



Hosken Consolidated Investments Limited

I N T E G R A T E D A N N U A L R E P O R T

2019

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ABOUT THIS REPORT

Reporting approach

We are pleased to present our integrated annual report to our stakeholders for the year ending 31 March 2019. The report provides a review 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.

In line with the requirements of the King Report on Corporate Governance, 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. The financial and other information has been prepared in accordance with the requirements of IFRS, the South African Companies Act 2008 and the JSE Listings Requirements.

The group is continuously improving its combined assurance model. Assurance for elements of this report has been provided through a combination of external and internal sources.

Scope and boundaries

HCI is a publicly owned investment holding company listed on the JSE with a diverse investment base. The company has investments as reflected on page 3 of this integrated report.

The group operates principally in South Africa, and generates the majority of its revenue from South Africa. The geographical footprint of the group is provided on pages 10 and 11 of the report.

The content of integrated report addresses material issues for all our subsidiaries, but 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; www.hplr.co.za and www.emediaholdings.co.za. The report covers the period from 1 April 2018 to 31 March 2019 except where material transactions have occurred post year-end.

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. 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 notice of the annual general meeting, proxy form and other administrative information also form part of the report and can be found on pages 65 to 71.

Financial statements

We have provided summarised financial statements in the integrated report, which includes an executive review of our performance, as published on SENS on 23 May 2019 and in the Business Day on 24 May 2019. The full set of consolidated annual financial statements, including the report from the audit and risk committee and directors' report, are available online or can be requested directly from our company secretary at info@hci.co.za.

Board approval

The board, assisted by the audit and risk committee, is ultimately responsible for overseeing the preparation, presentation and integrity of the integrated report. The directors collectively reviewed the content of the integrated report and believe that it addresses the material issues of the company and is a fair representation of the integrated performance of the group. The board approved the report for release on the 24 July 2019. 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 24 JULY 2019

LISTED COMPANIES


TSOGO SUN
HOTELS
49%


TSOGO SUN
GAMING
49%


HPL&R
Hosken Passenger Logistics & Rail

76%


eMedia
Holdings

63%


DENE B
INVESTMENTS LIMITED
83%

NIVEUS
INVESTMENTS LIMITED

52%


PLATINUM
GROUP
METALS

20%

UNLISTED COMPANIES


HEI
Coal
100%


HEI
HEI Properties
(Division)
100%


Impact
Oil & Gas

49%


KAROSHOCK

10%


bsg

40%

GRIPP
ADVISORY

75%

LETTER TO SHAREHOLDERS



JA Copelyn
Chief Executive Officer

Reflections on SA and the appropriate investment Strategy for HCI in the circumstances

Last year's report referenced a number of comments about our hopes that South Africa had turned the corner from the disastrous practices of the Zuma years and that, with hard work, we could get our country back on track towards growth. All the signs that were noted have strengthened over the last twelve months; and it is far clearer now that we are in a phase driving at cleaning out the cobwebs. There is no question that, if a few of the primary rogues are incarcerated, a lot more confidence will return to the country. Fragile as our upturn may be, it is, at last, starting to happen.

Nevertheless, the level of depravity that our country descended into, remains astounding. It will take many years to bring the country back into any semblance of normality as a result of the wanton theft of public funds; the collapse of confidence in the civil service and the level of lawlessness across the whole country. Crazy populist pressure on the state to embark on the most inappropriate economic policies, like expropriating land without compensation and hobbling the independence of the Reserve Bank, are unquestionably going to inhibit confidence in the country. This remains the case despite platitudes by the most senior state officials assuring the business community that there will be no expropriations which inhibit growth.

Efforts by factions of the ruling party to undermine their own president, and suggest he is failing to uphold the party line on such policies, will force us all to be more assertive to avoid the retreat of government from doing what has to be done.

Lawlessness across our businesses has meant endless disruptions of our coal business by various community-based groups seeking to force us to employ people chosen by such protesters (even though there are no vacancies to fill); and demands by traditional authorities to pay tributes and

benefits on the basis that we are exploiting their "traditional domain". The lawlessness has resulted in an endless stream of armed robberies on our buses where passengers are relieved of their possessions at gun point; strikes demanding double digit increases which turn violent; burning of buses and the like.

This is definitely not a place for sissies.

Nevertheless, we absolutely must prevail against these forces. This is a moment where good people need to heed the call to action. We can rebuild what has been destroyed by opportunists and the scars on our backs can make us more determined, rather than naively trusting, as we may once have been. HCI fully intends to play a role in this resurrection. We are a product of the post-Apartheid dispensation in our country. We do not want to pretend otherwise.

It is our special responsibility to demonstrate ourselves as an exemplary BEE entity. And we are that.

We have built new businesses rather than just being carried along in other people's enterprise; we create new jobs, build new hotels, office blocks, shopping centres, warehousing, studios, and convert dilapidated and often vandalized buildings into refurbished inner-city residences.

We look after our businesses and constantly reinvest in them to preserve and modernise them. We refurbish hotels so they look cared for. We have totally renewed and modernised our entire bus fleet of over a thousand buses. We have thorough preventative maintenance systems at all production facilities. We have refurbished our casinos and all their facilities; digitized our studios and constantly upgraded our television equipment and the like. We spend millions on rehabilitation work on our mines. In short, we run our businesses on the basis that they should be here for the long term.

We acquire and build assets honestly. There are no shortcuts and no disreputable or corrupt practices in this regard.

We may not be invited to the most lucrative opportunities, but we certainly look after, and build on, whatever comes our way.

Our broad-based ownership through the trade union movement allows dividends of the company to be distributed in a manner that is directly beneficial to tens of thousands of union members. Likewise, our Foundation has resulted in us picking up a far greater responsibility for social and community issues than any other company our size.

These hallmarks have been central in the DNA of the business and to growing it from a very small company to a multi-billion rand operation, employing some 32 000 people. Hopefully they will continue to be the basis of our investment practices through the country's recovery and beyond.

That said, financial 2019 remained a stressful year for HCI. Our central plan for the release of both value and cash to the centre was blocked by minorities of Tsogo Sun. As a result we were forced to abandon our plans to centralize our property portfolio in the Hospitality Property Fund and have had to content ourselves with simply splitting the hotel and gaming divisions of Tsogo into separate focused divisions.

Tsogo Sun Holding

The Tsogo business suffered from major distractions as we tried unsuccessfully to split it into three. The matter has been resolved by splitting it into two and our strong hope is that focused leadership of both hotels and gaming will see both businesses improving next year

Marcel von Aulock will lead the hotel division, which will be separately listed with the group's hotel properties, controlled through the listed REIT underneath it.

Chris Du Toit takes over as CEO of the gaming division from July 2019 and will have his work cut out for him rebuilding the casino margins from the base that they currently sit on.

The gaming division remains a very strong cash producer

for the group and its casinos have all undergone high-level refurbishments. It faces the seemingly endless pressures of increasing gambling taxes, threatened smoking bans and the proliferation of illegal gambling venues, with little to nothing being done to stop their activity. Hopefully, as the country returns to a concern that promotes lawful behavior, these outlets will get more attention from authorities charged with the responsibility of enforcing laws regulating gambling in the country.

The bingo and low pay-out divisions of our gaming business continued to grow well. Growth in new licences and number of machines operated as well as the average revenue per machine, all combined to make this side of the business continue its double-digit growth.

eMedia

OpenView has continued to roll out at about 1 000 boxes a day and has now reached a little over 1,6m households, some 11% of all TV households in the country. OpenView channels are now attracting audiences of over 5% of people watching television during prime time, bringing the total prime time audiences of the group, including eTV and eNCA, to over 23,5%.

Imbewu has developed into a major soap with a large, and still growing, audience. Our expansion of local programmes has considerably invigorated our audience share and eTV is back at levels it has not seen for several years.

All this assisted us in growing revenues some 3% in a television market that retreated by some 4%.

Costs were kept well controlled and the net effect has been that the media group has returned to growing profitability. As OpenView expands it will undoubtedly generate relatively rapid revenue growth. Last year this doubled and this year it experienced a high double-digit growth. Given that its revenue share still lags its audience share and that its prime time LSM8-10 share is significantly above its average, we expect revenues to continue to grow rapidly. While

LETTER TO SHAREHOLDERS

(continued)

OpenView remains loss making for the moment, its losses are reducing and we expect this trend to continue in the year ahead. We have little doubt that creating the platform will prove to have been a life saver for the group as DTT falls further and further behind the curve.

Improving the functionality of the OpenView box is the next challenge the company has targeted and, over time, we believe this will allow it to generate additional income. Our expectations remain modest in this regard and, unquestionably, advertising revenues on free TV will remain the heart of our value proposition. Nevertheless, we recognise that the television company is at the heart of a considerable technology convergence and we need to ensure our box expands its role in the house if it is to remain a compelling offering.

We have commenced building our new offices and studios in Johannesburg and hope these will be ready by the end of calendar year 2020.

Khalik Sheriff, our longstanding head of commercial time sales was promoted to CEO of the business, a position he richly deserves, and we wish him all the best in leading the business through the next phase in its growth.

Hosken Passenger Logistics and Rail

Despite hopes expressed last year of a public private partnership being developed in regard to rail travel, nothing of the sort developed and the state simply allowed the serviceability of trains to degenerate. The consequence has been sobering. The proportion of Capetonians who use public transport and rely on trains has been significantly eroded. While rail used to provide some 50% of such people with public transport in the past, I doubt this can be much more than 40% now. The service is even less reliable than previously. Train sets have been subjected to arson and there has been little positive development. The CEO of PRASA has been suspended and nothing tangible was initiated by the Minister of Transport to address the chaos in the service, nor was there any response whatsoever to our overtures.

Notwithstanding the lack of progress we continue to try to offer assistance, as allowing the passenger rail network to degenerate in this manner appears to us to border on criminality.

Golden Arrow Bus Services performed well and remains a profitable, well-run public service. Free wifi on our buses has, finally, been successfully piloted and is now being rolled out at a rate of about 80 buses a week.

Challenges raised in last year's report about the runaway increases in wages and diesel costs continue to be major factors affecting the medium-term prospects of the business. Finding a satisfactory resolution of these issues remains absolutely central. The company has embarked on a series of steps to get these costs under control and will continue to do all it can to arrest this threat to the future of the business. One thing seems absolutely clear:escalating bus fares faster than the increase in salaries of passengers

is very detrimental to that future. Likewise, there is no salvation in the hope that government will rapidly raise bus subsidies. Given that labour and diesel consume some 60% of total revenues of the business, controlling escalations of these expenses is an absolute must.

HCI Coal

This year was another great performance by the coal division of HCI. The socio-political conditions under which mining has to take place are severe, even in the context of an election year, in a wild part of the country where unemployment has reached staggering proportions. Civil unrest has reached a point where disruption of our efforts reached a double-digit percentage level in several months of the year. While one hopes for a respite now that elections are over, this seems rather unlikely to date.

Nevertheless, we have made fantastic progress by anyone's standards.

We have renewed our long-term contract with Eskom for Palesa for several years on favourable terms, both in relation to price and to volume.

We have parted ways with a mining contractor that underperformed and replaced it with a partnership arrangement between ourselves and another contract miner with significantly improved results.

There has been no advance with putting out an RFP for a coal-fired power station over the last year. It would seem the state is unlikely to put out such a tender at all.

HCI Properties/ Construction Projects

HCI completed construction of several projects during the year, including the substantial refurbishment and expansion of Sun Coast Casino.

The concentrated solar power project in Upington is now up and running well, despite some not insignificant start-up issues which are likely to result in litigation with the operator if not settled soon.

The Kings project at Sea Point is virtually complete and has been 70% pre-sold.

Likewise, the property at 111 Commissioner Street, which has been renamed Sachs Square, is in the last moments of construction. SACTWU has moved its offices into the property and purchased the first floor by sectional title. The retail sections are let and we have commenced tenanting the residential floors from June 2019.

We have built and rented out an additional building at Monte Circle since our last annual report.

Despite the difficult rental market across the country we have succeeded to fill vacancies across the portfolio and are sitting with low, single digit vacancies across our whole portfolio.

There are several projects currently under construction including the first of our new Hi Hotels brand and our new offices and studios for eMedia in Johannesburg. We have

commenced construction of the underground parking levels at the Fulcrum in Sea Point and broken ground on the first house on our Steenberg estate.

We have acquired a number of properties with a view to future development including a property adjoining the Cape Town eMedia building, an option over the property Welgevonden opposite the CTFS and a property in Johannesburg suitable for redevelopment as student accommodation.

On the other hand, the Transnet tender to build and operate fuel storage tanks in the Durban harbour remains non-adjudicated despite a further year of patiently awaiting progress.

Deneb Investments

While Deneb improved its performance on last year, and several of its successful businesses had a good year, the overall performance was dragged down by some underperforming businesses from which, in retrospect, we have been too slow to extricate ourselves.

Properties were well-managed with low vacancies. Prima Toys had another lucrative year as did Romatex. Formex especially is set to grow dramatically over the next period now that its additional factory building has been completed and its three new presses are being installed.

Seartec remains in transition as we steadily collect the book of our previous business and try to convert it into a dynamic, annual leasing business with reconditioned machines and generic consumables.

Winelands in Worcester is a business we need to dispose of, or close. We are in the process of soliciting offers that might give it a hope of survival at a price which approximates the net cash we might reasonably expect would be released on closure.

Our comment last year was that Deneb needs to deal robustly with poorer performing businesses if its overall performance is to seriously improve. This remains true for this coming year.

Niveus Investments

HCI has made an offer to buy various properties out of La Concorde which will leave it with its heritage assets, being Laborie and its art collection. The offer is subject to the company having the right to accept any better offer that may be forthcoming within 60 days.

We have further taken steps to dispose of both the on-line gaming and retail sports betting businesses of Niveus and are treating these as businesses held for sale. We hope to recover our investment through this process.

Alphawave has continued to develop its tracking technology. It did appear at some point that this company might have attracted a golfing partner as an investor. Currently this appears unlikely and its existing shareholders will be required to fund its further development.

