants (2015: 187 636).

	2016 Number of share options	2016 Weighted average exercise price	2015 Number of share options	2015 Weighted average exercise price
JA Copelyn				
Balance at the beginning of the year	**771 159**	**85,70**	685 664	79,17
Options granted	**102 442**	**123,49**	85 495	138,07
Options vested and shares delivered	**(273 486)**	**74,78**	-	-
Balance at the end of the year	**600 115**	**97,13**	771 159	85,70
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
29 August and 29 November 2015	**-**	**-**	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**	12 631	150,07
18 March and 18 June 2018	**72 864**	**135,99**	72 864	135,99
27 August and 27 November 2018	**102 442**	**123,49**	-	-
MJA Golding*				
Balance at the beginning of the year	**-**	**-**	685 664	79,17
Options granted	**-**	**-**	12 631	150,07
Options forfeited	**-**	**-**	(389 724)	88,72
Options vested and shares delivered	**-**	**-**	(308 571)	70,00
Balance at the end of the year	**-**	**-**	-	-
TG Govender				
Balance at the beginning of the year	**250 075**	**96,74**	205 567	87,10
Options granted	**11 384**	**123,49**	44 508	141,25
Options vested and shares delivered	**(58 778)**	**72,85**	-	-
Balance at the end of the year	**202 681**	**105,17**	250 075	96,74
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
29 August and 29 November 2015	**-**	**-**	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**	16 629	150,07
18 March and 18 June 2018	**27 879**	**135,99**	27 879	135,99
27 August and 27 November 2018	**11 384**	**123,49**	-	-
Y Shaik				
Balance at the beginning of the year	**119 086**	**125,02**	119 086	125,02
Options granted	**7 354**	**123,49**	-	-
Balance at the end of the year	**126 440**	**124,93**	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
27 August and 27 November 2018	**7 354**	**123,49**	-	-

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	**10 411**	19 123
Payable by 11 June 2015	**-**	8 712
Payable by 17 June 2018	**10 411**	10 411
TG Govender	**7 316**	7 316
Payable by 11 June 2017	**3 333**	3 333
Payable by 17 June 2018	**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 2016							
Executive directors							
JA Copelyn		**5 736 886**	**5,5**	**-**	**-**	**-**	**-**
TG Govender		**218 214**	**0,2**	**17 250**	**-**	**1 004 244**	**0,9**
		5 955 100	**5,7**	**17 250**	**-**	**1 004 244**	**0,9**
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	-	-	-	-	-
		12 820 436	11.9	1 388 769	1.3	1 354 244	1.1
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

* Mr MJA Golding resigned on 30 October 2014.

** An associate of Mr TG Govender sold 400 000 shares to the Company on 26 July 2016.

There were no changes in directors' shareholdings between 31 March 2016 and the date of issue of this report.

		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 2016								
Executive directors								
JA Copelyn		-		**6 114**	**877**	**3 488**	**2 751**	**13 230**
TG Govender		-		**3 183**	**607**	**1 500**	**525**	**5 815**
Y Shaik		-		**3 159**	-	**1 212**	**1 232**	**5 603**
Non-executive directors								
JG Ngcobo		**886**	(1)	-	-	-	-	**886**
LW Maasdorp		**348**	(2)	-	-	-	-	**348**
MF Magugu		**311**	(3)	-	-	-	-	**311**
ML Molefi		**528**	(4)	-	-	-	-	**528**
R Watson		**610**	(5)	-	-	-	-	**610**
VE Mphande		**612**	(6)	-	-	-	-	**612**
VM Engel	###	**30**		-	-	-	-	**30**
		3 325		**12 456**	**1 484**	**6 200**	**4 508**	**27 973**

Mrs VM Engel passed away on 18 May 2015

(1) includes R43 750 audit committee fees, R46 125 remuneration committee fees, R33 250 social and ethics committee fees, and R517 000 board fees paid by subsidiary companies

(2) includes R101 791 audit committee fees

(3) includes R64 667 remuneration committee fees

(4) includes R101 791 audit committee fees, R9 375 remuneration committee fees, R11 958 social and ethics committee fees, and R159 000 board fees paid by subsidiary companies

(5) includes R364 000 board fees paid by subsidiary companies

(6) includes R366 000 board fees paid by subsidiary companies

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
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	(1)	-	-	-	-	181
JG Ngcobo		838	(2)	-	-	-	-	838
LW Maasdorp		327	(3)	-	-	-	-	327
MF Magugu		292	(4)	-	-	-	-	292
ML Molefi		593	(5)	-	-	-	-	593
R Watson		376	(6)	-	-	-	-	376
VE Mphande		571	(7)	-	-	-	-	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
Mrs VM Engel passed away subsequent to the reporting date on 18 May 2015

(1) includes R52 940 audit committee fees
(2) includes R57 810 remuneration committee fees, R57 810 social and ethics committee fees, and R491 000 board fees paid by subsidiary companies
(3) includes R95 708 audit committee fees
(4) includes R60 666 remuneration committee fees
(5) includes R57 810 audit committee fees, R57 810 social and ethics committee fees, and R246 000 board fees paid by subsidiary companies
(6) includes R145 000 board fees paid by subsidiary companies
(7) includes R340 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.

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 50 to 52 and the corporate social investment report on pages 53 to 58 incorporates the various aspects overseen by the committee.

Dr LM Molefi
Chairperson: social and ethics committee
30 August 2016

SUSTAINABILITY

HCI is committed to environmental and social sustainability and to integrating these issues in our business practises. We focus on three key areas:

BLACK ECONOMIC EMPOWERMENT

HCI is one of the most empowered companies on the JSE. 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.

This year our contribution to Black Economic Empowerment was measured in terms of the Revised Codes published by the DTI. The Revised Codes are significantly more demanding than the previous versions and required greater commitments from companies. To this end we extended and enhanced our BEE related initiatives considerably. We established a supplier development programme in the form of the HCI Supplier Club which provides support to existing suppliers of HCI companies, and provides particular opportunities to Black Owned small and medium enterprises. We also extended our efforts in the field of Enterprise Development and Skills Development.

We are pleased to have been scored as a Level Three contributor with particularly strong performance in the fields of Ownership, Enterprise and Supplier Development and Socio Economic Development.

We remain committed to Black Economic Empowerment and will continue to invest the appropriate resources in this regard.

ENVIRONMENTAL SUSTAINABILITY

HCI seeks to follow international best practice in reporting its impact on the environment. We are concerned about the impact of Climate Change and we seek to reduce our carbon emissions wherever we can. 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.

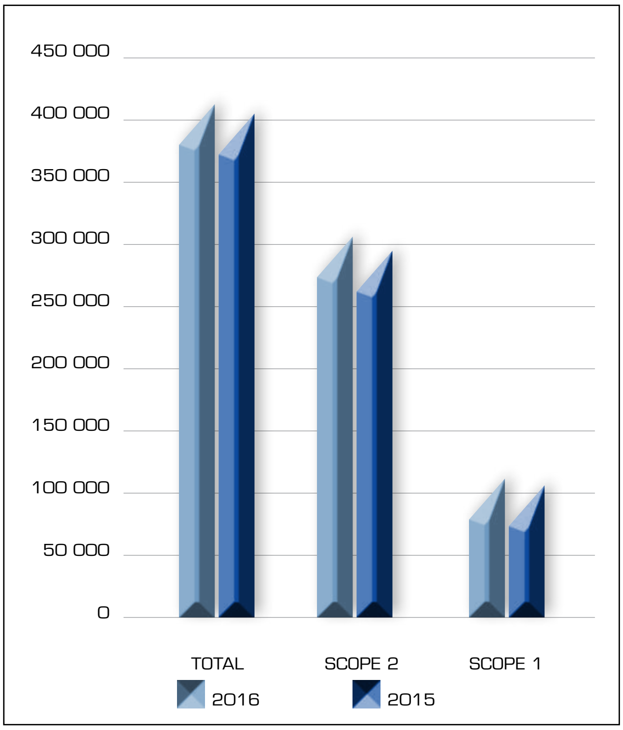
Each year the company restates its baseline to take account of structural changes, such as the disposal or acquisition of businesses. This restatement is calculated in terms of the GHG Protocol.

In the 2016 year, combined Scope 1 and 2 emissions increased by 2%, to a total of 413 430 tons of CO_2.

	2014	2015 (restated)	2016
	CO_2e tons		
Scope 1	113 358	114 680	112 821
Scope 2	284 667	291 499	300 608
Total	398 025	406 179	413 430

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 CO_2e tons		
Broken down by company	Scope 1 and 2 emissions (CO_2e tons)	
	2015	2016
GABS	71 629	70 408
BSG	318	239
Galaxy Bingo	9 000	12 431
HCI Coal	14 210	15 790
HCI Property and Gallagher Estate	572	510
KWV	17 469	15 871
eMedia	4 774	4 379
Deneb	62 415	63 313
Formex	4 109	4 631
Syntell	1 665	1 735
Tsogo Sun	218 052	222 151
Vukani	1 965	1 971



Total Scope One emissions declined by 2%, driven largely by a decrease in fuel consumption at Golden Arrow Bus Company which comprises nearly 60% of the total HCI Scope 1 emissions. Their Scope 1 emissions decreased by 2% due to a reduction in diesel consumption in spite of an increase of 1% in the distance travelled. This is due to improved fuel efficiency including the purchase of new vehicles with better fuel consumption.

Other significant changes in Scope 1 emissions include KWV which decreased emissions largely as a result of their energy efficiency programme, and Galaxy Bingo which increased their emissions as a result of growth in the business.

Total Scope Two emissions increased by 3% driven by increases in electricity use by for Tsogo Sun, Galaxy Bingo and HCI Coal. Tsogo Sun comprised 72% of HCI's Scope 2 emissions in FY 2016. Their Scope 2 emissions increased by 2% this year. This reflects significant expansions at Gold Reef City and Silverstar Casinos as well as an increase of 3% in room nights sold.