Impact Oil and Gas

IOG continues to be an exciting, though highly speculative part of HCI's suite of assets.

In December 2018 it took up an opportunity to fund half the BEE stake in a block near Mossel Bay where Total was to drill a prospect known as Brulpadda; HCI provided half the funding required for this by IOG.

The well resulted in a gas and condensate discovery. While it is early days in the development of this opportunity, and the discovery is yet to be appraised, it would appear it is a sufficiently significant discovery to justify hopes it is part of a commercially viable find. Two further wells are likely to be drilled in this block this financial year and, if they are successful, is expected to confirm the large size of the find.

Effectively, this will move IOG from being pure exploration risk to a blend of exploration and discovery risk.

Our Namibian block is now likely to be drilled in the first quarter of 2020. As a result, the success or failure of our investment in IOG will start to show its colours a little more clearly by the time of our next annual report.

The lack of progress in enacting the Mineral Petroleum Resources Development Act remains a serious inhibition in promoting exploration work on South African blocks and one can only hope this will change over the next twelve months. We expressed a similar hope last year, as did the last two SONAs by President Ramaphosa and before him President Zuma, but the Bill was simply withdrawn after a year of consulting the public and reverting to the NCOP.

These delays now make it unlikely our other South African blocks will be drilled before 2022.

Platinum Group Metals

In the year since we first invested in this prospect it has progressed steadily.

The final feasibility study is now expected in late August which will result in the Impala option being exercisable towards the end of the year. Impala itself has made a number of very positive statements about the future of the Waterberg project, leaving us comfortable they are likely to exercise their option when it arises.

The mining right application for the project is in full swing and we believe it should be finalized well in time to report on in our next shareholder annual report.

A final inhibition on the value of the company remains its debt. Its disposal of the Maseve mine in 2016 left the company as a pure exploration company, but with US\$60m of reasonably expensive debt, some \$40m of which is due in November this year.

Reducing this exposure, and certainly rescheduling any debt payable until the development of the mine infrastructure is well underway, is a key challenge that the company must currently resolve.

LETTER TO SHAREHOLDERS

(continued)

It appears to us that the cumulative uncertainty of all these inhibitions is the reason that the trading value of the equity of the company remains between US\$40m and \$50m.

HCI remains confident these hurdles will be overcome in due course and that the mine will be developed as planned. In this event we believe the stock will be favourably re-rated and our entry point will prove to have been a good choice. We have, accordingly, continued to invest in the opportunity.

The investment does of course have development risk ahead of it and, thereafter, the usual mining risk of changes in commodity prices. For what it is worth, some five years ahead of the contemplated promised production commencing in earnest, the commodity price of the basket of metals in the ore body, dominated by the palladium price, remains very attractive.

Smaller businesses

We have two smaller businesses in the group, namely BSG and GRIPP. Both these businesses had good years, for BSG, one of their most profitable years.

GRIPP had many start-up issues to resolve in what was their first year of operation. These issues included the approvals from gaming authorities to provide internal audit functions on gaming licences and complying with JSE hurdles regulating related party transactions. All of this was successfully completed and GRIPP is now in a sufficiently stable and somewhat profitable position to provide internal audit functions across the group. The challenge is to grow into a general service provider to companies outside the group; its management are determined to try to do.

Disputes (Ithuba)

While there are a number of gaming related disputes around licencing, these have persisted for a number of years and appear to be almost part of the normal way of conducting business in the industry. We make no special comment thereon.

Other than that area, the company has been involved in one major dispute on which a considerable amount turns, namely a dispute with the operators of the national lottery, Ithuba and its managing company Zemani.

HCI was the primary funder of the establishment of the new lotto licensee and was exposed to significant risk at the time of investing. The terms of its funding reflected this equity risk.

At a point where the operators appeared to feel the start-up risk of the new business had essentially disappeared and its success was largely assured, they purported to cancel the funding agreement and refund HCI its investment early.

This, amongst other issues bothering HCI at the time, resulted in a dispute as to whether the company was entitled to do this and whether it was in breach of various obligations it had to HCI entitling HCI to exercise various

"step in" rights in respect of the Lotto business.

This dispute has been referred to arbitration without a right of appeal heard before a panel of three arbitrators. The matter is currently awaiting judgement, which is expected soon.

HCI Foundation

Our decision to fund bursaries, pending us seeing whether the Government would make good on the promise of free tertiary education announced by the departing President, had interesting results. Eventually, NSFAS paid out many bursaries in September 2018, resulting in us getting refunded about a third of the bursaries we had offered, a month before students sat to write examinations.

Effectively, we removed a great deal of anxiety from the lives of the students we supported last year, but it is now clear that government is in fact going to cover most of the bursaries we have been providing to date. As a result we are in the process of reforming our focus to accommodate this shift. To some extent we will focus on Honours degrees and other post-graduate course work programmes, but our shift is more likely to move to early childhood education over the next few years.

Corinne Abel is retiring as the head of our Foundation in September 2019 and will be replaced by Jamala Safari who has run our bursaries division for the last several years. Corinne has played a seminal role in developing skills within the Foundation and providing it with focus. No doubt she will be sorely missed but we have every confidence that Jamala will rise to the challenge and lead it forward as its opportunities adapt around it.

HCI Board

Subsequent to year end Kevin Govender, our financial director of the last eighteen years requested to let go of the central financial responsibility in the company. Rob Nicoletta has been appointed to replace him. Rob has been in the wings for the last decade and it is our joy to see him on the board in this role. We wish him every success. Kevin will remain an executive director of HCI focused on other areas of our work.

Two non-executives on our board, Moretlo Molefi and Connie September were moved to serve on the boards of our newly listed Hotel company and its subsidiary listed property REIT, where we are confident they will make a good contribution. We thank them for their contributions to the HCI board.



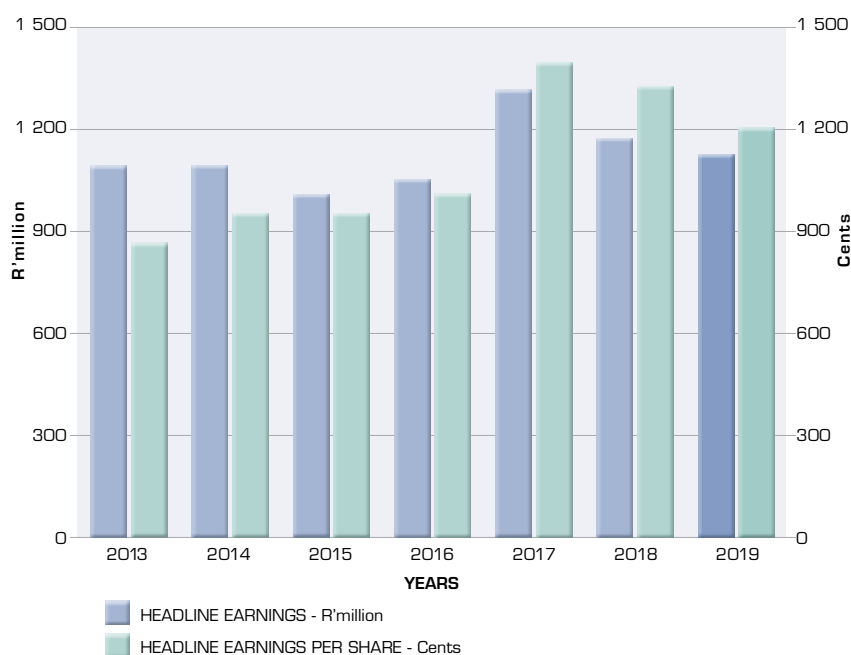
John Copelyn
Chief Executive Officer

FINANCIAL HIGHLIGHTS

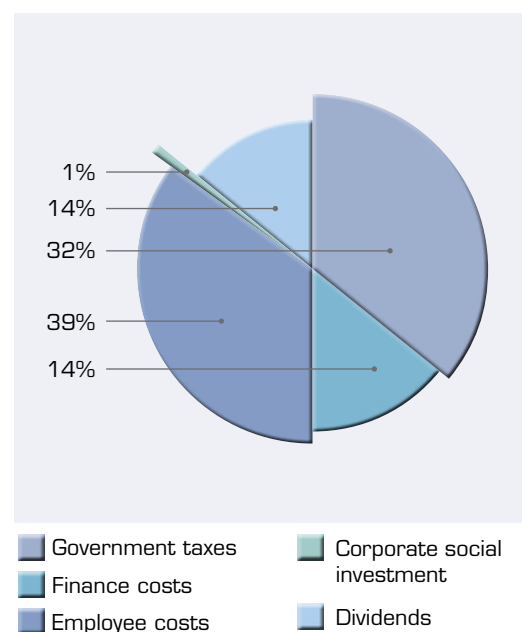
SEVEN YEAR REVIEW

		2013	2014	2015	2016	2017	2018	2019
Shares in issue (net of treasury) - at year end	- million	123 224	106 176	104 040	104 108	95 336	85 882	84 875
Share price - high	- cents	11 790	15 543	18 068	16 460	15 000	16 299	15 650
- low	- cents	7 912	11 001	12 999	9500	10 450	11 691	10 206
- at year end	- cents	11 253	14 950	14 500	11 202	14 185	14 400	11 179
Dividend per share	- cents	108	140	165	190	215	240	265
Net asset carrying value per share	- cents	10 469	11 391	11 437	15 887	17 897	17 785	19 043
Headline earnings	- million	1 084	1 086	1 000	1 044	1 306	1 164	1 029
Headline earnings per share	- cents	860	946	946	1003	1385	1 316	1 200
Revenue (Including net gaming win)	- thousand	7 367 054	9 084 334	17 257 150	21 541 637	23 115 780	23 802 264	25 160 495
EBITDA	- thousand	1 465 041	1 651 746	4 108 378	5 748 916	6 534 810	6 285 627	6 587 725
Profit after tax	- thousand	1 815 248	1 265 697	4 455 590	2 121 972	3 274 477	1 976 383	1 664 410
BBBEE certification	level	2	2	2	3	2	2	2

HEADLINE EARNINGS



VALUE ADDED STATEMENT 2019 – R12.7bn (2018:R11.6bn)



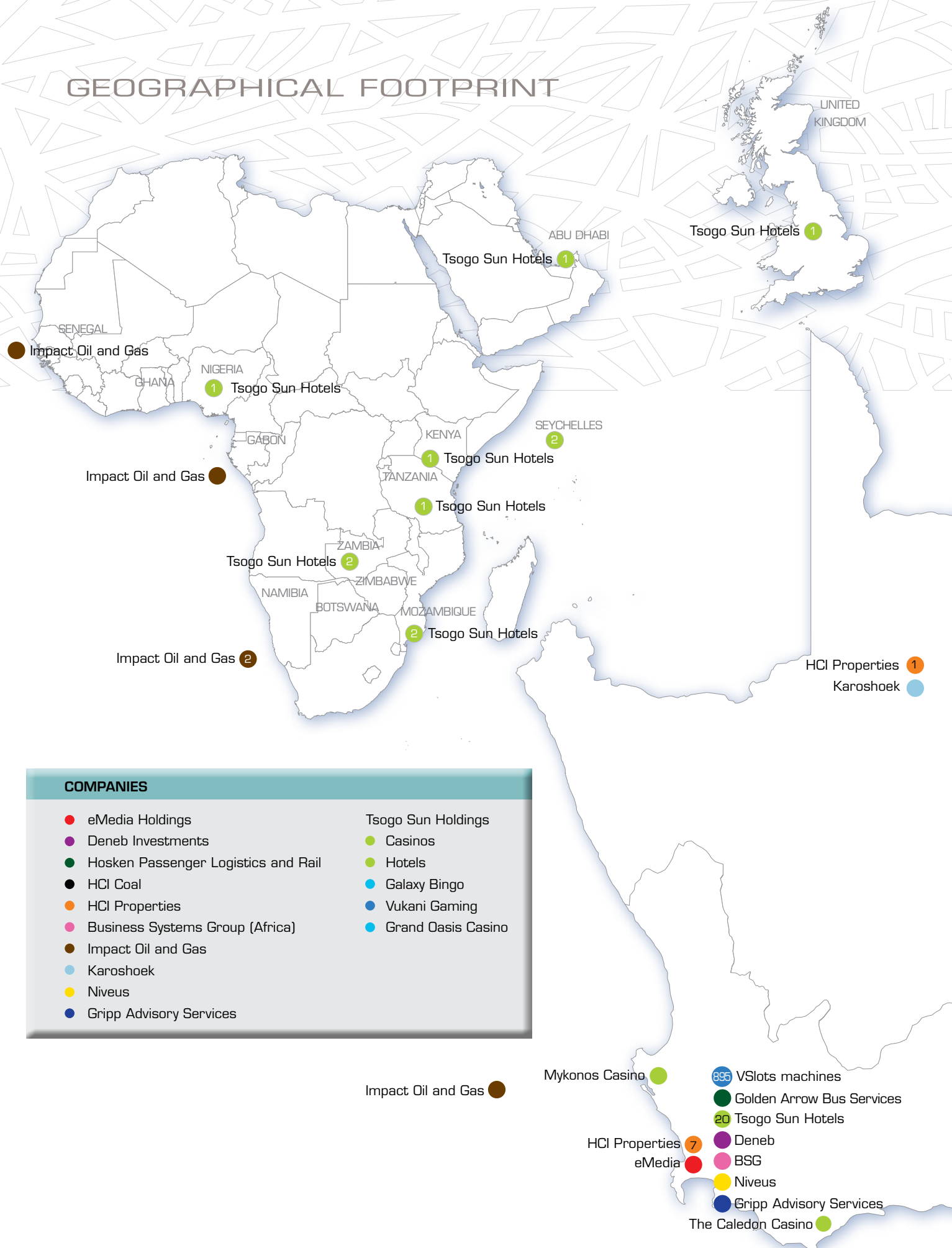
DIVIDEND PER SHARE

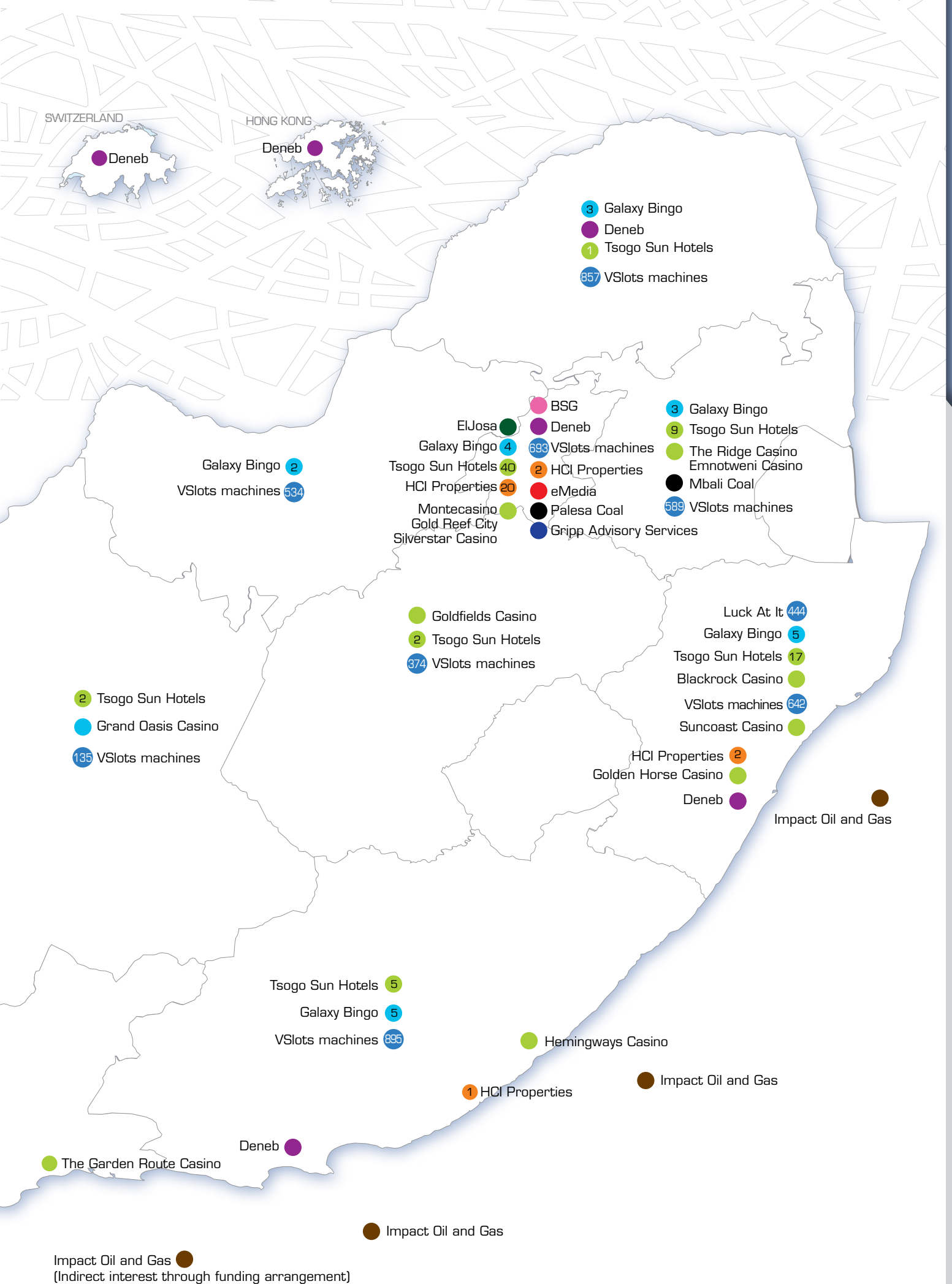


NET ASSET CARRYING VALUE PER SHARE



GEOGRAPHICAL FOOTPRINT





OPERATIONAL OVERVIEW



TSOGO SUN HOLDINGS LIMITED ("TSOGO SUN")

www.tsogosun.com

Tsogo Sun Group highlights for the year:

Income	R 11.6 billion	up 18%
EBITDAR	R 4.1 billion	up 11%
Adjusted HEPS	160.3 cents	down 3%
Total dividend per share for the year	188.0 cents	up 84%

Trading for the year ended 31 March 2019 was impacted by the continued pressure on the consumer due to the macro-economic environment. The improved sentiment arising from the positive political developments has not translated into a significant improvement in trading and no change is expected before there is more certainty following the elections earlier in the month. Trading has remained volatile and, while remaining weak on the prior year on a comparable basis, reflected good growth during August and September 2018 and February and March 2019. The trading results were positively impacted by the acquisition of the Galaxy Bingo ("Galaxy") and VSlots ("Vukani") businesses, on 20 November 2017. In the low-revenue growth environment cost control remained a priority during the year.

Gaming

Total income for the year of R11.6 billion ended 18% above the prior year mainly due to a 21% growth in net gaming win, including the impact of Galaxy and Vukani, a 4% growth in hotel rooms revenue and a 9% growth in food and beverage revenue.

Ebitdar at R4.1 billion for the year was 11% up on the prior year. Excluding the impact of the Galaxy and Vukani acquisition total income grew by 2% and Ebitdar was 2% down on the prior year, of which the 1% increase in VAT accounts for the majority of the Ebitdar reduction. The overall TSH Ebitdar margin of 35.0% is 2.4% down on the prior year due to the impact of the weak revenue growth net of cost savings of 0.8%, the 1% increase in VAT of 0.6% and the impact of the full year of the lower margin Galaxy and Vukani businesses of 1.0%.

Total income for the casino gaming division increased 2% on the prior year to R9.2 billion. Ebitdar remained flat on the prior year at R3.4 billion at a margin of 36.8%, 1.3% below the prior year with particularly good control on overheads mitigating the reduction in net gaming win and the impact of the 1% VAT increase.

Net casino gaming win for the year increased by 2% on the prior year with an increase in slots win by 1% and tables win by 5%. Slots handle increased by 4% but was adversely impacted by a reduction in win percentages resulting in the 1% growth in win. Tables drop increased by 6% but was



Sandton Sun

also adversely impacted by a reduction in win percentages resulting in the 5% growth in win.

The Galaxy and Vukani businesses were consolidated in the prior year from 20 November 2017. Total income for the year for Galaxy was R855 million (2018: R263 million) with Ebitdar of R247 million (2018: R69 million). Total income for the year for Vukani was R1.6 billion (2018: R543 million) with Ebitdar of R441 million (2018: R169 million).

The Galaxy and Vukani businesses together account for 16% of the growth in TSH income and 12% of the growth in TSH Ebitdar for the year.

In terms of the TSH's continued growth strategy R1.5 billion was spent during the year, including:

- the completion of the R1.5 billion expansion and refurbishment of the Suncoast Casino and Entertainment World. The Salon Privé opened in August 2018 and the rest of the development, which includes the expanded casino floor, restaurants, The Globe, retail shops and parking, opened in December 2018. In total, R758 million was spent during the year;
- gaming machine and expansion-related expenditure for the KwaZulu-Natal Bingo sites in Galaxy and gaming machine-related expenditure for site expansion and the acquisition of intellectual property rights to Limited Payout Machines ("LPM") in Vukani of R164 million;
- continued investment in the Monte Circle office



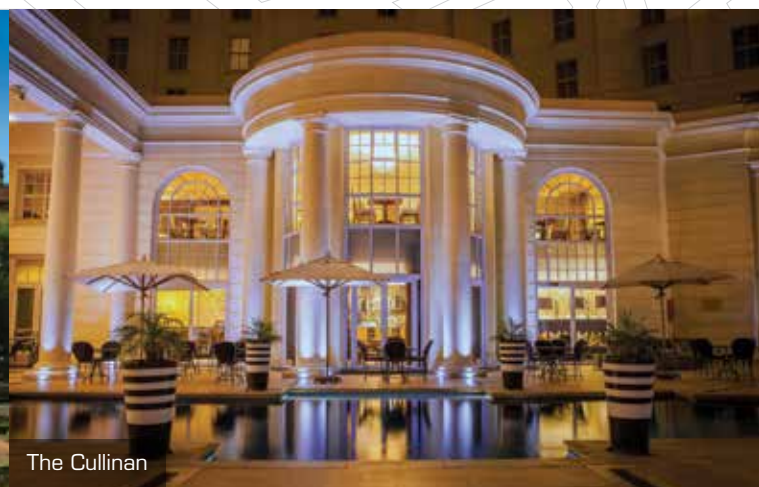
Palazzo Hotel

OPERATIONAL OVERVIEW

[continued]



Montecasino



The Cullinan

development of R29 million; and

- TSH invested R558 million on replacement capex, ensuring its assets remain best in class.

Hotels

Total income for the year of R4.4 billion ended 1% above the prior year with a 2% growth in both rooms revenue and food and beverage revenue assisted by a 9% growth in management fees, offset by a 13% reduction in property rental income on the third-party managed hotels in Hospitality Property Fund. Ebitdar at R1.5 billion for the year was 6% down on the prior year. The Ebitdar margin of 33.9% is 2.5% down on the prior year due to the impact of the weak revenue growth, net of cost savings.

Overall hotel industry occupancies in South Africa have reduced to 62.4% (2018: 64.2%) for the year. Occupancies in Cape Town have remained weak as a result of the impact of the water shortage and additional supply.

Trading for the South African hotels division for the year recorded system-wide revenue per available room ("RevPar") 1% up on the prior year due to a 2% increase in average room rates to R1 092, offset by a reduction in occupancy on the prior year to 63.5% (2018: 64.7%).

Overall revenue for the South African hotels division was flat on the prior year at R3.8 billion assisted by the inclusion of the opening of the SunSquare and StayEasy City Bowl hotels on 1 September 2017. Ebitdar decreased by 8% on the prior year to R1.3 billion at a margin of 35.6% (2018: 38.7%).

The offshore division of hotels achieved total revenue of R605 million which increased 7% on the prior year, impacted by 4% due to the opening of the StayEasy Maputo hotel during April 2018. This was further favourably impacted by the weakening of the Rand against the US Dollar. Ebitdar (pre-foreign exchange gains) increased by 16% to R138 million. Foreign exchange gains of R6 million (2018: R1 million) were incurred on the translation of offshore monetary items, principally between local country currencies and the US Dollar.

In terms of the TSH's continued growth strategy R445 million was spent during the year, including:

- the completion of the US\$16 million 125 room StayEasy in Maputo, Mozambique, which opened during April 2018. In total, R52 million was spent during the year; and
- TSH invested R383 million on replacement capex, including major hotel refurbishments, ensuring its assets remain best in class.

TSH adjusted headline earnings for the year at R2.0 billion ended 1% above the prior year. The number of shares in issue increased during the prior year on the acquisition of Galaxy and Vukani with the weighted average number of shares increasing by 6% and the resultant total TSH adjusted headline earnings per share is 5% down on the prior year at 188.1 cents per share.



Suncoast Hotel



Beverley Hills Hotel



Southern Sun Maputo

Prospects

Given the continued weak state of the South African economy trading is expected to remain under pressure. Growth will depend on how the economy performs going forward and the level of policy certainty that the South African government is able to achieve. Nevertheless, TSH remains highly cash generative and is confident in achieving attractive returns from the growth strategy once the macro-economic environment improves.

TSH continues to implement a variety of projects including:

- the unbundling and separate listing of the hotel division which will provide shareholders with greater investment choice and the ability to manage their exposure to gaming and hotel operations respectively. It is also envisaged that the separate listing will provide shareholders with more detailed disclosure relating to the operations of the hotel division and allow for its valuation without

discounting for gaming-related regulatory risks;

- 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 TSH should the provincial authorities allow such a process. The Western Cape Provincial Treasury published a draft Bill and Regulations intended to permit the relocation of outlying casinos to within the Metropole, however, progress remains slow and the final result uncertain; and
- the ongoing cost saving initiatives will continue and further cost savings will be considered during the year.

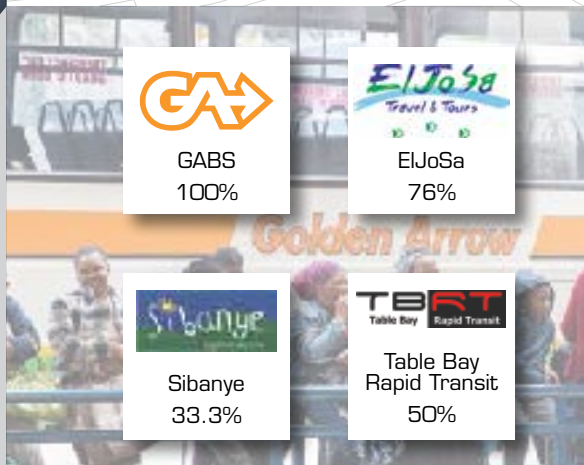
The Galaxy and Vukani businesses are expected to continue to deliver strong growth, ahead of inflation.

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

OPERATIONAL OVERVIEW [continued]

HPL&R

Hosken Passenger Logistics & Rail



HOSKEN PASSENGER LOGISTICS AND RAIL ("HPL&R") www.hplr.co.za

While the year under review has been testing in a number of ways, HPL&R has nonetheless posted steady results which augur well for the future. In the face of economic recession, HPL&R was able to draw on its legacy of a century and a half's operational experience when dealing with an increasingly challenging operating environment.

These challenges included a national five-week protected strike, an additional illegal strike related to in-sourcing which affected the MyCiTi operations and unusually high fuel price increases. In addition to this, the run up to the elections was marred by the disruption of services and an upsurge in vandalism and arson.

HPL&R revenue reflected a nominal decrease of 1.6% from the prior year. Two fares increases, totalling 14.5%, were implemented during the year. Operating expenses were marginally up by 1.7% compared to the previous year, which was mitigated by improved operating efficiencies. The net effect for the review period is the reduction in operating profit by 9.3% from the prior year.