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. Other renewable energy investments are under consideration.

HCI is following regulatory developments with interest. We are well prepared for reporting requirements that may become mandatory over the next few years.

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 major water users were Tsogo Sun (comprising 65% of water use by HCI companies), Deneb (17%), HCI Coal (11%) and KWV (5%) as seen below:

Water use by HCI companies increased by 2% over the past year. This was mainly due to:

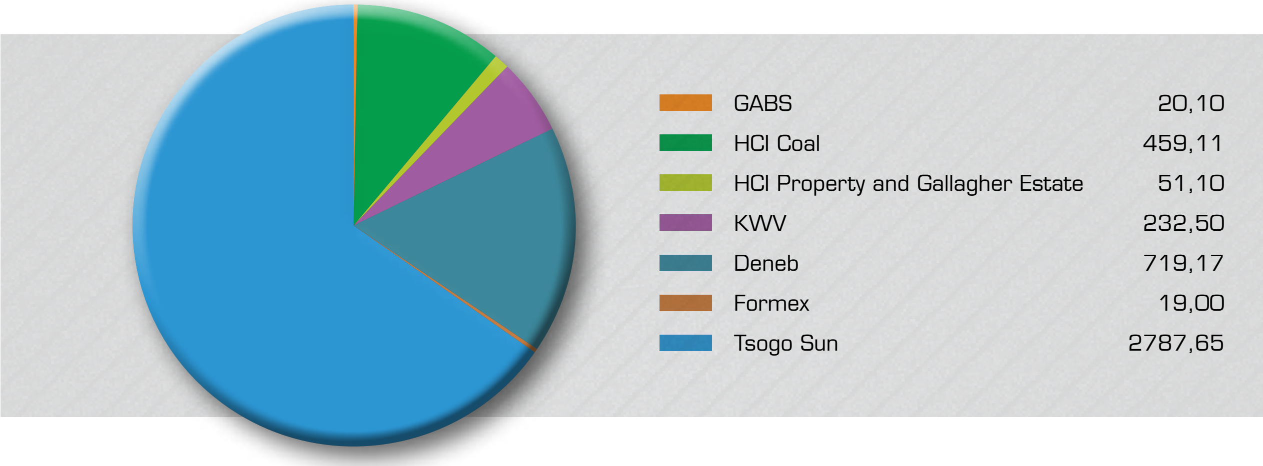
- A 2% increase in water use by Tsogo Sun, due to expansions at Gold Reef City and Silverstar Casino's, the revamp of the Gold Reef City Theme Park and an increase of 3% in room nights sold at Tsogo Sun hotels. Growth in the business was offset by water saving initiatives.
- At increase of 7% in water use by HCI Coal, driven by changes in the quality of material mined which required higher levels of processing.

WATER DISCHARGES

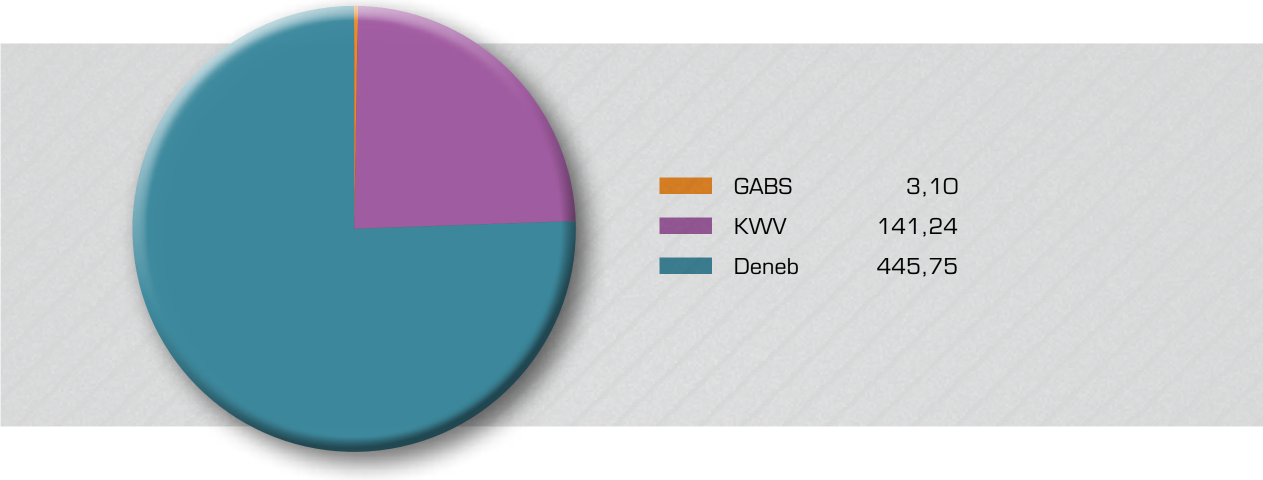
Water/ effluent discharges were flat year on year. The major effluent producers in the HCI Group are Deneb (comprising 75% of water discharged by HCI companies), and KWV (24%)

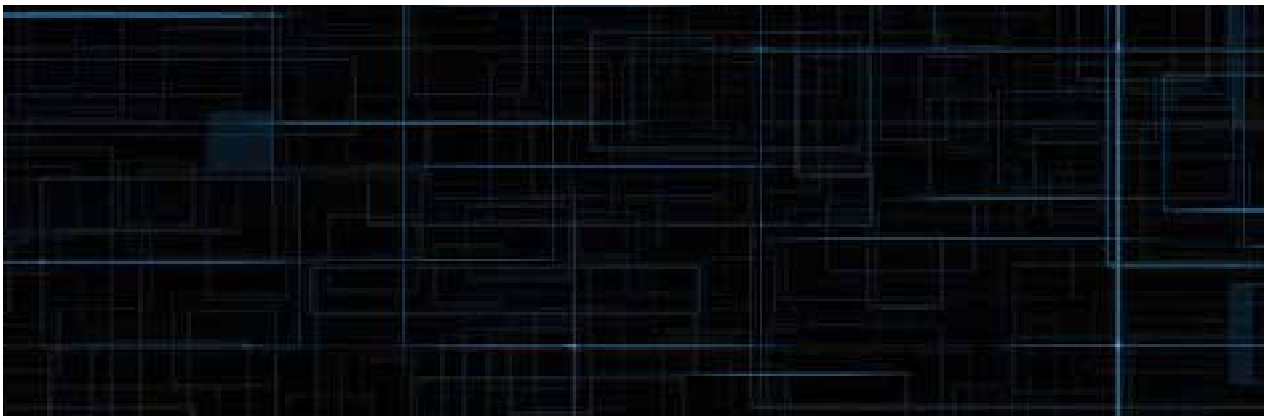
Deneb's water discharges relate mainly to the textile manufacturers (Berg River Textiles, HexTex, Romatex, Frame Knitting and Brits Non Woven) and Gold Reef Speciality Chemicals. Both KWV and the Deneb companies release effluent through dedicated and licensed channels.

WATER WITHDRAWALS FOR FINANCIAL YEAR 2016



CONTRIBUTORS TO WATER DISCHARGES FOR FINANCIAL YEAR 2016



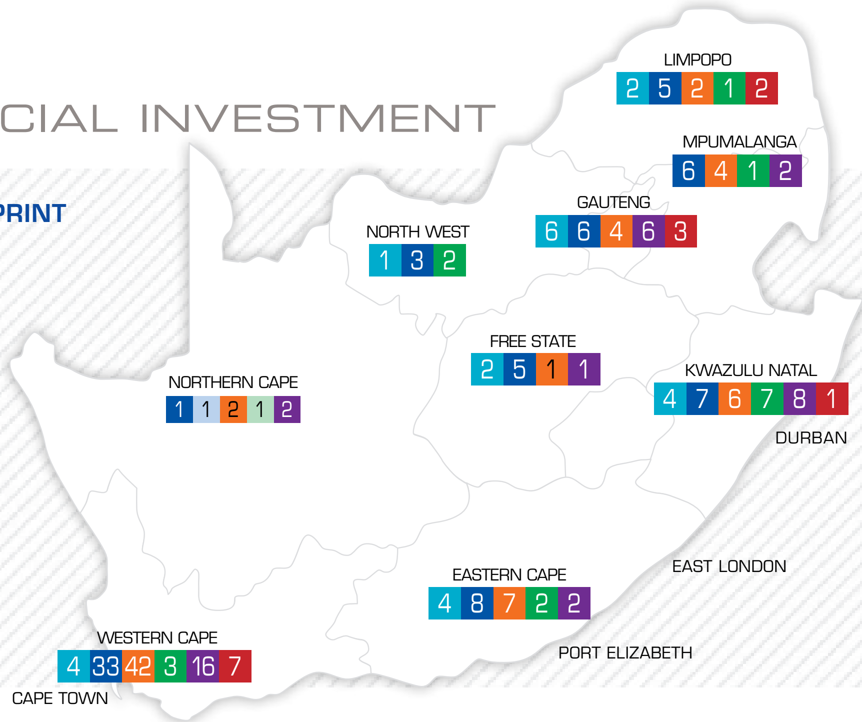


CORPORATE SOCIAL INVESTMENT

HCI FOUNDATION NATIONAL FOOTPRINT

- Bursaries – number of institutions
- Education and professional skills
- Development and enrichment
- Environment
- People at risk
- Human rights and advocacy

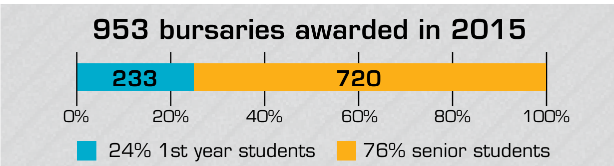
Denotes the number of projects funded per category



NATIONAL BURSARY PROGRAMME

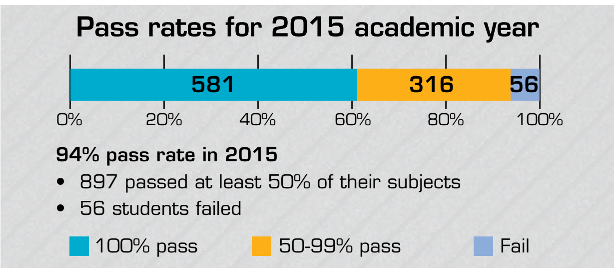
The HCI Foundation remains committed to funding academically deserving and financially needy students pursuing their first tertiary qualification up to Honours level, at public universities in South Africa.