Subsequent to year end, the group's principal subsidiary Golden Arrow Bus Services acquired the remaining shares in Sibanye Bus Services and Table Bay Area Rapid Transport.

Looking forward, HPL&R remains confident that with increasing urbanisation and the spatial development initiatives associated with it, the demand for safe and reliable road based public transport will continue to increase.

HPL&R is further poised to take advantage of expanded bus rapid transit initiatives, and pursuing opportunities in the broad transport value chain, whilst continuing to build on the finesse of providing conventional bus transport through its contractual engagements with government.

Golden Arrow Bus Services ("GABS")

GABS operates a contract for the Western Cape Provincial Department of Transport for the provision of commuter bus services across the Cape Metropole. It has a fleet of 1147 buses.

In spite of the tough operating environment GABS managed to produce steady results.

Notwithstanding the five-week strike and increased wage and fuel costs, GABS nonetheless reflected a 3% rise in revenue while maintaining costs at a marginal 2% increase through stringent cost containment measures.

Contract revenue from government increased by a modest 3.2% and this combined with the fares increase of 14.5% offset the above inflation wage increases and fuel price increases. These costs were further offset by the installation of fuel-saving electronics and the continued reduction of unproductive kilometres.

In an attempt to further reduce costs, GABS filed an exemption application with the Bargaining Council and should have clarity in this regard towards the end of 2019.

Breakdowns in the company reached an all-time low with a 7% reduction recorded during the review period. The low



breakdown rate bears testimony to the rigorous planned maintenance schedules and consistent fleet recapitalisation sustained over the past 15 years.

The Automated Fare Collection system has been implemented according to project timelines and the data derived from the system has provided unique insights across a range of variables inherent in the operation of services.

Table Bay Rapid Area Transit ("TBRT")

TBRT is a vehicle operating company for the City of Cape Town's MyCiTi brand. It operates the trunk service along the Atlantic corridor from Table View to the CBD, as well as services from the CBD to Sea Point and Camps Bay and has a fleet of 78 vehicles.

Due to two strikes and higher maintenance costs associated with an ageing fleet, TBRT posted a 3.5% reduction in earnings and 17% drop in profit after tax.

TBRT'S performance record stands it in good stead to increase its footprint in future service roll-outs scheduled for 2022.

Sibanye Bus Services ("Sibanye")

Sibanye predominantly operates out of Atlantis with a fleet of 61 buses.

During the year under review, revenue remained flat, with profit after tax reducing by 6%. This is largely attributable to a decrease in cash fare income and an increase in general expenses impacted by the strike.

The acquisition of eight new buses will improve efficiency gains and the feasibility of deploying articulated buses on the longer Atlantic seaboard routes is under investigation.

N2 Express

During the reporting period, the N2 Express, which was previously operated as a division, was taken over by the N2 Express Company with GABS holding a 33% interest, with the balance of the shareholding held by two minibus-taxi associations.

N2 Express operates four MyCiTi routes between the Metro South-East and the Cape Town city centre with a fleet of 45 buses.

The company recorded a 20% increase in net profit after tax as a result of a larger service offering and a decrease in general expenses.

The N2 Express operating contract expired at the end of May 2019.

ElJoSa Travel and Tours ("ElJoSa")

ElJoSa Travel and Tours operates across Cape Town and parts of Gauteng in the competitive school transport and luxury tours market segment.

It acquired 11 new buses over the review period to bring its fleet up to 48 buses. During the review period, ElJoSa grew its revenue by 32%.

Hosken Passenger Logistics and Rail is separately listed on the JSE Securities Exchange, and more information can be found on the group at www.hplr.co.za

OPERATIONAL OVERVIEW (continued)



eMEDIA HOLDINGS www.emediaholdings.co.za

The business of eMedia is on the road to profitable recovery, after a few stagnant years, mainly due to its investment in OpenView. OpenView is South Africa's first free satellite television service.

Although television revenue has in the past year shown negative growth of 4%, eMedia has gone against the trend, and recorded a 4% year on year growth. This growth in revenue is under-pinned by real growth in e.tv and OpenView, and a strong performance by eNCA, in the face of increased competition in the news genre.

e.tv

In March 2019, e.tv grew to hold an audience share of 19.2% in prime time, from 15% in March 2018, and still maintains its position of being the 2nd most-watched channel in the country.

The flagship shows *Scandal* and *Rhythm City* have maintained its viewership throughout the fiscal. *Scandal* reached a high of 6 million viewers in both August 2018 and March 2019, which has been a great achievement for the channel. *Rhythm City* has also maintained its viewership of over 4 million viewers in 2018/2019.

In April 2018, the new local drama, *Imbewu*, launched on e.tv and has since been a top performing show in its timeslot.

It grew from under 2 million viewers to a high of over 4.4 million viewers at 21h30 on week nights. *Imbewu* has created a new peak in the South African daily viewership pattern, and continues to make the channel proud. The maintenance of peak performance in audience generation sees the introduction of a new drama, *Isipho*, which will be shown in the daily 18h30 slot.

In May 2018, e.tv made the decision to outsource the production of *The Morning Show*, which was previously *Sunrise*. The show has since gone through restructuring and many changes to ensure that the morning viewers are kept engaged and entertained.

February 2019 saw e.tv venturing into a new direction when it partnered with international streaming service Vuu. The channel has made some of its local content available on the platform and has high hopes for the future of this partnership.

OpenView

At the end of March 2019 the overall group audience share for OpenView was 7.25% and OpenView was available in over 1 570 000 households, having started the year on just over 1.1 million households. The advertising revenue on the OpenView platform has increased by 118.6% from the previous fiscal.

2018 was a big year for OpenView where many strategic channel changes were made. At the end of August, *Star Life*, a channel out of the *Star TV* group,



was introduced as a part of the OpenView offering.

One of the successes over the past year was the addition of the eExtra Afrikaans block, which has Afrikaans-dubbed Turkish telenovelas that reached a peak of over 320 000 viewers at the end of March 2019.

In November 2018, OpenView launched Open News, a local news channel to the platform. Local news is broadcast from 4 to 8pm daily, and outside of that Open News has partnered with international broadcasters who provide international content to the viewers.

eReality was launched in November 2018 and has gained huge viewership since its inception. OpenView is at present scouting for more content that will bring value to the offering.

OpenView is set for an operational break-even point within the next 24 months.

eNCA

eNCA has seen a 3% increase in revenue from April 2018 to March 2019, which is a positive sign for the eMedia Group. The channel is still ranked the most watched news channel in the country.

In July 2018, eNCA went through an overall change where the channel refreshed its logo, its line-up, studios, as well as its presenters. The channel is now represented in a sophisticated and fresh format, yet still maintaining its No Fear No Favour positioning.

Subsidiaries

Certain of the Group's other subsidiaries have performed satisfactorily for the year. These include Sasani Africa and Moonlighting, while other assets have underperformed but shown improvement towards the latter part of the financial year. Management continues to review non-core and peripheral businesses and will exit these businesses when opportunities present themselves. To this end, certain assets such as The Refinery Johannesburg and MovieMart were closed. Other non-core assets were sold during the year, these include Da Vinci Learning, Coleske Artists, Afrikaans is Groot and Strika Entertainment.

The television market is facing numerous technology and viewership challenges, which will require the Group to continually assess its strategic alternatives. The investment in OpenView provides the group with strategic flexibility and is part of the plan to address the challenges of the impending digital migration transition. Government is continuously engaged on their DTT and DTH plans. With the sale and the closure of certain non-core assets during the year the Group is now focused on its core businesses of broadcasting, content creation and being a platform and technology provider.

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 (continued)

DENEB

INVESTMENTS LIMITED



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

Deneb made some good progress in the year under review, despite various challenges. The brand distribution businesses, with a few notable exceptions, struggled with a softer retail environment and saw both turnover and margins under pressure. The manufacturing businesses were negatively impacted by the poor economic conditions which saw demand soften. This is particularly true for the manufacturing businesses interfacing into the agricultural, construction and mining sectors. Despite these factors, most businesses within Deneb produced improved results.

Turnover from continuing operations was up R409 million (16%) to just shy of R3 billion. This growth is attributable in part to acquisitions made in the prior year being held for a full twelve-month period in the current financial year. However, certain of the businesses did manage to achieve good growth despite the difficult environment, most notably Formex our automotive component manufacturing business.

Gross margins as reported reflect a decline of 110 basis points. It should be noted though, profits and losses on foreign exchange hedges are recorded in the other income and expenses line, below gross profit. The other side of the foreign exchange profit and loss will, to a large extent, reflect in the landed cost of products sold and thus needs

to be considered in any analysis of gross margins. In the current year Deneb recorded a foreign exchange profit of R15 million as opposed to a foreign exchange loss of R26 million in the prior period. Adjusting for the foreign exchange movements sees gross margins increase by 50 basis points year on year which is more reflective of the operating reality.

Operating profit before fair value adjustments from continuing operations was up R40 million (37%). The weaker property market meant that investment properties were revalued up by just R13 million in the current period as opposed to R44 million in the prior period. Owner occupied properties were revalued up by R31 million in the current year as compared to R29 million in the prior period.

In the prior year, Deneb recognised a deferred tax asset which resulted in taxation income of R63 million being reported. In the current year it has reported a taxation expense of R20 million. The swing in the taxation number results in Deneb reporting a profit after tax from continuing operations of R31 million down R83 million (73%) on the prior period.

Deneb has started a process that may lead to it divesting from certain businesses namely Winelands Textiles, Frame Knitting Manufacturers, Brand ID and First Factory Shops. The businesses have been put on



the market for sale and the results for these businesses are disclosed under discontinuing operations. Collectively, these businesses reported a loss in the current period of R78 million as compared to a loss of R108 million in the prior period. The current period loss can be broken down into an operating loss of R35 million (2018: R87 million), impairments and restructuring

costs of R40 million (2018: R30 million), interest of R8 million (2018: R1 million) and tax credits of R5 million (2018: R10 million).

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

OPERATIONAL OVERVIEW

(continued)



HCI PROPERTIES ("HCIP")

www.hciproperties.co.za

HCI Properties revenue increased by 18% for the period under review with annual escalations and tenanting efficiencies in the portfolio. EBITDA increased in line with revenue by 17%. Headline earnings increased by 5% to R67.8 million [2018: R64.8 million] as increased growth in earnings were offset slightly by finance charges.

Completed Developments

Retail

Whale Coast Mall in Hermanus (joint venture with Checkers and Dorp Straat) opened phase 2 in November 2018 with the addition of Food Lovers Market. Vacancies of 3% and trading densities continue to improve as shopping patterns in the area adapt to this dominant regional centre in the region. The mall won the Retail design and development awards for the category "New Developments -in recognition of excellent design resolution and achieving innovative construction solutions in the development of a shopping centre".

Our malls continue to forge ahead; Blue Hills is 100% let; Kalahari Mall has no vacancies; and there is a waiting list of retailers at The Point Mall in Sea Point looking for space. Olympus Village convenience centre national anchors continue with double-digit growth and

Woolworths Food will open a store this year.

Notwithstanding tough trading environments, the asset management team focused on cost management and tenant retention across the portfolio. Uncompromised maintenance and improvement of the retail properties remain integral and we continue to invest in key areas to ensure a quality product.

The biggest area for concern currently for our retail portfolio has been the food and restaurant sector which has the highest defaults and arrears.

The 1 300 kWp solar plant at Kalahari Mall was completed and went operational in March 2019. The investment in the carport structure solar plant was initiated to mitigate the effects of the increasing cost of electricity and reduce our carbon footprint. In the process a more pleasant shopping experience for the Upington community was creating with the shaded parking.

HCIP has curtailed its expansion in the retail asset class over the last three years and currently has no further pipeline of acquisitions.

Office

The Monte precinct development continues its positive momentum with the 4th building under construction. The development of a secure, large scale precinct in the Fourways node continues to be successful in the challenging office market in South Africa.



Our Western Cape and Kwa Zulu Natal office buildings are 100% let. Given the sector vacancies, dipping business confidence and general economic conditions, tenant retention is once again a key focus. Maintenance and upgrades receive the attention they deserve and our vacancy level of 8% is being addressed.

Industrial

The industrial portfolio continues to perform well. The Sydney Road industrial buildings are 100% let as is the precinct in Westlake JV with Abland; DDV Seed Services and H&M have just moved into their new premises.

Mixed Use

The Palms mixed-use centre has undergone a significant upgrade reducing its vacancies from 32% to under 10%. The node itself (Woodstock) is rejuvenating; the acquisition of this centre was well-timed.

Inner City Housing and Student Accommodation

During the current financial year our third inner city housing property was completed. The completion of Solly Sachs house will result in HCIP having rental stock of 1080 residential units in the Johannesburg central business district.

Key to our success in this area is the integration of retail in the developments, the hands on development approach and active post-completion management of the assets.

Shell House retail space is 100%, let with waiting lists.

Gallagher Convention Centre

Gallagher Convention Centre had experienced an uptick in business towards the latter part of 2018. The trend, however, is the reduction in size of the larger events as well as the prevalence of last-minute events, thus resulting in an unpredictable environment when it comes to forecasting.

During the year under review, Gallagher in-sourced its food and beverage offering. A town planning application to allow the construction of a hotel on the site to complement our conferencing and exhibition business has been submitted.

Residential

HCIP, together with Berman Brothers, successfully obtained the rights to include affordable housing in the planned 18-storey complex to be built in Sea Point. This is a first in South Africa for developers to bring to market a development of this nature. Ratepayers and residents have appealed the development and the matter will be heard at Mayco during FY2020.

Lastly, we have finally broken ground on our Steenberg Green residential development.

Residential developments will not become a focus of HCIP going forward.