The Fees Must Fall campaign of the past academic year highlighted that access to funding remains the major barrier to further education for students from disadvantaged backgrounds. To help meet this need and ensure continuity of funding to its bursary recipients, the Foundation shifted the emphasis of its National Bursary Programme in 2015 to supporting ongoing bursary recipients and incoming first year students. The achievements of our bursary recipients in 2015 confirm our belief that, given the opportunity and appropriate support, students at all levels of tertiary study can achieve their potential.



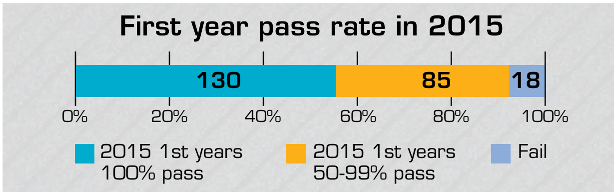
2015 Pass rate

Our bursary recipients continue to show high levels of commitment and dedication to their studies despite their socio-economic challenges. Many have highlighted that their families' economic problems deepen their resolve to complete their education and perform at their personal best in their pursuit of a professional career or entrepreneurial path.



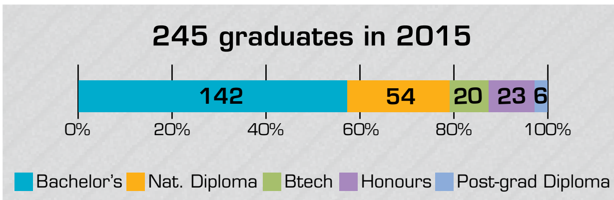
Even though there is a perception that first year students are high risk, our experience shows that a bursary programme can simultaneously support access to higher education and ensure success if a good selection process and support mechanisms are in place.

Although some research has indicated that between 50% and 60% of students drop out during their first year of study, the performance of our first year students tells a different story. Out of the 233 first year students we funded in 2015, 92% passed at least 50% of their subjects and only 8% failed the year outright. Of those who failed, 6 left university, equating to a 3% drop out rate.



Graduates

A total of 245 graduates was recorded for the year 2015/2016. Of these, 15 are 2014 bursary recipients who only graduated in 2015.



Student support and engagement

Student support and engagement remains one of the distinguishing features of our bursary programme. We value the strong relationships we have built with our bursary recipients and continue to deepen these bonds through personal contact with students.

We offer mentoring support to 180 students through the HCI Company and the National Peer2Peer mentoring programmes. The mentees, most of whom join the programme as first year students, are matched either with HCI company managers or senior students on a one to one basis. Comments from some of our students are highlighted below:

'What I am most grateful for is the interpersonal relationship I experienced. The mentorship programme was of great help. (My mentor) has been such a positive influence in my life...and motivated me to keep going when I felt like giving up.'

'Now I have seen a light and I know my family can't remain poor for their whole life.'

'We get along very well. We got to know each other better as mentor and mentee are supposed to in order to form a good friendship. He is a friendly person and I believe he will be of a great help to my stuck points.'

'Thank you for bringing her as my Mentor. I can see that we going to learn a lot from each other.'

We continue to engage with our bursary recipients through annual institutional visits and interactive workshops. We include a focus on diversity, and have introduced an entrepreneurial element into our workshops to encourage bursary recipients to plan early for their future.

Alumni and children

Alumni Programme

Our alumni programme was officially launched in the Western Cape in November 2015. This will serve as a professional networking platform for our alumni and graduates and a point of contact between the Foundation and its former bursary recipients. Following a very successful outreach event with the Nal'ibali 'Mighty Stars' reading club at Margaret Gwele school in Soweto, the alumni network is excited at the ongoing connection with the Foundation and is looking forward to events and community activities planned for 2016.

COMMUNITY ENGAGEMENT

We work with marginalised communities providing access to education, clean water, medical services and skilled development. In this way we aim to help them build sustainability.

EDUCATION AND PROFESSIONAL SKILLS

These are some highlights of our work at all levels of education and development.

Early Childhood Development (ECD)

Lesedi young learners

Lesedi Educare Association - Free State

Lesedi Educare Association supports young children and their families living in informal settlements. Many of the project's beneficiaries have migrated from rural to urban areas in search of a better quality of life. Quality early childhood education and care is provided for 431 children every week through a structured and facilitated weekly playgroup on two fully equipped Come-and-Play buses. The active involvement of parents and caregivers is encouraged to promote a greater understanding of the needs of young children.

Secondary Education

LEAP Schools - Limpopo and Gauteng

LEAP is a leading learning organisation in maths and science which gives young South Africans academic and life skills to become productive and responsible citizens.

LEAP has six independent, no fee high schools in three provinces, with a total of 985 students. The HCI Foundation has supported LEAP 2 over the past four years, and since 2015 we have focused on LEAP 5 in Jane Furse, Limpopo and LEAP 6 in Ga-Rankuwa, Gauteng.

LEAP Schools have consistently produced results above the

LEAP pupils

national and provincial average. In 2015, matric passes for LEAP 5 and 6 were 100% and 77.8% respectively, significantly higher than the national pass rate of 70.7%. Their Bachelor passes far outstrip the national average of 28.8 % at 75% and 44%; moreover, all LEAP learners take maths for matric.

83% of LEAP graduates who matriculated between 2005 and 2009 have either graduated from university or are still completing their studies.

Ikateleng Project - North West

Concern about the poor results of under-resourced schools, especially in Natural and Economic Sciences resulted in North West University implementing the Ikateleng programme. 1800 Grades 10 - 12 learners are assisted with supplementary teaching by teachers with proven track records, to improve overall examination results so that learners can meet the admission requirements for tertiary institutions.

Ikateleng operates across 7 sites in the North West, Gauteng and the Northern Cape. In 2015 the Grade 12 pass rate was 90% and of the 549 Grade 12 learners who sat the examinations, 375 (68%) received Bachelor passes. Eighty learners from the 2015 class have enrolled to study at tertiary level.

Tertiary Education

Rhodes University Maths Education Programme ("RUMEP") - Eastern Cape

RUMEP's programme assists teachers to improve their maths teaching skills. The BEd in-service (Mathematics) programme supported by the HCI Foundation is a professional development programme which improves the mathematical and pedagogical knowledge of primary and high school teachers in the province.

Twenty-eight teachers participated in the 12 week programme and results to date are encouraging, with a sustained improvement in the teaching practice of the majority. As a result, the confidence level of teachers has increased and the quality of tasks given to learners is being progressively aligned to the CAPS curriculum document. The teachers' ability to place more emphasis on understanding mathematics concepts has been a turning point in most classes.

Teacher training at RUMEP

DEVELOPMENT AND ENRICHMENT

Skills Development

The Bookery – Western Cape

Access to appropriate reading material forms an integral part of any school literacy improvement strategy.

The Bookery has set up 47 school libraries stocked with 142 000 books amongst them, so enabling 40 500 learners to have access to appropriate reading material. 330 of these learners are active in 15 reading clubs across Western Cape schools. For these libraries to be effective and functional, a librarian or trained library assistant is critical.

Chumani Ndabambi, supported by HCI Foundation at Litha Primary School in Gugulethu, is one of 41, mostly unemployed, youth now earning an income through The Bookery and ensuring that school libraries are open every day and that a range of activities in support of literacy take place regularly.

Chumani and Litha Primary learners

Educo Africa – Eastern Cape

Since 1994, the Educo Africa youth development programme has provided a platform for young people to identify their inherent potential. Using a wilderness-based experience as a catalyst for transformation, it encourages youth to return to their communities as pro-active individuals, able to apply their learning to their families, communities and broader society.

HCI Foundation supports the Sihambela Phambili programme in the Eastern Cape which, in 2015, established a youth-led leadership team to increase the opportunities for young people living in rural areas to connect with each other and share experiences. As its first event, the team led 5 days of workshops focusing on life skills to help build links between 800 learners at 3 rural schools. This initiative will be followed up in 2016 to further extend youth networks and skills sharing.

Ray Mhlaba Skills Training Centre - Eastern Cape

The Ray Mhlaba Skills Training Centre aims to reduce poverty and unemployment by providing skills training programs to youth aged 18-25 who fall outside the formal education system. With a recognised qualification, young people are enabled to find formal employment or become self-employed.

HCI Foundation funded the Hospitality SETA Accredited NQF Level 4 in Professional Cookery training program. Thirteen students completed the Hospitality Training Program in 2015. Since then 11 students have been employed within the sector.

Arts and Culture

Keiskamma Music Academy ("KMA") – Eastern Cape

Music and arts education play a vital role in the holistic development of children, helping them to solve problems and build determination and resilience. Formed in 2006, KMA is a centre of extra mural excellence in music education and provides 125 learners annually with the opportunity to study a range of instruments alongside music theory. KMA student Thabo Ngoxo, now studying at Rhodes University, says:

"I only went to KMA to learn how to play a musical instrument, but that's not the only thing I have gained. In my life I have gone through a lot of difficulties, things that I think I would not cope with if I was not part of KMA. They not only cared about my music success, but cared about my future and making something out of it. Through music I am able to express my feelings without using any words and I can tell stories. KMA is making a big difference in the lives of children in the rural areas. For all of these amazing things that KMA has done for me and other learners, I will always be grateful."