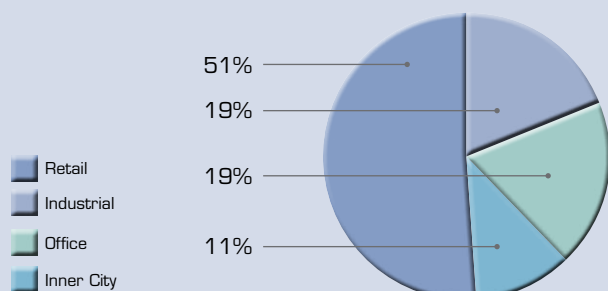
OPERATIONAL OVERVIEW (continued)

KPI	Industrial	Inner city	Office	Retail
Gross Letting Area ["GLA"] (m ²)	53 905	30 447	55 914	146 747
No. of units	-	780	-	-
Revenue (R'000)	46 710	45 697	139 950	292 012
Vacancies	0%	2%	8%	3%
Vacancies by GLA	-	583	4 480	3 762
Weighted average unexpired lease term ["WAULT"] (years)	4	1	4	5

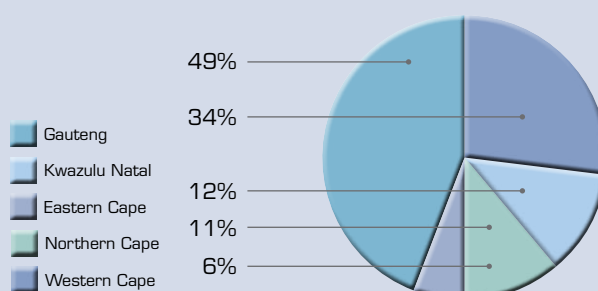


Whalecoast Mall

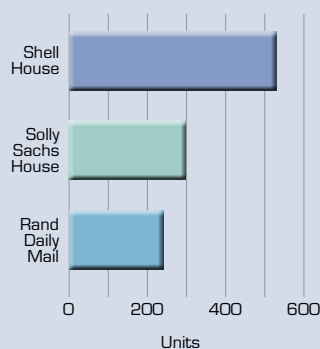
HCI PROPERTIES : GLA
(by Property Type)



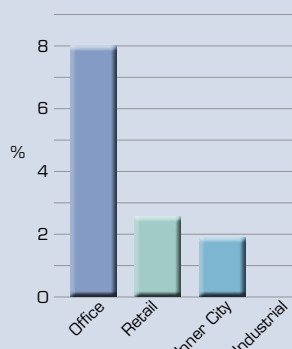
HCI PROPERTIES : GLA
(by Region)



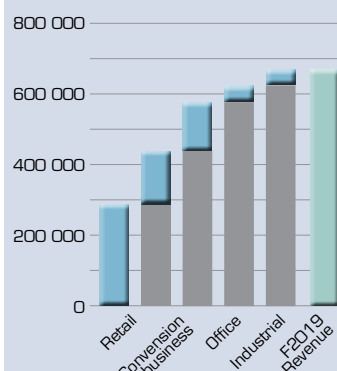
INNER CITY
Residential Units



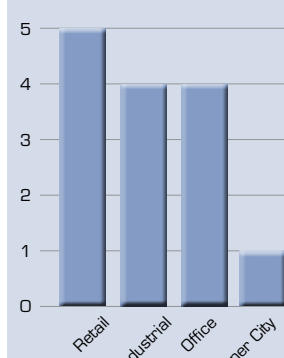
TOTAL VACANCIES



REVENUE STACK
(by Property Type)



WAULT
(by Property Type)





NIVEUS INVESTMENTS LIMITED ["NIVEUS"]

www.niveus.co.za

Niveus owns a 58% interest in the La Concorde Group, which in turn owns investment properties, the Laborie farm, an art collection and cash. La Concorde has received an offer from HCI Properties to buy several of the investment properties; this offer allows La Concorde a 60 day period to pursue alternative offers. Once these properties are sold, the remaining assets of La Concorde would consist largely of Laborie, the art collection and cash. We are exploring options for the development of new facilities at Laborie which would enable us to add value to this magnificent property.

Niveus is in the process of selling its share in Betcoza, an on-line and retail sports betting business. The business has stabilised over the past year and has grown its turnover and customer base, however gross gaming revenue remains

volatile. The sale will enable Niveus to recover its investment and focus on other areas. We hope to implement the various transactions in the third quarter of 2019.

Niveus owns a stake in Alphawave Golf, a golf-ball tracking business. This is an exciting business in a new and growing market. The company draws on strong South African engineering and IT skills for the development of its systems. Alphawave is making good progress in commercialising its technology and is now active at sites in the UK and the USA. The Alphawave mobile application, which will allow users to track their shot accuracy and progress, is now available commercially and early user indications are very positive. The company is in discussions with several potential business partners in Europe and the USA.

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

OPERATIONAL OVERVIEW (continued)



Palesa Colliery

HCI COAL PROPRIETARY LIMITED ["HCI COAL"] **www.hcicoal.co.za**

HCI Coal achieved very satisfactory results for the year ended March 2019 despite frequent incidents of community unrest experienced at both our operations which had an adverse effect on production and coal deliveries.

Despite this, the business as a whole continued its steady progress and performed ahead of expectations for the year under review. Revenue for the year increased by R270 million to R1.47 billion and EBITDA increased from R309 million (excluding the profit on disposal of the Nokuhle reserve) to R385 million.

The company's safety record has improved marginally over the past financial year as the LTIFR (Lost Time Injury Frequency Rate) on a cumulative basis ended on 0.10 (FY 2018 : 0.14). Continuous training and implementation of further discipline and compliance of health and safety practices should see further improvements in this regard in the future.

Palesa Colliery sales volumes increased by 2% up from 2 170 817 tons sold in the previous year to 2 206 102 tons, with mining contractor inefficiencies leading to reduced volumes up to December 2018. These shortfalls were corrected in the last three months of the financial year following a change in mining contractor. The

colliery extended an off-take agreement to supply Eskom for a further 6 years at higher volume.

Mbali Colliery Sales volumes increased by 1% up from 905 729 tons sold in the previous year to 915 231 tons, while revenue increased by 23% as export sales price achieved were 19% higher than the prior year. Mbali continues to supplying coal to both the export and local markets as it extended its offtake for Export quality coal (RB1) for a further 12 months.

HCI Coal continues to work in collaboration with the Department of Mineral Resources and local municipalities to identify social development opportunities that improve the lives of local residents. On the 28th of July 2018, HCI Coal handed over two water treatment plants to the Emalahleni municipality. Through this initiative, water from various sources such as the Witbank Dam, passes through this portable infrastructure and enables safe, clean, drinking water to be accessed by 100 000 people on a monthly basis.

Another project which came as an initiative advised by City of Tshwane Region 7 was the equipping of 4 boreholes and the extension of the water reticulation system in the Sokhulum area. This project enabled the municipality to supply potable water to an estimated population of 9 000 local people on a daily basis. Previously water was received by means of water tanker which was unreliable and only dispatched once a week.



	Palesa Colliery Tons	Mbali Colliery Tons	Total Tons
Mineral reserve: proven	64 283 287	2 249 830	66 533 117
Mineral reserve: probable	17 551 309	-	17 551 309
	81 834 596	2 249 830	84 084 426



PLATINUM GROUP METALS LIMITED
www.platinumgroupmetals.net

Platinum Group Metals Ltd. is a North American listed mineral exploration and development company focused on South African assets.

Platinum Group is currently advancing the Waterberg platinum and palladium project which is being jointly developed by Platinum Group, Japanese state-owned enterprise Japan, Oil, Gas and Metals National Corporation, Hanwa Corporation and Impala Platinum Holdings Limited,

the world's third largest producer of platinum. HCI currently holds a 19% stake in Platinum Group and is involved in the oversight and completion of the Waterberg definitive feasibility study currently in progress.

Located in Limpopo, on the northern limb of the Bushveld complex, Waterberg represents a large-scale platinum group metals resource with an attractive risk profile. Given its shallow nature and ability to support a fully mechanised operation Waterberg has the potential to have amongst the lowest operating costs in the PGM sector.

OPERATIONAL OVERVIEW (continued)



IMPACT OIL AND GAS LIMITED ("IMPACT")

www.impactoilandgas.com

Impact Oil and Gas Limited ("Impact") is a UK-based hydrocarbon exploration company. Its strategy has been to build a portfolio of deep-water prospects, offshore Africa, and then sell-down a majority interest in the licence to an industry super-major with the technical and financial capability to operate through the drilling phase. Having built the portfolio and farmed-out most of its acreage, Impact is now heading into an exciting period, with the drilling of such prospects, that have now been matured and partnered.

Upcoming Drilling Program

Impact commenced its drilling phase through an indirect participation in the Brulpadda-1X well, which completed in February 2019. The well, which is approximately 175 km off the southern coast of South Africa in Block 11B/12B, was declared a major gas-condensate discovery by Total (the Operator). In December 2018, Impact acquired an indirect interest in the Block through an arrangement to fund the BEE interest in Main Street, the joint venture company, which owns a 10% equity interest in Block 11B/12B. The Brulpadda discovery lowers the risks on four additional high-graded prospects in the Block and is likely to see the Joint Venture follow-up with up to three additional wells between 2020 and 2021 on these prospects.

In addition, Impact anticipates that the Venus prospect in Block 2913b, in the Orange Basin in Namibia, will be drilled around 4Q19 / 1Q20, by Total (the Operator). The Venus prospect was been identified by Wood Mackenzie as one of the top 20 wells to watch in 2019, worldwide. In 2018, Impact expanded its position in the Orange Basin, partnering with Total in Block 2912, adjacent to Block 2913b. The transaction completed in 2019. Furthermore, on the South African side of the Orange Basin, Total will join Impact in the Orange Basin Deep licence in the Western Cape.

In the same period, Impact expects at least one well to be drilled in the AGC area operated by CNOOC, where the Joint Venture has identified a number of drill-worthy prospects.

This is an exciting time for Impact, as it sees through several "company-maker" events.

Growth and Opportunities

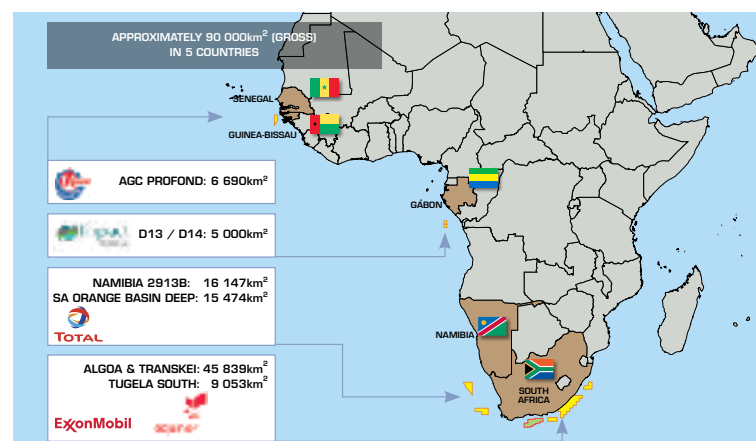
Impact remains one of the largest acreage holders offshore South Africa and the potential of the offshore areas has been demonstrated by the Brulpadda well results. Impact is well placed to take advantage of the renewed interest in South Africa as it, together with ExxonMobil and Equinor, continues the pre-drilling appraisal of its Southern African blocks which lie off the Durban and Transkei coast of South Africa.

Impact has focused on deep-water exploration and continues to believe that deep-water exploration offers significant resource

potential. This approach has seen it attract super-majors into Namibia, the AGC and South Africa. Impact believes interest in the deep/ultra-deep water will continue, as development costs fall, delivering attractive returns.

Challenges

To capitalise on the renewed interest in South Africa, certainty of fiscal terms is critical. Impact is concerned about the timing for implementation of the new legal framework, which remains in a state of flux, after the Department of Mineral Resources discontinued negotiations on a revised Mineral and Petroleum Resources Development Act, in 2018.



In the AGC, whilst the Joint Venture remains focused on drilling a well in 2020, the ongoing delay to the negotiation of the Treaty, which governs the joint development zone between Senegal and Guinea Bissau, remains a concern for the Joint Venture. Since its expiry in 2015, the 20-year Treaty has been periodically extended on a temporary basis, whilst negotiations have been ongoing. We are hopeful that a resolution will be reached in 2019, but will closely watch the progress, as ongoing delays could impact on the timing of the well.

Impact is not unique in facing political challenges, however, its strategy of investing in a geographically and geologically diverse portfolio has positioned it well to manage these challenges.

Industry Outlook

2018 saw a steadier increase in the price of Brent Crude, averaging approximately \$70/bbl, but a sharp drop in 4Q18 has served as a reminder of the fragility of the market. Although this drop has shaken investor confidence in exploration, in 2018 the industry saw some high-value discoveries, particularly in frontier areas, highlighting new frontiers and deep water as critical to exploration's recovery. This fits wells with Impact's focus and strategy.

There are several geopolitical events that could affect oil price and contribute towards the ongoing uncertainty, most notably the continued escalation of tensions between Iran and the US and the political events in Venezuela. However, according to Wood Mackenzie the "Outlook at US\$60 Brent as good as any time in past 20 years".



Unlocking potential • Accelerating performance

KAROSHOEK SOLAR ONE PROPRIETARY LIMITED (RF)

HCI is a 10% shareholder in Karoshhoek Solar One, the company responsible for the Ilanga One solar project located just outside Upington. The company has constructed 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. 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. The plant makes 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.

The plant succeeded in achieving Commercial Operations (successful supply to Eskom) on 2 December 2018. This was achieved on time and well within budget. Initial plant performance was very positive. However, due to an adverse incident resulting from the failure of a component, the plant has since suffered two outages, the second of which persisted for over three months. The Company has claimed damages in line with the contract and we do not expect our Year One projected revenues to be affected. We expect the plant to achieve full production late in the second quarter of 2019.



Karoshhoek

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

www.bsg.co.za

BSG is a homegrown South African Consulting and Technology company that is uniquely positioned to deliver solutions tailored to the South African context. We have more than 22 years' experience across the banking, specialised financial services, insurance, telecommunications, and oil and gas sectors. BSG works alongside its clients to deliver solutions that are data-led and driven by strategy. BSG continues to achieve strong results despite the challenging economic environment in South Africa.