KMA orchestra

Delft Big Band – Western Cape

Ian Smith, one of South Africa's top trumpeters, has made it his life's work to give youth from disadvantaged areas the opportunity to develop musical skills. The Delft Big Band is a result of this passion; it has rapidly developed into one of the most professional bands in South Africa, leading to international recognition.

Female vocalist, Adelia Douw, recently won the Grand West Open Mic Competition for the most promising young jazz vocalist in the Western Cape. Growing up, Adelia knew that she was destined to be a singer and stage performer, and when she met the Delft Big Band at the age of 14, her life changed and her dreams became a reality. She has since traveled the world, recently winning a scholarship to study at Berklee College of Music in Boston. She considers the band her family, her world and her foundation. She is who she is because of them.

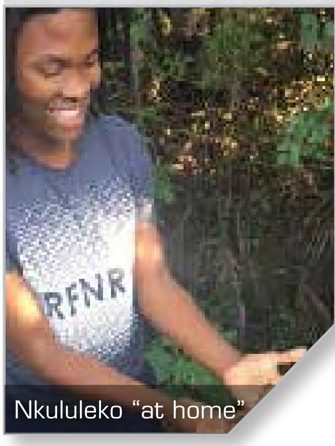
Adelia and Delft Big Band

ENVIRONMENT

Thanda Aftercare – Kwazulu-Natal

The vegetable garden project at Thanda Aftercare has successfully given young people the skills to lead this initiative, with the vision of attaining sustainable livelihoods for themselves and their families. Nkululeko Ngongoma's first contact with Thanda was in 2009 when, as a 17 year old school student, he joined their Focus on Matric programme.

"In 2010, my first day out of school, I saw the need to do something so I joined Next Step. I learned how to present myself for an interview, how to write a business plan and other practical skills...and most importantly it opened my eyes to see options as challenges." Nkululeko has taken what Thanda taught him as a student and is giving back to young people in the community. "We don't only teach but also develop curiosity. There are so many Thanda activities that build self-esteem and the kids don't even know." He supports his family by paying school fees for his brother and sister. He is currently studying towards a Bachelor of Education via UNISA. In the future, he hopes to see an increase in university graduates from his community.



Nkululeko "at home"

After working at Thanda as a Facilitator for two years he was promoted to Agricultural Manager in 2015. When asked to describe Thanda in one word, his response was "Home."

Roundabout Water Solutions ("RWS") – Northern Cape

Most rural areas have no reliable water supply which has a devastating impact on children at rural schools. In order for learners to have access to clean drinking water, HCI Foundation supports Roundabout Water Solutions (RWS) to install 'PlayPumps'. While children play on the merry-go-round, water is pumped into storage tanks and can be used immediately for drinking and hygiene. This impacts on improved academic performance.

To date, the HCI Foundation has provided funding for the installation of 10 PlayPumps, split between the Northern Cape and North West Province. These have benefited approximately 3,440 school children as well as their surrounding communities.

Playpump

SCAT Food Security Gardens - Northern Cape

In the Northern Cape, where annual rainfall averages less than 200mm a year and conditions for agricultural production are poor, food security is a major concern. High rates of poverty and unemployment also contribute to a hunger level that recent research sets at 62%, the second highest in South Africa.

SCAT farmers

SCAT supports community food gardens in Danielskuil, Keimoes, Nababeep and Port Nolloth where more than 230 people have been trained as food gardeners and 36 have been trained as master farmers. More than 200 new food gardens have been established and 5 communal gardens are being supported. In addition to being a source of healthy food for community members, the gardens also provide a regular income. With one person supporting on average 5 family members, it is estimated that more than 1150 people benefit indirectly from this initiative.

Endangered Wildlife Trust - Mpumalanga

The Endangered Wildlife Trust's (EWT) environmental education project in Chrissiesmeer focuses on learners, educators and community groups, with the aim of encouraging positive environmental attitudes and conservation initiatives.

Community members lead awareness and action campaigns, resulting in seven local primary and high schools educating learners and teachers about conservation and starting a recycling project for income generation. The recent declaration of Chrissiesmeer Lake District as a protected area led to the establishment of the Chrissiesmeer Protected Environment Land-owners Association, where 63 land owners meet regularly to address issues of environmental concern.

Wildlife workshop

HUMAN RIGHTS AND ADVOCACY

Messina Advice Centre - Limpopo

Established in 1988, the Messina Advice Centre in Musina is located about 12kms from the Beitbridge Border post in Limpopo, a gateway for refugees and asylum seekers from Zimbabwe and other neighbouring countries entering South Africa. The Centre promotes and works towards tolerance and peaceful co-existence between people of different nationalities.

The Advice Centre addresses a range of challenges faced by asylum seekers and refugees by providing access to legal advice, the Department of Home Affairs and civil society organisations.

The centre set up three shelters for asylum seekers and refugees, which are supervised by centre workers who also monitor detention facilities. Ongoing political instability in neighbouring countries unfortunately means that their citizens will continue to seek refuge in South Africa.

Refugee shelter at Messina

PEOPLE AT RISK

Children's disABILITY Training Centre - Gauteng

Established in 1983, the Children's disABILITY Training Centre (CdTC) is a multi-disciplinary organisation offering assistance to teachers of children with Autism Spectrum Disorders, and other disabilities and learning barriers.

Since its inception, the CdTC has trained approximately 4000 teachers, therapists and caregivers to educate and care for disabled children more effectively. The funds received from HCI Foundation were used to create satellite classrooms in informal settlements, which were adapted to meet the needs of the learners.

COMMUNITY TRANSPORT SUPPORT PROGRAMME

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

Cape Town Science Centre – Western Cape

The Cape Town Science Centre (CTSC) strengthens South Africa's technology and science culture by generating excitement about science, and providing services to learners and educators. In 2015, Golden Arrow buses transported 1,826 learners and 60 teachers from 24 primary and high schools to the Centre. The introduction of science in creative ways encourages learners to take science subjects and helps educators to teach in a manner which engages children from an early age.

Kuilsrivier Technical High School: "The visit was very informative, fun and educational, which is what we strive for, THANX!"

Table View - Grade 8: "I am more certain of the career to choose and what subjects to take".

Inkwenkwezi High School - Grade 8: "I have learnt there are many subjects that can change my life".

Science experiment at CTSC

IZIKO Museum In_Herit Programme – Western Cape

Iziko's core business is the preservation of heritage for exhibition and educational purposes, and Heritage week is one of the Museum's most important annual events. Through the In_Herit Programme, Iziko provides free access to museums and galleries for individuals, families and communities, inviting them to experience South Africa's diverse histories and promoting respect for our cultural, natural and artistic heritage.

In 2015, the Community Transport Support Programme provided transport for 2,193 learners and 79 educators to see a wide range of exhibitions, increase their awareness of heritage and participate in museum activities, in this way adding value to classroom practice.

Iziko Heritage Day performance

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. Group income statement and segmental analysis

- The group income statement in the prior year contains five months of equity accounted earnings from Tsogo Sun and seven months consolidated results due to the "acquisition" of this entity being effective end of August 2014.
- Revenue, including net gaming win, increased by 36,7%. Excluding Tsogo Sun, revenue increased by 8,3%.
- EBITDA for the group increased by 44,2%. Excluding Tsogo Sun, EBITDA increased by 1,6%.
- Profit before tax decreased by 38,1%. Excluding Tsogo Sun, profit before tax decreased by 13,4%.
- Headline earnings increased by 4,4%. Excluding the impact of loan impairments at head office and eMedia, respectively, and the change in inclusion rate for tax on capital gains in respect of fair value adjustments upon the recognition of business combinations relating to Tsogo Sun, headline earnings increased by 16,7%.

Media and broadcasting

Revenue in respect of media and broadcasting includes revenue of R2 431 million from eMedia and R100 million contributed by Sunshine Coast Broadcasters in Australia. eMedia recorded an increase in revenue of 1% against the backdrop of a 7% decrease in net advertising revenue. New scheduling and programming since March 2015 have led to the regaining of lost market share, but increased advertising revenue is yet to occur. Subscription and facility revenue continued to increase. EBITDA in respect of eMedia decreased by R149 million and includes losses relating to the multi-channel businesses in the amount of R262 million. A reduction of profits from etv followed a reduction in advertising revenue and increased schedule costs. Sunshine Coast Broadcasters EBITDA increased by 29%, mainly due to currency depreciation. Profit before tax for media and broadcasting includes a R122 million impairment of intangible assets in eMedia's offshore operations and a R50 million impairment of loan receivable from the purchaser of The Africa Channel. The latter item was not excluded from headline earnings and resulted in an impact of R22 million.

Non-casino gaming

Net gaming win from non-casino gaming increased by 17% as a result of Vukani Gaming growth of 11% and other gaming growth of 31%. The number of active limited payout machines in Vukani have increased to 5 265 and average GGR per machine by 3,7% to R18 492. The number of electronic bingo terminals operated by Galaxy Bingo as at reporting date were 1 642. EBITDA increased by 30% following gains of 12% in Vukani Gaming and 88% in other gaming operations. Non-casino gaming's profit before tax increased by 25%, subsequent to an increase of R34m in depreciation.

Casino gaming and hotels

Revenue in respect of casino gaming and hotels was recognised for seven months only in the prior year as compared to the whole current year. The result was an increase in revenue and net gaming win combined of R5 461 million in the current year. EBITDA is not comparable due to its inclusion for only seven months in the prior year. The contribution to profit before tax decreased by 44% to R2 499 million. A fair value adjustment to the investment in associate of R2 757 million was recognised prior to the consolidation of Tsogo Sun in the prior year. Due to the equity accounting of Tsogo Sun for 5 months in the prior year, the profit before tax is also not comparable to the current year. Casino gaming and hotels' contribution to the group's headline earnings showed an increase of 9%. Included in Tsogo Sun's headline earnings in the prior year was a R118 million share based payment expense, which did not recur and which impacted its contribution to the group's earnings by R49 million. It is important to note that the final purchase price allocation in respect of the Tsogo Sun acquisition has given rise to additional depreciation and amortisation, reducing contributed headline earnings by R25 million in the current year, as opposed to R21 million in the prior year. Furthermore, the change in inclusion rate for tax on capital gains, as announced by the Minister of Finance in his budget address in February 2016, resulted in an additional deferred taxation charge of R34 million in respect of the group's interest in Tsogo Sun. This additional charge has not been excluded from headline earnings. Contributing to increased earnings is the closure for renovation of certain hotels and the Silverstar Casino during the prior year.

Information technology
Revenue from information technology increased mainly as a result of increased collection rates on the City of Cape Town contract and sales of traffic control equipment. Lower margins on the latter resulted in modest growth in EBITDA and profit before tax.

Transport
Transport managed to increase revenue by 7%, with reduced passenger numbers experienced compared to the prior year. New routes have generated additional revenue. EBITDA increased by 16%, mainly as a result of lower fuel prices and aided by reduced overhead spend.

Vehicle component manufacture
Revenue from vehicle component manufacture was under pressure due to a number of supply programs in the pressings business coming to an end. The prior year curtailment of loss making product lines and improved cost controls have resulted in EBITDA growth of 4% in the current year.

Beverages
Revenue increased by 6% following an increase of 13% in wine sales. This increase was offset to an extent by a decrease of 18% in brandy sales. EBITDA and profit before tax decreased by 27% and 43%, respectively, following the recognition of R40 million in foreign exchange losses (R31 million gains in the prior year).

Properties
Revenue increased by 62% due to additional revenue from new properties in Midrand and Pretoria and assisted by the acquisition of the exhibition business at Gallagher Estate. Profit before tax includes fair value adjustments of R119 million (2015: R74 million), mostly attributable to The Point in Sea Point. Headline earnings was significantly impacted by additional finance costs of R25 million.

Mining
Reduced revenue at the Palesa colliery was offset by increased revenue at the Mbali colliery. Sales volumes at Palesa reduced by 12% following increased stockpile failures during the first half of the year. Sales volumes at Mbali increased by 11%. EBITDA decreased by 18%, mainly as a result of the cost of reworking failed stockpiles and additional mining costs associated with coal quality issues encountered in the pit at Palesa colliery during the first half of the year. Profit before tax increased following a decrease in capitalised box cut depreciation of R57 million at the Mbali colliery.

Branded products and manufacturing
Revenue increased by 2%, with growth attributable to manufacturing operations. EBITDA from continuing operations increased by 3%. Increased margins in the manufacturing businesses aided this increase. The decrease of 38% in profit before tax can be significantly attributed to a reduced fair value adjustment on investment properties (less R40 million). Contribution to headline earnings decreased by R69 million due to taxation income of R72 million in the prior year reversing to a R39 million expense in the current year.

Other
Revenue of R343 million was recorded in respect of Crimsafe in Australia, which was acquired effective 31 March 2015. EBITDA losses from other reduced by R46 million, significantly the result of prior year losses of R12 million for non-media Australian operations reversing to profits of R32 million in the current year. The loss before tax was significantly impacted by R105 million in investment income earned on the Ithuba funding arrangements for the first time in the current year and the increased profitability of the group's Australian operations. These were offset by a loan receivable of R65 million being impaired at head office and head office finance costs increasing by R46 million following increased utilisation of debt facilities. Loss before tax in the current year includes the Ithuba investment income, Australian operations' non-media profit of R37 million, R17 million equity accounted losses in respect of Impact Oil and Gas, R165 million head office finance costs, R65 million in respect of the previously mentioned loan impairment and head office overheads of the company and Niveus Investments.

Notable items on the consolidated income statement include:

Discontinued operations in the current year consist of the offshore operations of eMedia. Losses of R118 million (2015: R117 million) include an amount of R122 million in respect of the impairment of intangible assets. Losses of R243 million in the prior year related to the natural gas business, with no results recognised in the current year.

Finance costs increased significantly as a result of an increase of R390 million in finance costs consolidated for Tsogo Sun, compared to the seven months previously consolidated. As stated above head office finance costs increased by R46 million and HCI Properties' finance costs by R25 million. Profit from associates and joint ventures is not comparable to the prior period due to Tsogo Sun being consolidated from September 2014. The amount includes R12 million from Baycorp Holdings, R12 million from Cohort in Australia, R24 million from RedefineBDL Hotel Group and R17 million in losses from Impact Oil and Gas. Fair value adjustments on investment properties include R119 million by HCI Properties and R31 million by Deneb Investments. Asset impairments consist of the R65 million loan impairment at head office, R50 million loan impairment reported in eMedia and various property, plant and equipment impairments throughout the group. Taxation increased as a result of the consolidated results of Tsogo Sun being included for the whole current year and the reversal of the prior year taxation income in Deneb Investments to an expense in the current year.

Group statement of financial position and cash flow

As set out above, the statement of financial position changed significantly with the final purchase price allocation in respect of the Tsogo Sun acquisition. The restatement of property, plant and equipment relates to land and buildings. The restatement of intangible assets relates to gaming licenses and brands.

Group long-term borrowings at 31 March 2016 comprise central borrowings of R1 629 million, central investment property related borrowings of R1 135 million, borrowings in Tsogo Sun of R8 346 million and the remainder in other operating subsidiaries. Included in current liabilities is R656 million owing to SACTWU, being part of their proportionate non-controlling share in eMedia Holdings, and R1 381 million in short term borrowings in Tsogo Sun. Bank overdraft facilities of R3 059 million, of which R2 013 million in Tsogo Sun, are also included in current liabilities.

The statement of cash flows includes Tsogo Sun for the whole current year as opposed to seven months in the prior year. The group invested R2 152 million in property, plant and equipment and R504 million in investment properties. R299 million was invested in associate and joint venture entities. Net borrowings of R226 million were repaid during the year.

4. Dividends

Ordinary dividend number 52, in the amount of forty cents per share, was paid to shareholders on 14 December 2015. Ordinary dividend number 53, in the amount of one hundred and fifty cents per share, was paid to shareholders on 27th June 2016.

5. Share capital

There was no change in the share capital during the year under review.

6. Directorate

The directors of the company appear on the inside back cover. Mr LW Maasdorp resigned as a director of the company as of the 31st March 2016. Mr MSI Gani was appointed as a director of the company on the 30th August 2016.

7. Company secretary

The secretary of the company for the twelve months ended 31 March 2016 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 the annual general meeting of shareholders held on 29 October 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 2015 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 subsequent to year-end on 21 July 2016

  Approval for the repurchase by the Company of the following shares which shall be cancelled, delisted and restored to the authorised, but unissued, share capital of the Company once the specific repurchase has been completed,
- 5 240 000 HCI Shares from Rivetprops 47 Proprietary Limited and its subsidiary, Circumference Investments Proprietary Limited, and from Chearsley Investments Proprietary Limited
- 3 500 000 HCI Shares from Geomer Investments Proprietary Limited
- 3 000 000 HCI Shares from Geomer Investments Proprietary Limited
- 400 000 HCI Shares from Majorshelf 183 Proprietary Limited

Approval for the repurchase by Squirewood Investments 64 Proprietary Limited of 4 000 000 HCI Shares from Southern African Clothing and Textiles Workers Union ("SACTWU") which shares shall be held in Treasury

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. These summarised financial statements are extracted from audited information, but is not itself audited.

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 2016, are set out in the remuneration report on page 46.

14. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2016 are set out in the remuneration report on page 47 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 2016.

19. Events subsequent to reporting date

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

19,1 *KWV South Africa Proprietary Limited disposal of the operational assets of the KWV group*

On 11 May 2016 it was announced that conditional agreements have been concluded in terms of which KWV South Africa Proprietary Limited shall dispose of the operational assets of the KWV group, and that KWV Holdings Limited shall dispose of all of its shares in and loan accounts against its wholly-owned subsidiary, KWV Intellectual Properties Proprietary Limited for an aggregate consideration of approximately R1,15 billion. The agreements remain subject to certain conditions precedent at the date of this report. The financial effects of this transaction have not been recognised at 31 March 2016.

19,2 *Repurchase of shares of the Company and related disposal of interest in HCI Investments Australia Proprietary Limited ("HCI Australia")*

The Company entered into various agreements during April 2016 in respect of the specific repurchase of its shares from certain shareholders. The conditions precedent to these transactions were fulfilled during July and August 2016. A total number of 16 140 000 shares were repurchased for an aggregate consideration of R1 695 million. As part of the specific repurchases, the Group entered into an agreement to dispose of its wholly owned Australian subsidiary, HCI Australia. The statement of financial position of HCI Australia as at disposal date had not yet been finalised at the time of release of this report. As a result, the financial effects of this disposal could not be calculated. Refer to the circular posted to shareholders on 21 July 2016 for further information.

19,3 *Raising of bridge finance and provision of guarantee by the Company*

HCI Treasury Proprietary Limited, a wholly owned subsidiary of the group, entered into a bridging loan agreement with a commercial bank in the amount of R300 million during August 2016. The Company provided a financial guarantee as security for this facility. The facility is available until December 2016.

19,5 *Acquisition of a minority interest in each of SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester")*

As announced on SENS on 4 April 2016, the Group has entered into a transaction with Sun International Limited and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest and Worcester for an aggregate R1.35 billion, payable in 18 monthly instalments of R75 million each, funded from available cash balances. The financial transaction does not require an application to the Competitions Commission in that there is no material influence.