GRIPP Advisory ("GRIPP")

GRIPP commenced operations in April 2018 with offices in Johannesburg and Cape Town focusing on providing professional advisory and business consulting services to the HCI group of companies and the wider market.

During the year, the company spent time establishing itself as an Internal Audit, Information Technology, Forensics, and Regulatory Compliance services provider. Whilst the current year's performance was good despite difficult market conditions, it is poised to maintain its relevance and increase its market share.

GRIPP Advisory is committed to the transformation and social imperatives of the HCI Foundation. As such, the company seeks to create new employment opportunities in the advisory and consulting sector for appropriately qualified HCI Foundation beneficiaries whilst embracing diversity.

For more information, visit: www.grippadvisory.co.za

SHAREHOLDERS' SNAPSHOT

Analysis of shareholders

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2019

Range of holdings

Share Range			Number of shareholders	% of current shareholders	Number of shares	% of Issued Capital
1	–	1000 shares	2 807	72,5	933 332	1,0
1 001	–	10 000 shares	737	19,0	2 349 576	2,6
10 001	–	50 000 shares	186	4,8	4 114 292	4,6
50 001	–	100 000 shares	54	1,4	3 824 041	4,2
100 001	–	500 000 shares	67	1,7	13 847 998	15,4
500 001	–	1 000 000 shares	12	0,3	8 428 528	9,4
1 000 001	–	shares and over	11	10,3	56 628 881	62,8
			3 874	100,0	90 126 648	100,0

Type of shareholder

	Number of shareholders	% of current shareholders	Number of shares	% of Issued Capital
Banks	37	1,0%	5 562 868	6,2
Close Corporation	82	2,1%	3 734 650	4,1
Individual	2 890	74,6%	23 743 205	26,3
Other Corporation	105	2,7%	30 875 033	34,4
Pension Fund	48	1,2%	1 751 317	1,9
Private Company	89	2,3%	20 931 031	23,2
Public Company	30	0,8%	1 186 339	1,3
Trust	593	15,3%	2 342 205	2,6
	3 874	100,0%	90 126 648	100,0

Shareholders' diary

Financial year end	31 March
Annual general meeting	12 September
Reports	
- Preliminary report	May
- Interim report at 30 September	November
- Annual financial statements	July



Shareholdings greater than 5%

At 31 March 2019, insofar as HCl is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2019	2018
Southern African Clothing and Textile Workers Union	32.3	32,3
Ronaldgate Proprietary Limited	7.2	7,0
Squirewood Investments 64 Proprietary Limited*	5.6	4,3
	45.1	43,6

*Treasury shares

Shareholder spread

	Percentage held		Number of shareholders	
	2019	2018	2019	2018
Public	53,4	52,0	3 865	2 286
Non public	46,6	48,0	9	10
Directors	7,6	7,4	4	4
Associates of directors	0,8	0,8	1	1
Significant shareholder	32,3	32,3	1	1
Share trust	0,2	0,2	1	1
Treasury shares*	5,7	7,3	2	3
	100,0	100,0	3 874	2 296

*Nil shares (2018: 2 688 000) held by the company, pending cancellation, at year end.

Stock exchange performance

29 March 2019

Total number of shares traded	13 950
Total value of shares traded	1 785 328
Market price (cents per share)	
- Closing	11 179
- High	15 650
- Low	10 206
Market capitalisation (R'000)	9 488 130

BOARD OF DIRECTORS

JOHN COPELYN

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

Age: 68

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 various directorships including Platinum Group Metals Limited. He is chairman of Deneb Investments, Niveus Investments, eMedia Holdings, Tsogo Sun Hotels, Tsogo Sun Gaming and the HCI Foundation.

KEVIN GOVENDER

Financial Director
B.Compt [Hons]

Age: 49

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, eMedia Holdings and Hosken Passenger Logistics and Rail. 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: 61

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, Tsogo Sun Gaming and Hosken Passenger Logistics and Rail. He was appointed to the Board of HCI in August 2005 as non-executive director and appointed as executive director in 2014.

ROB NICOLELLA

CA (SA)

Age: 50

Rob is a chartered accountant and has attended a leadership and development programme ("PLD") at Harvard University. During his 18 year tenure at Investec Bank, Rob headed the Structured Finance Division (Western Cape) and thereafter, Private Bank Western Cape. He joined the HCI Group in 2011 to develop the HCI Properties portfolio. He is a director on the boards of Impact Oil and Gas, Tsogo Sun Hotels and the Hospital Property Fund ("HPF"). He was appointed to the board in May 2019 as an executive director and will replace Kevin Govender as financial director from 1 August 2019.

EXECUTIVE DIRECTORS



INDEPENDENT NON-EXECUTIVE DIRECTORS

MAHOMED GANI

Independent
Non-executive Director
Chairperson -
audit and risk committee
B.Compt [Hons] CA(SA)
Age: 66

Mahomed 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 Dis-Chem Pharmacies Limited, Tsogo Sun Gaming Limited and the Wits Health Consortium Proprietary Limited. He 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 MAGUGU

Chairperson -
remuneration committee
BA (Theology)
Age: 59

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.



ELIAS MPHANDE

Chairperson
Elec. Eng. [dip]
Age: 60

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 Gaming. He was appointed to the Board of HCI as a non-executive director in September 2010.



JABU NGCOBO

Chairperson -
social and ethics committee
Member -
audit and risk committee
remuneration committee
Age: 68

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, Tsogo Sun Hotels and HPF. He was appointed to the Board of HCI as a non-executive director in October 2004.



RACHEL WATSON

Member -
audit and risk committee
remuneration committee
social and ethics committee
Age: 60

Rachel served 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 HPL&R, eMedia Holdings and Tsogo Sun Gaming. She was appointed to the Board of HCI as a non-executive director in March 2014.



MORETLO MOLEFI

BSC, MBCHB, Telemed
diploma, SMP
Age: 50

Moretlo is a businesswoman with interests in healthcare, specifically eHealth. She serves in the ministerial advisory committee on eHealth in SA and has served as a strategic advisor to the WHO eHealth sector. She holds a number of leadership positions and serves on the boards of Niveus Investments, EOH Holdings and the South African Post Office. She was appointed to the Board of HCI as a non-executive director in January 2007. She resigned from the Board on the 22 May 2019 to serve on the Boards of Tsogo Sun Hotels and the Hospital Property Fund.



CORNELIA SEPTEMBER

MA (Management of
Technology) & Diploma
in Engineering Business
Management
Age: 60

Connie was a Member of Parliament from 1999 to 2019 where she served as a minister of Human Settlements and chaired a number of national portfolio committees. She was appointed to the Board of HCI in March 2019 and resigned on the 22 May 2019 to serve on the boards of Tsogo Sun Hotels and the Hospitality Property Fund.



REPORT OF THE AUDIT COMMITTEE

Members: Mr MSI Gani [chairman], Mr JG Ngcobo, Ms R Watson.

The audit and risk committee ("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").

The HCI audit committee is a formal committee of the board, appointed by the shareholders, and functions within its documented terms of reference. The terms of reference were reviewed and updated during the year and approved by the board. All members of the 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.

The committee met four times during the year under review. At least two non-conflicting members are required to form a quorum.

Please see the table below for attendances at these meetings:

Committee member	Number of meetings	Attendance of members
MSI Gani (chair)	4	4
ML Molefi*	4	4
JG Ngcobo	4	4
R Watson**	0	0

* Resigned on 22 May 2019

** Appointed on 22 May 2019

Role, purpose and function

The 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 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. 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.

The committee's responsibilities include the statutory duties prescribed by the Companies Act 71 of 2008 as amended and the Listing Requirements of the Johannesburg Stock Exchange, recommendations by King IV 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 committee, as set out by section 94 of the Act and in terms of the committee's terms of reference.

Combined assurance

The Combined Assurance Forum (incorporating internal audit, external audit, the chief financial officer and the chief risk officer) provides assurance to the board that the risk management process is integrated into the daily business activities of the company and that the appropriate levels of assurance are obtained.

External auditors

The external auditors for the period under review were BDO South Africa Incorporated and Mr Theunis Schoeman was the designated auditor.

The committee has:

- confirmed the independence of the external auditor as per section 92 of the Act;
- reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listing Requirements;
- approved the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit services that the external auditor may provide to the company and its wholly-owned subsidiaries;
- pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company and its wholly-owned subsidiaries; and
- provided for regular confidential meetings between the committee members and the external and internal auditors.

Risk management

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

position of group risk officer. 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.

The committee is an integral component of the risk management process and, specifically, the committee ensures, by enquiry of management, external and internal auditors, that all material corporate risks have been identified, assessed, monitored and effectively managed.

The committee further enables the principle that risk management is also about analysing opportunities and not only guarding against downside possibilities. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed:

- 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 biannual 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 short-term performance.

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.

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 in accordance with the subsidiary's agreed internal audit plan.

HCI has a majority shareholding in Gripp Advisory Services Proprietary Limited which is responsible for the internal audit function within the group.

IT governance

As an investment holding company with limited technology needs, HCI has not deemed it necessary to focus on IT at a group level. The company has outsourced its IT operations to a credible service provider via a service level agreement. The committee considers all the reports from the subsidiary companies, as included in the risk report.

Due to the increasing possibility of cyber threats, the company engaged PricewaterhouseCoopers Inc. ("PWC") to assess the security maturity and vulnerability of the company's IT infrastructure during the 2019 financial year. The committee has reviewed the recommendations and monitored the implementation thereof to improve the cyber-security posture at HCI. Subsequent to year-end further vulnerability tests have been carried out by Internal Audit to ensure continuous improvements of the cybersecurity posture at HCI.

Compliance

The social and ethics committee has oversight of the group's compliance programme. It is the responsibility of this committee to review the matters that pertain specifically to audit committees, such as tax compliance.

Whistle-blowing

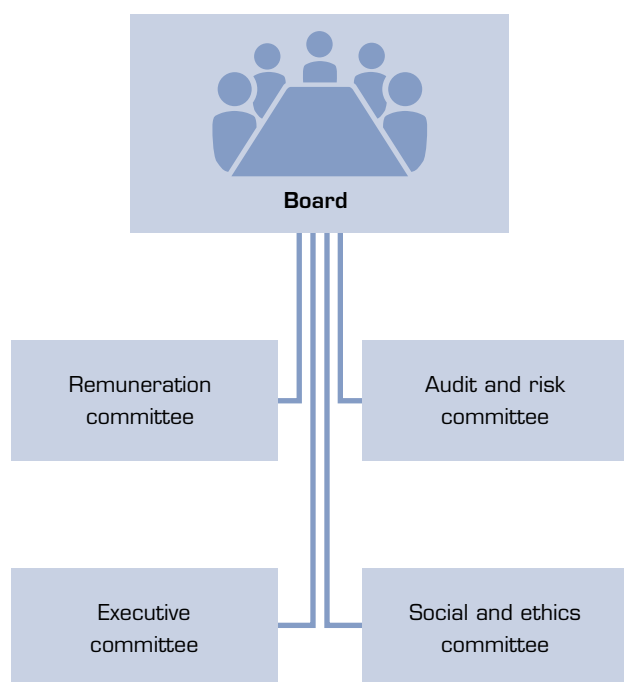
The committee has oversight of the company's whistle-blowing programme. During the period under review it was satisfied that adequate and appropriate provision was made for whistle-blowing. No instances requiring action at a group level were raised or identified during the period under review.

REPORT OF THE AUDIT COMMITTEE

(continued)

Corporate governance

Corporate governance structure as at 31 March 2019:



HCI is committed to the highest standards of business integrity, ethics and professionalism. The King Report on Corporate Governance™ for South Africa 2016 ("King IV"), which is on an apply-and-explain basis, was released on 1 November 2016. King IV advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

HCI has reviewed the practices underpinning the principles promoted in King IV. Many of these principles are entrenched in the group's internal controls, policies and procedures governing corporate conduct. The board is satisfied that HCI, in all material aspects, complies with the major recommendations of the King IV code to ensure that sound corporate governance and structures are applied within the group.

For the detailed King IV application register please visit the company website: www.hci.co.za.

Chief financial officer and finance function

During the period under review, the committee considered the expertise and experience of the chief financial officer ("CFO"), Mr T.G. Govender, and is satisfied that, in terms of section 3.84(g) of the JSE Listing Requirements, the CFO has the appropriate skills, expertise and experience to meet the responsibilities of the position.

The committee has also, in terms of King IV, assessed the expertise of the finance function and the committee is satisfied that the finance team has the required and adequate skills to perform their duties.

Financial statements and going concern

The committee has reviewed the separate and consolidated financial statements of the company and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

The review of the financial statements include a review of the legal matters that could have a significant impact on the group's financial statements and the key audit matters contained in the external audit report.

The committee has also reviewed a documented assessment by management of the going concern premise of the company before recommending to the board that the company will be a going concern in the foreseeable future.

Sustainability reporting

The committee considered the company's sustainability information, as disclosed in this report, and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

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 2019 and, based on the information provided to the committee, the committee recommends the adoption of the integrated annual report by the board.

Mr MSI Gani
Chairperson: audit committee
24 July 2019

REPORT OF THE REMUNERATION COMMITTEE

Members: MF Magugu (chairman), Mr JG Ngcobo, Ms R Watson.

All the members of the committee are independent non-executive directors. In line with the recommendations of King IV, 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.

Committee member	No of meetings	Attendance of members
MF Magugu (chair)	2	2
JG Ngcobo	2	2
R Watson*	1	1

* Appointed on 20 November 2018

Role, purpose and function

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive management.

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;
- reviewing and approving any disclosures in the annual report or elsewhere on remuneration policies or directors' remuneration; and
- As a company, HCL is committed to the principle of fair and responsible remuneration for all employees. The committee has empowered management to ensure that this principal is upheld and to address any remuneration disparities.