19,6 *Acquisition of Hospitality Property Fund Limited (HPF) by Tsogo Sun Holdings Limited*

As announced on SENS on 15 December 2015, agreement has been reached with HPF to acquire a controlling stake through the injection of appropriate hotel assets having a value such that the issue of shares to the group at the time will result in the group owning not less than 50% of the shares following the reconstitution of HPF's capital into a single class of shares. The acquisition remains subject to the fulfilment of certain administrative conditions precedent.

19,7 *Acquisition of hotel properties by The Cullinan Hotel (Pty) Limited ("Culllinan")*

Cullinan, a group subsidiary, concluded agreements with Liberty Group Limited ("Liberty") for the further acquisition of two hotels from Liberty by Cullinan, being the Garden Court Umhlanga and the StayEasy Pietermaritzburg for R310 million. Regulatory approval has been received and control will follow transfer, which is expected to occur in the next financial year.

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 2016 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 64 to 70 and the annual financial statements for the year ended 31 March 2016, 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 directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements.

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 2016, which are available on the company website, were approved by the board of directors on 27 August 2016 and are signed on its behalf by:

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

30 August 2016
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 2016, 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

30 August 2016, Cape Town

SUMMARISED AUDITED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2016 R'000	31 March 2015* R'000	31 March 2014 R'000
ASSETS			
Non-current assets	**55 610 831**	52 711 217	16 851 858
Property, plant and equipment	**24 371 720**	23 147 181	3 735 578
Investment properties	**3 021 423**	2 530 138	1 695 532
Goodwill	**4 999 944**	4 926 092	279 011
Interest in associates and joint ventures	**1 453 268**	1 336 564	9 974 196
Other financial assets	**666 581**	49 231	9 163
Intangibles	**19 978 722**	19 989 106	806 887
Deferred taxation	**449 789**	440 056	127 941
Operating lease equalisation asset	**88 275**	46 476	27 185
Long-term receivables	**581 109**	246 373	196 365
Current assets	**8 850 081**	8 964 849	4 935 432
Other	**5 310 423**	5 171 507	3 746 752
Bank balances and deposits	**3 539 658**	3 793 342	1 188 680
Disposal group assets held for sale	**147 298**	307 338	1 006 446
Total assets	**64 608 210**	61 983 404	22 793 736
EQUITY AND LIABILITIES			
Equity	**32 927 180**	30 503 423	14 930 161
Equity attributable to equity holders of the parent	**16 539 747**	14 950 989	12 094 478
Non-controlling interest	**16 387 433**	15 552 434	2 835 683
Non-current liabilities	**21 482 544**	21 502 570	3 407 985
Deferred taxation	**8 135 293**	7 854 042	277 439
Long-term borrowings	**12 098 381**	12 356 611	2 917 689
Operating lease equalisation liability	**280 497**	280 753	3 596
Other	**968 373**	1 011 164	209 261
Current liabilities	**10 181 883**	9 952 444	4 336 792
Disposal group liabilities held for sale	**16 603**	24 967	118 798
Total equity and liabilities	**64 608 210**	61 983 404	22 793 736
Net asset carrying value per share (cents)	**15 887**	14 370	11 391

**Restated*

SUMMARISED AUDITED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENTS

		31 March 2016 R'000	31 March 2015* R'000
Revenue		**15 054 358**	12 155 860
Net gaming win		**8 527 895**	5 101 290
Income	36,7%	**23 582 253**	17 257 150
Expenses		**(17 656 859)**	(13 148 772)
EBITDA	44,2%	**5 925 394**	4 108 378
Depreciation and amortisation		**(1 410 673)**	(1 007 748)
Operating profit		**4 514 721**	3 100 630
Investment income		**207 469**	82 478
Finance costs		**(1 366 128)**	(843 602)
Share of profits of associates and joint ventures		**56 330**	270 262
Gain on bargain purchase		**4 630**	-
Investment surplus		**5 819**	5 312
Fair value adjustment on associate on change of control		**(1 094)**	2 757 227
Fair value adjustments of investment properties		**149 791**	155 753
Impairment reversals		**-**	12 771
Asset impairments		**(149 238)**	(38 318)
Fair value adjustments of financial instruments		**(1 214)**	7 868
Impairment of goodwill and investments		**(18 576)**	(9 358)
Profit before taxation	-38,1%	**3 402 510**	5 501 023
Taxation		**(1 162 354)**	(665 479)
Profit for the year from continuing operations		**2 240 156**	4 835 544
Discontinued operations		**(118 184)**	(379 954)
Profit for the year		**2 121 972**	4 455 590
Attributable to:			
Equity holders of the parent		**1 043 404**	3 553 966
Non-controlling interest		**1 078 568**	901 624
		2 121 972	4 455 590

**Restated*

SUMMARISED AUDITED FINANCIAL STATEMENTS

RECONCILIATION OF HEADLINE EARNINGS

	% change	31 March 2016 R'000 Gross	Net	31 March 2015* R'000 Gross	Net
Earnings attributable to equity holders of the parent	-70,6%		**1 043 404**		3 553 966
IFRS 3 gain on bargain purchase		**(4 630)**	**(4 630)**	-	-
IFRS 3 fair value adjustment on deemed disposal of associate		**-**	**-**	(2 757 227)	(2 738 733)
IFRS 3 impairment of goodwill		**18 176**	**9 106**	49 603	20 665
IFRS 10 fair value adjustment of remaining investment		**2 811**	**1 324**	-	-
IAS 12 change in tax rate		**16 670**	**11 491**	-	-
IAS 16 gains on disposal of property		**(3 541)**	**(2 748)**	-	-
IAS 16 losses on disposal of plant and equipment		**3 478**	**1 966**	269	10
IAS 16 impairment of plant and equipment		**25 386**	**8 937**	40 962	16 573
IAS 21 foreign currency translation reserve recycled		**(11 600)**	**(5 094)**	-	-
IAS 27 losses from disposal / part disposal of subsidiary		**6 781**	**3 532**	181 207	181 207
IAS 28 gain on disposal of associates and joint ventures		**(6 661)**	**(3 550)**	(17 519)	(7 298)
IAS 28 impairment of associates and joint ventures		**400**	**92**	34 059	21 650
IAS 28 recycle reserves upon disposal of JV		**(6 856)**	**(6 856)**	-	-
IAS 36 impairment of assets		**2 154**	**769**	-	-
IAS 36 reversal of impairment of assets		**-**	**-**	(12 771)	(5 900)
IAS 38 losses on disposal of intangible assets		**254**	**101**	-	-
IAS 38 impairment of intangible assets		**132 365**	**56 218**	-	-
IAS 39 impairment of investments reclassified to profit and loss		**-**	**-**	14 608	14 608
IAS 40 losses on disposal of investment property		**-**	**-**	386	312
IAS 40 fair value adjustment to investment property		**(149 773)**	**(71 880)**	(155 753)	(74 036)
Re- measurements included in equity-accounted earnings of associates and joint ventures		**2 295**	**2 295**	17 166	17 166
Headline profit	4,4%		**1 044 477**		1 000 190

	% change	31 March 2016	31 March 2015*
Basic earnings per share (cents)			
Earnings	-70.2%	**1 001,66**	3 361,55
Continuing operations		**1 051,48**	3 663,49
Discontinued operations		**(49,82)**	(301,94)
Headline earnings	6,0%	**1 002,69**	946,04
Continuing operations		**1 013,13**	1 036,31
Discontinued operations		**(10,44)**	(90,27)
Weighted average number of shares in issue ('000)		**104 167**	105 724
Actual number of share in issue at end of year (net of treasury shares) ('000)		**104 110**	104 041
Diluted earnings per share (cents)			
Earnings	-70,1%	**990,42**	3 310,20
Continuing operations		**1 039,68**	3 607,53
Discontinued operations		**(49,26)**	(297,33)
Headline earnings	6,4%	**991,44**	931,59
Continuing operations		**1 001,76**	1 020,49
Discontinued operations		**(10,32)**	(88,89)
Weighted average number of shares in issue ('000)		**105 350**	107 364

** Restated*

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	31 March 2016 R'000	31 March 2015* R'000
Profit for the year	**2 121 972**	4 455 590
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**525 122**	125 457
Cash flow hedge reserve	**116 438**	(79 099)
Items that may not be reclassified subsequently to profit or loss		
Actuarial gains on post-employment benefit liability	**34 236**	(15 235)
Total comprehensive income	**2 797 768**	4 486 713
Attributable to:		
Equity holders of the parent	**1 515 368**	3 571 631
Non-controlling interest	**1 282 400**	915 082
	2 797 768	4 486 713

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	31 March 2016 R'000	31 March* 2015 R'000
Balance at beginning of year	**30 503 423**	14 930 161
Share capital and premium		
Treasury shares released	**44 709**	62 301
Shares repurchased	**(35 767)**	(419 557)
Current operations		
Total comprehensive income	**2 797 768**	4 486 713
Equity settled share-based payments	**11 689**	11 495
Non-controlling interest on acquisition of subsidiaries	**(2 523)**	11 953 752
Effects of changes in holding	**276 906**	513 147
Dividends	**(669 025)**	(1 034 589)
Balance at end of year	**32 927 180**	30 503 423

SUMMARISED AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 March 2016 R'000	31 March 2015 R'000
Cashflows from operating activities	**3 290 204**	1 153 239
Cashflows from investing activities	**(3 297 342)**	(2 575 096)
Cashflows from financing activities	**(235 394)**	1 579 332
(Decrease)/increase in cash and cash equivalents	**(242 532)**	157 475
Cash and cash equivalents		
At beginning of year	**709 231**	574 386
Foreign exchange differences	**53 733**	(22 630)
At end of year	**520 432**	709 231
Bank balances and deposits	**3 539 658**	3 793 342
Bank overdrafts	**(3 058 696)**	(3 102 514)
Cash in disposal groups held for sale	**39 470**	18 403
Cash and cash equivalents	**520 432**	709 231

SEGMENTAL ANALYSIS

	31 March 2016		31 March 2015*	
	Revenue R'000	Net gaming win R'000	Revenue R'000	Net gaming win R'000
Media and broadcasting	**2 531 580**	-	2 483 363	-
Non-casino gaming	**89 843**	**1 166 767**	82 566	999 695
Casino gaming and hotels	**4 921 450**	**7 361 128**	2 720 404	4 101 595
Information technology	**341 317**	-	312 625	-
Transport	**1 509 919**	-	1 417 136	-
Vehicle component manufacture	**296 575**	-	328 227	-
Beverages	**1 224 214**	-	1 155 385	-
Properties	**262 255**	-	161 979	-
Mining	**817 497**	-	830 813	-
Branded products and manufacturing	**2 714 260**	-	2 661 837	-
Other	**345 448**	-	1 525	-
Total	**15 054 358**	**8 527 895**	12 155 860	5 101 290

* Restated

SUMMARISED AUDITED FINANCIAL STATEMENTS

SEGMENTAL ANALYSIS (continued)

	EBITDA		Profit before tax	
	31 March 2016 R'000	31 March 2015* R'000	**31 March 2016 R'000**	31 March 2015* R'000
Media and broadcasting	**466 748**	610 956	**251 376**	475 796
Non-casino gaming	**360 309**	276 872	**172 671**	137 869
Casino gaming and hotels	**4 217 235**	2 427 837	**2 499 137**	4 457 360
Information technology	**64 823**	62 054	**45 866**	44 019
Transport	**376 014**	324 719	**268 286**	233 618
Vehicle component manufacture	**25 948**	24 946	**6 646**	10 406
Beverages	**67 345**	92 152	**34 969**	61 678
Properties	**147 411**	116 609	**190 051**	143 519
Mining	**114 108**	138 390	**37 919**	15 031
Branded products and manufacturing	**169 925**	164 735	**95 032**	152 702
Other	**(84 472)**	(130 892)	**(199 443)**	(230 975)
Total	**5 925 394**	4 108 378	**3 402 510**	5 501 023

	Headline earnings	
	31 March 2016 R'000	31 March 2015* R'000
Media and broadcasting	**73 280**	121 865
Non-casino gaming	**77 513**	62 479
Casino gaming and hotels	**812 360**	747 746
Information technology	**15 902**	15 189
Transport	**185 952**	161 123
Vehicle component manufacture	**7 132**	10 822
Beverages	**8 671**	14 021
Properties	**45 497**	36 958
Mining	**27 931**	14 530
Natural gas	**-**	(59 796)
Branded products and manufacturing	**25 783**	94 540
Other	**(235 544)**	(219 287)
Total	**1 044 477**	1 000 190

* Restated

NOTES TO THE SUMMARISED AUDITED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2016 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 condensed consolidated financial statements are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2015. As required by the JSE Limited Listings Requirements, the group reports headline earnings in accordance with Circular 2/2015: Headline Earnings as issued by the South African Institute of Chartered Accountants.

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

RESTATEMENT OF PRIOR YEAR RESULTS

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. 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, whereas it had been equity accounted prior to that.

The "acquisition" qualified as a business combination in terms of IFRS 3: Business Combinations. The results as at 31 March 2015 were determined based on all information available at the acquisition date ("provisional accounting"). The provisional accounting was adjusted in the current year for new information obtained within a timeframe of 12 months after the acquisition date. These adjustments to the fair values determined in the provisional purchase price allocation are treated as adjustments to the comparative results as at 31 March 2015.

The comparative results are restated as follows:

Income statement for the year ended 31 March 2015:
- Depreciation and amortisation increased by R60 million
- Taxation decreased by R17 million
- Earnings attributable to non-controlling interest decreased by R23 million

Statement of financial position as at 31 March 2015:
- Property, plant and equipment increased by R5 666 million
- Investment properties increased by R24 million
- Goodwill decreased by R7 122 million
- Intangible assets increased by R14 728 million
- Deferred tax liability increased by R5 630 million
- Equity attributable to equity holders of the parent decreased by R21 million
- Equity attributable to non-controlling interest increased by R7 687 million

Opening equity attributable to equity holders of the parent in the current year decreased by R21 million

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

The group's previous natural gas interests were unbundled in December 2014 and its results are contained in discontinued operations in the income statement in the prior year.

Deneb Investments discontinued the operations of its discount retail operations in the prior financial year and the results of these operations, as contained in the branded products and manufacturing segment, are contained in discontinued operations in the prior year. The remaining assets of its discontinued apparel manufacturing business of R2 million (2015: R58 million) is contained in disposal groups held for sale in the statement of financial position in the current and prior year.

The Board of eMedia Investments resolved to exit certain of its offshore and local non-core operations during the prior financial year. Further local non-core operations have been reclassified to discontinued operations in the current year and the prior year results restated for these. The results of these operations are included in the media and broadcasting segment and are included in discontinued operations in the current and prior year and its assets of R145 million (2015: R249 million) and liabilities of R17 million (2015: R25 million) in disposal groups held for sale in the statement of financial position in the current and prior year.

BUSINESS COMBINATIONS

Casino gaming and hotels

Effective 1 March 2016 the group acquired 100% of the shares in Majormatic 194 Proprietary Limited and management contracts relating to the Holiday Inn Sandton and the Crowne Plaza Rosebank hotels for cash consideration of R15 million. No goodwill arose on the transaction. The allocation of purchase price to assets and liabilities has been finalised.

Media and broadcasting

The group acquired 100% of the shares in Moonlighting Films Proprietary Limited effective 15 December 2015. The purchase consideration was R15 million, settled in cash, for 51% plus further contingent consideration of R32 million for the remaining 49%, payable in June 2018 and June 2021. The purchase price allocation has been finalised and goodwill of R47 million was recognised upon acquisition.

Properties

Effective 1 March 2016 the group acquired 100% of the shares in Atterbell Investments Proprietary Limited for cash consideration of R8 million. Atterbell operates the exhibition business housed at Gallagher Estate in Midrand. A gain on bargain purchase of R5 million arose on acquisition, for which the purchase price allocation has been finalised.

NOTICE TO MEMBERS

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

ISIN Code: ZAE000003257 Share Code: HCI

NOTICE TO SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2016

NOTICE IS HEREBY GIVEN that the annual general meeting of Hosken Consolidated Investments Limited ("the company") will be held on Tuesday 1 November 2016 at 12:00 at the offices of the company, 5th Floor, 4 Stirling Street, Zonnebloem 7925.

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 16 September 2016 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 21 October 2016. Accordingly, only shareholders who are registered in the register of shareholders of the company on 21 October 2016 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 Monday 31 October 2016. 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 32 and 33;
- the major shareholders of the company on page 29;
- the directors' interests in securities on page 46; and
- the share capital of the company in note 19 and an analysis of shareholders on page 28.

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 2016 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

The purpose of the annual general meeting is to transact the business set out in the agenda below.

AGENDA

1. Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit committee for the year ended 31 March 2016. The Integrated Annual Report, of which this notice forms part, contains the summarised group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on HCI's website at www.hci.co.za, or may be requested and obtained in person, at no charge, at the registered office of HCI during office hours.

2. To consider and, if deemed fit, approve, with or without modification, the ordinary and special resolutions set out below.
   - For ordinary resolutions numbers 1 to 4 (inclusive) , more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.
   - For ordinary resolution number 5 and for special resolutions numbers 1 to 3 (inclusive) to be adopted, at least 75% of the voting rights exercised on each such ordinary or special resolution must be exercised in favour thereof.
   - Ordinary resolution number 6 is an advisory endorsement and is non-binding on the company.

3. **Appointment of directors – ordinary resolution numbers 1.1, 1.2, 1.3**

   Dr LM Molefi, Mr JG Ngcobo and Mr Y Shaik 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 32 and 33.

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

   1.1. Dr LM Molefi – ordinary resolution number 1.1 "Resolved that Dr LM Molefi be and is hereby elected as a director of the company."

   1.2. Mr JG Ngcobo – ordinary resolution number 1.2 "Resolved that Mr JG Ngcobo be and is hereby elected as a director of the company."

   1.3. Mr Y Shaik – ordinary resolution number 1.3 "Resolved that Mr Y Shaik be and is hereby elected as a director of the company."

   The reason for ordinary resolution numbers 1.1 to 1.3 is to re-elect those directors of the company who retire as directors in accordance with the company's MOI.

   1.4 Mr MSI Gani – ordinary resolution number 1.4

   To elect as director, the following director appointed by the board during the course of the year and who is required to retire in terms of the company's memorandum of incorporation, at the annual general meeting, and who is eligible and has offered himself for re-election:

"Resolved that Mr MSI Gani be and is hereby elected as a director of the company."

The reason for ordinary resolution number 1.4 is to elect the directors of the company who were appointed during the course of the year and who retires as a director in accordance with the Companies Act of 2008, as amended.

4. Reappointment of auditor – ordinary resolution number 2

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 2017 is Mr Frey. Accordingly, the directors propose that the following resolution be adopted:

"Resolved that Grant Thornton Partnership Johannesburg is hereby appointed as the auditor to the company for the ensuing year."

The reason for ordinary resolution number 2 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 3.1, 3.2, 3.3

3.1 Appointment of audit committee – ordinary resolution number 3.1
"Resolution that Mr MSI Gani (see CV details on page 33) be appointed to the audit committee of the company for the ensuing year."