Remuneration philosophy

HCL's remuneration philosophy supports its business strategy, namely a long-term approach to deliver value in a sustainable manner.

The committee 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.

Remuneration principles

The total guaranteed package includes a cash salary, long-term share plan and a short-term incentive cash bonus.

The committee has adopted, where appropriate, certain elements of the King IV principles in relation to Remuneration Policy and disclosure.

This committee is of the view that HCL's Remuneration Policy continues to achieve its stated objectives.

In the event that the non-binding advisory resolution in respect of the company's remuneration report or its remuneration policy, as summarised in this report, is voted against by 25% or more of votes casted at the annual general meeting, the board will seek to engage directly with the disapproving shareholders in order to contemplate the reasons for dissent and implement corrective action, if it deems fit.

There were no objections to the King Report on Corporate Governance ("King IV") and the non-binding advisory vote taken at the AGM on 22 October 2018 which passed by the requisite majority.

Components of remuneration

Fixed remuneration

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.

REPORT OF THE REMUNERATION COMMITTEE (continued)

Variable remuneration

Short-term incentive

Bonuses payable are discretionary, recommended by this committee and approved by the Board.

The committee considers various factors in determining executive bonuses. These include earnings growth of the group and individual subsidiaries, the value created by transactions concluded and implemented and strategic and operational success achieved within the group during the year under review.

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

Long-term incentive

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

In terms of The HCI Employee Share Trust (2001), the previous option scheme, shares in the group were offered either on a share option or on a combined share option and deferred sale basis. Participants had 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. All options issued in terms of this scheme have become unconditional and the related shares delivered. No options have been issued in terms of this scheme since the implementation of The HCI Employee Share Scheme.

Share options are allocated to participants at a ten percent discount to the 20 day volume weighted average market price as at the date of grant. The number of share options granted is determined by use of a multiple of the participant's basic salary, dividend 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

Such awards are made from time to time and are disclosed in detail. Refer to pages 39 to 44.

At 31 March 2019, HCI held sufficient treasury shares to settle its obligations to deliver shares to the participants in the HCI share scheme.

In the event of resignation or dismissal for just cause all unexercised share options will be forfeited.

Subject to the discretion of the board, in the event of death, disability, retrenchment or retirement (or early retirement) unvested share options may become exercisable prior to the option expiry date.

In the event of a change of control of the company, unvested share options may become exercisable immediately or the subject share changed to another entity, subject to the discretion of the board.

Non-executive directors' fees

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 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.

Directors' emoluments and other relevant remuneration information are disclosed on page 42 to 44 of the remuneration report.

Position	Current Fee	Proposed Fee
	excl VAT	R'000
Non-executive director	305.3	323.6
Member of audit committee	125.8	161.8
Member of remuneration committee	80.1	84.9
Member of social and ethics committee	92.0	40.0

REMUNERATION IMPLEMENTATION 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, which are not directors, for the year ended 31 March 2019 is reflected below:

	Salary per annum R'000	Other benefits R'000	Bonus R'000	Other long-term incentives R'000	Total R'000
Employee A	9 258	1 186	2 562	2 276	15 282
Employee B	5 079	715	1 315	2 276	9 385
Employee C	4 500	-	1 218	2 165	7 883

* IFRS2 share-based payment expense

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

In terms of The HCI Employee Share Trust (2001), the previous option scheme, shares in the Group were offered

either on a share option or on a combined share option and deferred sale basis. Participants had 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. Options not exercised within the specified time periods lapsed. Options vested over periods of three to seven years. These vesting periods could be varied by the trustees of the scheme. Participants were required to pay for the shares between five and ten years from the date of grant. All options issued in terms of this scheme have become unconditional and the relating shares delivered. No options have been issued in terms of this scheme since the implementation of The HCI Employee Share Scheme.

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

	31 March 2019		31 March 2018	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at beginning of the year	956 391	123,47	1 649 452	107,65
Options granted	978 118	117,78	-	-
Options that became unconditional	(490 441)	127,82	(693 061)	85,81
Balance at the end of the year	1 444 068	118,14	956 391	123,47

REPORT OF THE REMUNERATION COMMITTEE

(continued)

	Number of share options	Exercise price R
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 25% and an annual interest rate of 6.5% . No options were granted in the prior year. The cost relating to 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 R127.98 (2018: R134.95). The options issued in terms of the Scheme and outstanding at 31 March 2019 become unconditional between the following dates:		
19 March 2019 and 19 September 2019	39 695	125,02
27 August 2019 and 27 February 2020	16 737	150,07
26 September 2019 and 26 March 2020	395 670	117,03
26 September 2020 and 26 March 2021	6 924	117,03
28 August 2021 and 28 February 2022	935 354	117,78
26 September 2021 and 26 March 2022	6 924	117,03
28 August 2022 and 28 February 2023	21 383	117,78
28 August 2023 and 28 February 2024	21 381	117,78
	<u>1 444 068</u>	

A maximum number of 875 664 (2018: 583 971) shares may be issued in respect of 1 444 068 (2018: 956 391) 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 9 010 289 (2018: 9 317 315) shares may be utilised by the Scheme. 978 118 (2018: Nil) options were issued in terms of the Scheme during the year and 15 333 shares delivered to participants (2018: 43 573).



	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
OPTIONS GRANTED TO EXECUTIVE DIRECTORS				
<i>JA Copelyn</i>				
Balance at the beginning of the year	299 262	123,86	620 464	97,61
Options granted	250 224	117,78	-	-
Options vested and shares delivered	(175 306)	128,69	(321 202)	73,15
Balance at the end of the year	374 180	117,53	299 262	123,86
Unconditional between the following dates:				
18 March and 18 September 2018	-	-	72 864	135,99
27 August 2018 and 27 February 2019	-	-	102 442	123,49
26 September 2019 and 26 March 2020	123 956	117,03	123 956	117,03
28 August 2021 and 28 February 2022	250 224	117,78	-	-
<i>TG Govender</i>				
Balance at the beginning of the year	117 955	122,13	211 727	105,33
Options granted	83 792	117,78	-	-
Options vested and shares delivered	(39 263)	132,37	(93 772)	84,20
Balance at the end of the year	162 484	117,42	117 955	122,13
Unconditional between the following dates:				
18 March and 18 September 2018	-	-	27 879	135,99
27 August 2018 and 27 February 2019	-	-	11 384	123,49
26 September 2019 and 26 March 2020	78 692	117,03	78 692	117,03
28 August 2021 and 28 February 2022	83 792	117,78	-	-
<i>Y Shaik</i>				
Balance at the beginning of the year	95 113	124,20	134 809	124,44
Options granted	110 318	117,78	-	-
Options vested and shares delivered	(47 049)	144,61	(39 696)	125,02
Balance at the end of the year	158 382	119,55	95 113	124,20
Unconditional between the following dates:				
19 March and 19 September 2019	-	-	39 695	125,02
19 March and 19 September 2019	39 695	125,02	39 695	125,02
27 August 2018 and 27 February 2019	-	-	7 354	123,49
26 September 2019 and 26 March 2020	8 369	117,03	8 369	117,03
28 August 2021 and 28 February 2022	110 318	117,78	-	-

REPORT OF THE REMUNERATION COMMITTEE

(continued)

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 five years of the options' vesting date.

	31 March 2019	31 March 2018
	R'000	R'000
<i>JA Copelyn</i>		
Payable by 17 June 2018	-	10 411
<i>TG Govender</i>	-	3 983
Payable by 17 June 2018	-	3 983

	Direct beneficial		Indirect beneficial		Associates	
	Number	Percentage holding	Number	Percentage holding	Number	Percentage holding
DIRECTORS' SHAREHOLDINGS						
31 March 2019						
<i>Executive directors</i>						
JA Copelyn	149 051	0,2	6 468 177	7,2	-	-
TG Govender	216 706	0,2	17 250	-	698 828	0,8
Y Shaik	8 808	-	-	-	-	-
	374 565	0,4	6 485 427	7,2	698 828	0,8
31 March 2018						
<i>Executive directors</i>						
JA Copelyn	145 565	0,2	6 468 177	7,0	-	-
TG Govender	216 447	0,2	17 250	-	698 828	0,8
Y Shaik	3 223	-	-	-	-	-
	365 235	0,4	6 485 427	7,0	698 828	0,8

Other than as noted there were no changes in directors' shareholdings between 31 March 2019 and the date of issue of this report.

	Board fees R'000		Salary R'000	Other benefits R'000	IFRS 2 expense R'000	Bonus R'000	Total R'000
DIRECTORS' EMOLUMENTS							
Year ended 31 March 2019							
<i>Executive directors</i>							
J A Copelyn	-		7 330	198	4 310	3 573	15 411
TG Govender	-		1 908	67	1 854	806	4 635
Y Shaik	-		3 787	-	2 146	1 600	7 533
<i>Non-executive directors</i>							
JG Ngcobo	1 073	(1)	-	-	-	-	1 073
MF Magugu	375	(2)	-	-	-	-	375
ML Molefi*	588	(3)	-	-	-	-	588
MSI Gani	1 099	(4)	-	-	-	-	1 099
NM Mhlangu**	199		-	-	-	-	199
R Watson	871	(5)	-	-	-	-	871
VE Mphande	1 213	(6)	-	-	-	-	1 213
CC September***	-		-	-	-	-	-
	5 418		13 025	265	8 310	5 979	32 997

* Resigned 22 May 2019

** Resigned 5 December 2018

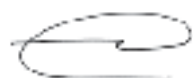
*** Appointed 25 March 2019, resigned 22 May 2019

- (1) Includes R49 477 audit committee fees, R49 477 remuneration committee fees, R49 477 social and ethics committee fees and R628 000 board fees paid by subsidiary companies
- (2) Includes R77 790 remuneration committee fees
- (3) Includes R74 215 audit committee fees, R74 215 social and ethics committee fees and R143 000 board fees paid by subsidiary companies
- (4) Includes R122 296 audit committee fees and R617 000 board fees paid by subsidiary companies
- (5) Includes R25 574 remuneration committee fees and R549 000 board fees paid by subsidiary companies
- (6) Includes R916 000 board fees paid by subsidiary companies

REPORT OF THE REMUNERATION COMMITTEE (continued)

	Board fees R'000		Salary R'000	Other benefits R'000	IFRS 2 expense R'000	Bonus R'000	Total R'000
DIRECTORS' EMOLUMENTS							
Year ended 31 March 2018							
<i>Executive directors</i>							
JA Copelyn	-		6 980	816	4 051	3 927	15 774
TG Govender	-		2 271	425	1 715	1 107	5 518
Y Shaik	-		3 609	-	1 371	1 758	6 738
<i>Non-executive directors</i>							
JG Ngcobo	1 021	(1)	-	-	-	-	1 021
MF Magugu	352	(2)	-	-	-	-	352
ML Molefi	545	(3)	-	-	-	-	545
MSI Gani	1 019	(4)	-	-	-	-	1 019
NM Mhlangu	287		-	-	-	-	287
R Watson	751	(5)	-	-	-	-	751
VE Mphande	1 152	(6)	-	-	-	-	1 152
	5 127		12 860	1 241	7 137	6 792	33 157

- (1) Includes R85 177 audit committee fees, R27 151 remuneration committee fees, R27 151 social and ethics committee fees and R603 000 board fees paid by subsidiary companies
- (2) Includes R73 209 remuneration committee fees
- (3) Includes R85 177 audit committee fees, R27 151 remuneration committee fees, R27 151 social and ethics committee fees and R127 000 board fees paid by subsidiary companies
- (4) Includes R128 387 audit committee fees and R579 000 board fees paid by subsidiary companies
- (5) Includes R472 000 board fees paid by subsidiary companies
- (6) Includes R873 000 board fees paid by subsidiary companies



MF Magugu
Chairman: remuneration committee
24 July 2019



REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Members: Mr JG Ngcobo (chairperson), Mr JA Copelyn, Ms R Watson

The Social and Ethics Committee assists the board in monitoring the company's performance as a good and responsible corporate citizen. This report by the committee is prepared in accordance with the requirements of section 72(4) to section 72(10) of the Companies Act (No. 71 of 2008), as amended (Companies Act), and regulation 43 to the Act and describes how the committee has discharged its duties in respect of the financial year ended 31 March 2019.

The committee comprises of two independent non-executive directors and an executive director, as appointed by the board. It is chaired by Mr JG Ngcobo, an independent non-executive director. To ensure that the committee fulfils its responsibilities, the composition of the committee has been expanded by a number of personnel from within the company, who are the drivers of the underlying functions of the committee and have been invited to join the meetings. In line with the Act, the invitees do not have voting powers. In terms of the committee's mandate, at least two meetings should be held annually.

Committee member	No of meetings	Attendance of members
ML Molefi*	3	2
JA Copelyn	3	3
JG Ngcobo	3	3
R Watson**	0	0

* Resigned on 22 May 2019

** Appointed on 22 May 2019

There were no amendments to the committee's mandate during the year. The committee continues to review and report to the board on the sustainable development practices of the group. The committee is satisfied that it has fulfilled all its duties during the year under review, as further detailed below.

Fraud and whistleblowing

During the period under review it was satisfied that adequate and appropriate provision was made for whistle-blowing.

No instances of fraud requiring action at a group level were raised or identified during the period under review.

Ethics

No material incidents and issues were brought to the attention of the committee and no unethical behaviour was noted during this period.

Compliance

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 laws and regulations.

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Gender diversity policy

HCI adopted a gender and race diversity policy at board level during the previous financial year. At the date of adopting this Policy, the board's aim is to ensure that the board will comprise of at least 25% female directors and will at all times have a majority of directors who are "black people" as defined in the Broad-Based Black Economic Empowerment Act, 2003, as amended.

At 31 March 2019, the board is comprised of 30% women and 90% of the directors are classified as "black people".

Employment practices

The company seeks to offer employment to newcomers in compliance with laws and codes regulating employment. As an investment holding company, HCI has a relatively small staff complement, with fewer than 50 employees. The majority are long-serving employees, with minimal rate of staff turnover. The company aims to remunerate its employees fairly and competitively, according to their capabilities, skills, responsibilities and performance levels.