3.2 Appointment of audit committee – ordinary resolution number 3.2

"Resolved that Dr LM Molefi (see CV details on page 33) be appointed to the audit committee of the company for the ensuing year."

3.3 Appointment of audit committee – ordinary resolution number 3.3
"Resolution that Mr JG Ngcobo (see CV details on page 33) be appointed to the audit committee of the company for the ensuing year."

The reason for ordinary resolution numbers 3.1 to 3.3 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 4

"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, options and convertible securities for cash – ordinary resolution number 5

"Resolved that, subject to the JSE Limited (JSE) Listings Requirements (JSE Listing Requirements), the Directors be and are hereby authorised to issue ordinary shares in the authorised but unissued shares of the Company (or to issue options or convertible securities convertible into ordinary shares) for cash to such person or persons on such terms and conditions as they may deem fit, subject to the following:

5.1 the securities shall be of a class already in issue, or convertible into a class already in issue;

5.2 the securities shall be issued to public shareholders (as defined in the JSE Listings Requirements) and not to related parties (as defined in the JSE Listings Requirements);

5.3 the issues of securities in the aggregate under the authority of this resolution during the period in 5.5 below shall not exceed 5% of the number of securities of that class already in issue as at the date of this notice of Annual General Meeting, being 4 640 732 ordinary shares, determined in accordance with the relevant provisions of the JSE Listings Requirements, provided that:

5.3.1 any equity securities issued under the authority during the period contemplated in 5.5 below must be deducted from such number in 5.3 above; and

5.3.2 in the event of a sub-division or consolidation of the issued equity securities during the period contemplated in 5.5 below, the existing authority must be adjusted accordingly to represent the same allocation ratio;

5.4 the maximum discount at which the shares may be issued shall be 10% of the weighted average traded price of the shares of the Company measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares (or, if no shares of the Company have been traded in that period, subject to a ruling by the JSE);

5.5 the authority hereby granted will be valid until the Company's next annual general meeting, provided that it will not extend beyond 15 months from the date on which this resolution is passed; and

5.6 once shares representing, on a cumulative basis within the period contemplated in 5.5 above, 5% or more of the Company's issued ordinary and/or preference shares prior to that issue, have been issued, the Company shall publish an announcement in accordance with the JSE Listings Requirements."

8. Advisory endorsement of remuneration report for the year ended 31 March 2016 – non-binding resolution number 6

"To endorse on an advisory basis, the company's remuneration policy on page 34 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 2016 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"

Category of Fee	Proposed Fee R'000
Board member	270.5
Member of the audit committee	111.4
Member of the remuneration committee	71.0
Member of the social and ethics committee	81.6

Directors can earn up to a maximum of 50% of their board fees by serving on the committees responsible to the board of directors.

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

Statement by the board of directors of the company

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

a. it is their intention to utilise the general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;
b. in determining the method by which the company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:
   - the company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the issued share capital and reserves of the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the company or any acquiring subsidiary for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
   - the working capital available to the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
   - the company and its subsidiaries pass the solvency and liquidity test and that from the time that the test is done, there are no material changes to the financial position of the company or any acquiring subsidiary;

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. General approval of the Provision of Financial Assistance in terms of section 44 and 45 of the Companies Act – special resolution number 3

"Resolved as a special resolution that, to the extent required by sections 44 and 45 of the Companies Act, the board of directors may, subject to compliance with the Company's Memorandum of Incorporation and the Companies Act, each as presently constituted and as amended from time to time, authorise the Company to provide director or indirect financial assistance by way of a loan, guarantee the provision of security or otherwise, to:

- the Company's present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company, or any person wishing to subscribe for any option, or any securities issued or to be issued by the Company, the Company's present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company, for the purpose of, or in connection with, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company; or

- a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, and that any of such financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending two years after such date."

In terms of the Companies Act and the Company's Memorandum of Incorporation, this resolution will be adopted with the support of at least 75% of the voting rights exercised on this resolution.

Reason for and effect of special resolution number 1

As part of the normal conduct of the business of the Company and its subsidiaries from time to time, the Company, where necessary, provides financial assistance to its related and inter-related companies and entities (as contemplated in the Companies Act) including the provisions of guarantees and other forms of security to third parties which provide funding to the Company's local and foreign subsidiaries, whether by way of loans, subscribing for shares (including preference shares) or otherwise. In the circumstances and in order to ensure that, among other things, the Company and its subsidiaries and other related and inter-related companies and entities continue to have access to, and are able to appropriately structure their financing for purposes of funding their corporate and working capital requirements, it is necessary that the Company obtains the approval of shareholders in terms of this special resolution number 1. Sections 44 and 45 of the Companies Act provide that the financial assistance required can only be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which resolution must have approved such financial assistance either for the specific recipient, or generally for a category of potential recipients (and the specific recipient falls within that category), and the directors must be satisfied that :

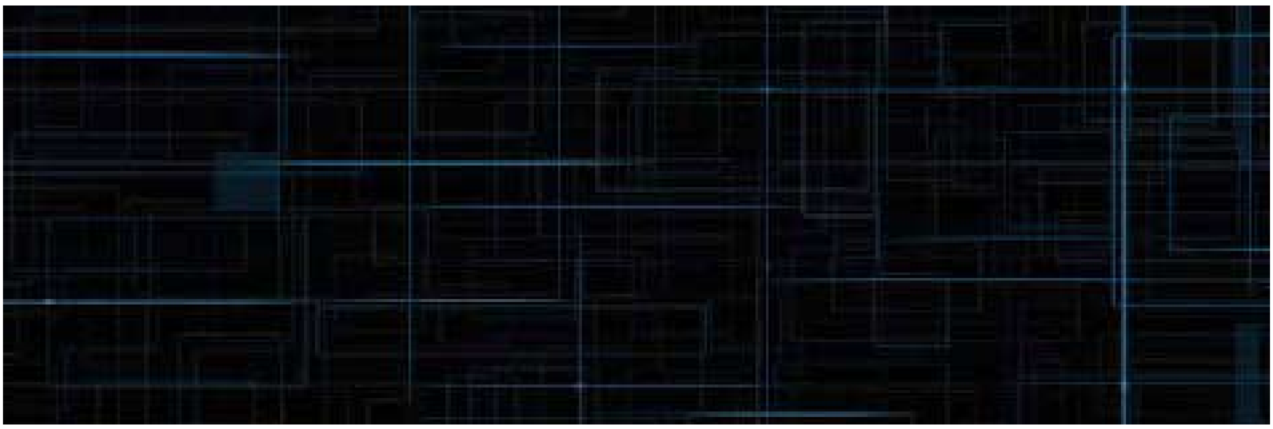
- immediately after providing the financial assistance, the Company will satisfy the Solvency and Liquidity Test, as defined in section 4 of the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The passing of this special resolution number 3 will have the effect of authorising the Company to provide direct or indirect financial assistance in accordance with sections 44 and 45 of the Companies Act, for a period of two years after the adoption of this resolution.

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

By order of the Board

30 August 2016
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

Mahomed Salim Ismail Gani

Mimi Freddie Magugu

Lynette Moretlo Molefi

Velaphi Elias Mphande (Chairman)

Jabulani Geffrey Ngcobo

Rachel Doreen Watson

WEBSITE ADDRESS:
www.hci.co.za

COMPANY REGISTRATION NUMBER
1973/007111/06

SHARE CODE
HCI ISIN: ZAE000003257

COMPANY SECRETARY:
HCI Managerial Services Proprietary Limited

REGISTERED OFFICE:
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Telephone: 021 481 7560

AUDITORS:
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@Grant Thornton, Wanderers Office Park,
52 Corlett Drive, Illovo, 2196
Private Bag X10046,
Sandton, 2146

BANKERS:
First National Bank of Southern Africa Limited

TRANSFER SECRETARIES:
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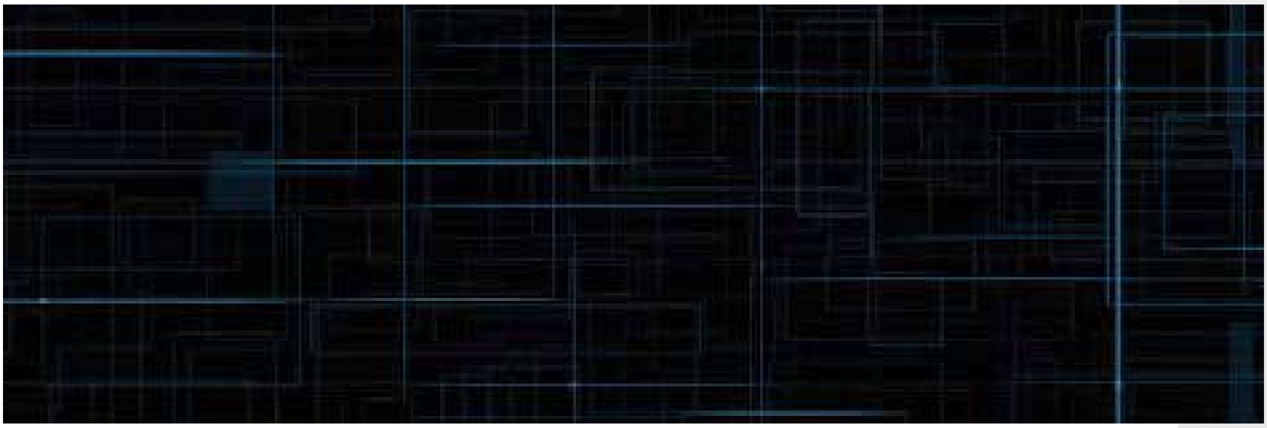
70 Marshall Street, Johannesburg, 2001.
PO Box 61051, Marshalltown, 2107

SPONSOR:
Investec Bank Limited
100 Grayston Drive, Sandton, Sandown, 2196



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