HCI believes that all employees are entitled to equal opportunities to advance their careers and accordingly, it does not allow discrimination against employees based on gender, race, religion or any other factor in relation to such opportunities.

Health and public safety

The company strives to provide a safe and healthy environment by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with. Health and safety officers have been appointed at each of the group's key operating subsidiaries. The committee is satisfied that no major health and safety risks have been identified for the period under review.

Broad-based 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 we are committed to broad based Black Economic

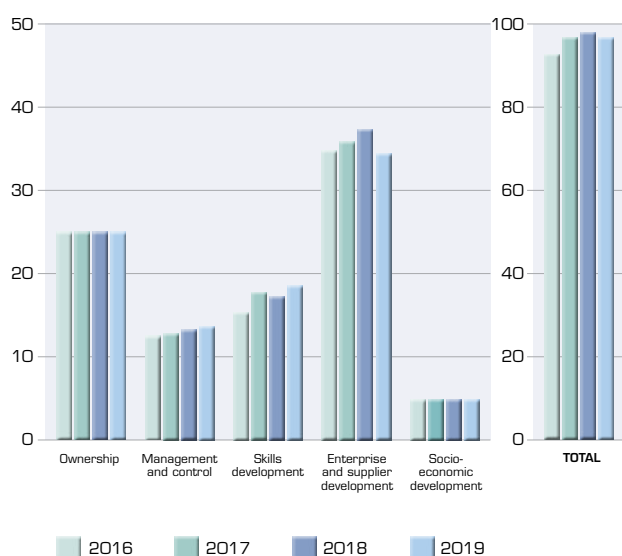
REPORT OF THE SOCIAL AND ETHICS COMMITTEE (continued)

Empowerment. The South African Clothing and Textile Workers Union continues to be a major shareholder of HCI, and through this shareholding, more than 100 000 clothing and textile workers benefit directly from our investments.

HCI's performance in relation to Black Economic Empowerment is measured in terms of the Revised Codes published by the Department of Trade and Industry and is externally audited. HCI has once again been rated as a Level 2 contributor with strong performances in the fields of Ownership, Socio Economic Development, Skills Development and Enterprise and Supplier Development.

We are proud to continue our strong tradition of Black Economic Empowerment. Empowerdex publishes an annual survey of BEE performance for listed companies in South Africa. In 2018, HCI was ranked third among listed companies reporting under the Generic Code. Tsogo Sun achieved first place in the Tourism sector. We remain committed to Black Economic Empowerment and will continue to invest the appropriate resources in this regard.

HCI BEE scores by category – 4 year review



Environmental sustainability

HCI seeks to follow international best practice in reporting its impact on the environment. HCI is concerned about the impact of climate change and it seeks to reduce its carbon emissions wherever possible. The Company is also increasingly concerned about water usage, especially in the Western Cape and other water-scarce regions. The company reports annually to the Carbon Disclosure Project ("CDP"), an independent international platform for the reporting of corporate environment impact. This platform records the impact on both carbon and water.

Carbon

HCI reports on the Scope 1 and 2 emissions of all of its subsidiaries. Scope 1 emissions are direct emissions produced by the reporting entity and are generally associated with the combustion of fossil fuel. Scope 2 emissions are indirectly derived from energy supplied by third parties and principally consist of emissions associated with the use of electricity. Scope 3 consists of indirect impact comprising carbon emitted in the product value chain but not directly produced by the company. Scope 3 emissions are reported on a voluntary basis to the CDP but not included in the figures reported here.

Each year the company restates its baseline to take account of structural changes that have taken place over the past year, such as the disposal or acquisition of businesses. This restatement is calculated in terms of the Greenhouse Gas Protocol. Restatements this year amount to less than 1% and are associated with the closure of certain facilities at Deneb. Where inter-year comparisons are made in the figures below, these are based on the restated 2018 figures.

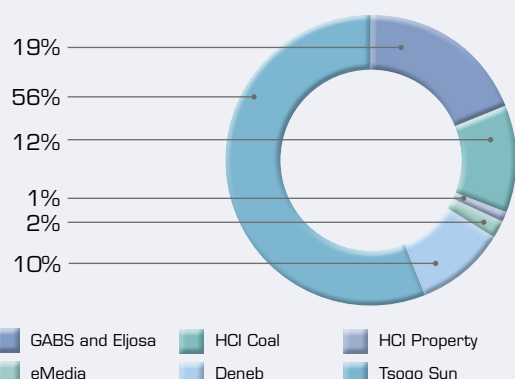
The company continues to track changes in carbon emissions, both as a matter of good practise and, in order to assess the success of our energy saving initiatives. HCI's total Scope 1 and 2 emissions for 2019 amount to an estimated 420 557 tonnes of CO₂, which is a decrease of 3% compared with 2018.

Carbon emissions – 2017, 2018 and 2019 comparison



Within the HCI Group, the largest producers of carbon emissions are Tsogo Sun, HCI Coal, Golden Arrow Bus Services and Deneb.

HCI emissions by subsidiary



For the year under review:

- Tsogo Sun Holdings ("Tsogo") was responsible for a total of 233 162 tons of carbon of which 85% was Scope 2 emissions associated with electricity usage in its hotels and gaming facilities. Tsogo also produces Scope 1 emissions when it uses diesel generators to produce electricity during power outages. It decreased its emissions by 1% during the year under review. Tsogo has consistently reduced its energy usage over the past decade as a result of ongoing energy saving initiatives.
- Golden Arrow Bus Services ("GABS") uses diesel to power its buses. It must be noted, however, that in the absence of the public transport provided by GABS, greater emissions would be generated if commuters were forced to use private transport. Every year GABS reduces its emissions by adding new, more fuel-efficient buses to its fleet. This year GABS recorded a decrease of 6% in its emissions and were responsible for 79 735 tons of carbon, of which 95% were Scope 1 emissions. GABS. The decrease was due to a three-week strike in April/May 2018 which led to a 5% decrease in distance travelled for the year. The remaining reduction can be attributed to improved fuel efficiency.
- HCI Coal was responsible for a total of 49 385 tons of carbon, of which 82% were Scope 1 emissions. HCI Coal uses diesel to power its mining vehicles and uses both diesel and electricity in its processing plants (washing, crushing and screening). This year, HCI Coal recorded a slight decrease in its emissions.
- The Deneb group includes industrial manufacturing, textile manufacturing as well as industrial properties. In the year under review, Deneb was responsible for 28 893 tons of carbon of which 71% were Scope 2 emissions. Deneb recorded a decrease of 11% in its emissions largely on the back of decreased textile production.

Aside from the ongoing incremental efforts to reduce energy usage, there are several noteworthy initiatives in the HCI Group:

- HCI is a 10% shareholder in the 100MW Karoshoek Solar One project in Upington and we are strongly involved in the management of the company. In December 2018 the power plant was completed and started providing electricity to Eskom. The plant will provide 100 MW of electricity to the grid for a 20-year period, helping to decrease the carbon intensity of South Africa's electricity supply profile
- HCI Property has installed solar energy at the Kalahari Mall in Upington. The solar panels are attached to structures which provide shade for customers' cars but also generate electricity for the Mall. This installation started operating in February 2019 and is expected to provide about 20% of the Mall's energy requirements.
- Gallagher Estate has installed rooftop solar energy to reduce its reliance on the grid. The system is in its third year of operation and provides about 10% of the energy required by Gallagher Estate.

Golden Arrow Bus Services provides an interesting case study in relation to carbon emissions. Each year GABS replaces about 8% of its fleet with new buses. Given that engine technology is constantly improving, the new buses invariably consume less fuel per kilometre than the older models. This, combined with ongoing improvement in driver behaviour and route planning, allows GABS to continuously improve fuel efficiency, thereby reducing costs as well as carbon emissions. GABS has also reduced electricity usage at its depots using solar panels and energy efficient lighting.

GABS CO₂ emission kg/100 km



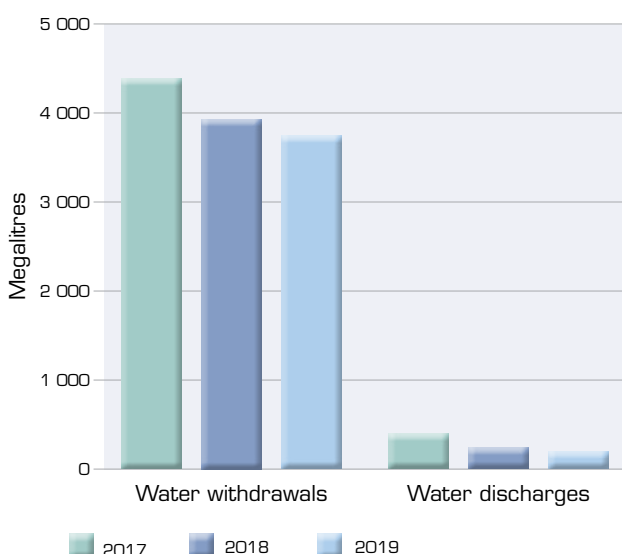
HCI continues to monitor regulatory developments related to carbon emissions. It is well prepared for the implementation of the carbon tax. In addition to legislated reporting requirements, HCI will continue to report to the CDP on an annual basis.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE (continued)

Water use and water discharge

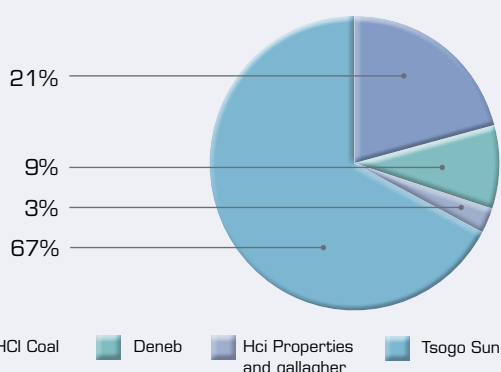
South Africa is a water scarce country facing growing demands on our limited water resource. HCI takes its water conservation responsibilities seriously, reporting on both water use as well as water discharge from our various facilities.

HCI's total water withdrawals for FY 2019 amounted to 3 750 megalitres ["ML"]. This is a decrease of 5% over FY 2018 (restated) and a substantial decrease in relation to 2017. HCI's total water discharges for FY 2019 amounted to 241 ML showing a similar pattern of decrease to 2018 and 2017.



The largest water users in the HCI Group are Tsogo, HCI Coal, and Deneb as can be seen below. The decreasing pattern of water reduction can be attributed mainly to a reduction in water use in the Tsogo hotels (especially in Cape Town), reduced water use at HCI Coal and lower textile production at Deneb.

HCI Group large water users 2019



The only HCI company that has significant water discharges is Deneb. These are associated with textile manufacturing and are carefully managed. Effluent discharges are regulated by the Department of Water Affairs and local authorities and are monitored internally. Deneb's discharges will continue to reduce in line with changes in manufacturing output.

Landscaping and waterwise awards

One of HCI's Property Developments, Steenberg Green, was awarded 2 Double Gold Awards and a Trophy Award by the South Africa Landscapers Institute (SALI). This was based on the landscaping design as well as the waterwise aspect of the project.

The second Gold Award was evaluated on the maintenance of the site and the ongoing efforts to protect water resources and use water in a sustainable manner.



CORPORATE SOCIAL INVESTMENT

The projects supported by the HCI group vary in both in footprint and scale, expressing the diversity of the group itself. Subsidiary companies select their own projects and act independently in terms of their CSI programmes.

A number of the programmes are directed by regulatory requirements. Support ranges from financial, to provision of goods and services and to time voluntarily provided by management and staff.

The group invests substantial resources into community development programmes, supporting emerging businesses, education and conservation of our environment as part of the group's sustainability and growth strategy. The success stories of the small businesses, learners and communities who are supported by the HCI group programmes are evidence of the impact achieved by the group.

A more detailed report on the HCI Foundation, which is the corporate social investment arm of HCI, is on pages 49 to 53. Information on the projects supported by the subsidiary companies are detailed in the integrated reports of these entities.

HCI aims to maintain a corporate social investment (CSI) spend of approximately 3.5% of its net free cash flow annually.

Mr JG Ncgobo
Chairperson: social and ethics committee
24 July 2019

CORPORATE SOCIAL INVESTMENT



During 2018 to 2019 the HCI Foundation promoted connections between the beneficiaries of its tertiary Bursary and Community Engagement programmes.

Increasing overlap between the programmes has led to a number of mutual benefits: the sharing of experience, collaborations and partnerships, and an increased understanding of the value of non-financial, or social, capital.

The ongoing rollout of Government funding to university undergraduates has presented an opportunity for the

Foundation's Bursary Programme to identify other areas of need in the higher education space.

Our Community Engagement Programme has engaged in workshops and conversations with beneficiaries to emphasise the importance of monitoring and evaluation in growing their projects and sustaining their organisations. Organisations have also been encouraged to find ways of working together.

Some of the collaborations and partnerships which have arisen as a result are highlighted below.



Monitoring and Evaluation Workshop



Community Transport Support Programme event, March 2019



CORPORATE SOCIAL INVESTMENT (continued)

EDUCATION

GADRA Education – Eastern Cape

GADRA's vision is to transform public education in Grahamstown so that by 2025 all children and young adults in the area will have full access to primary, secondary and tertiary education.

The HCI Foundation supports the organisation's Matric School which aims to increase access to university. GADRA's intensive second chance Matric programme is the biggest feeder to Rhodes University and aims to be the largest producer of Rhodes graduates by 2020.

GADRA alumni graduates from Rhodes University, April 2019



LEAP Science and Maths Schools – Limpopo and Gauteng

LEAP Schools specialise in holistic education with a focus on maths, science and developing future leaders. LEAP's mission is to give young people the education and life skills which enable them to become active, critical citizens and agents of change in their own communities.

The overall 2018 LEAP pass rate was 90%, 12% more than the national rate, with 96% of those who passed eligible for tertiary education.

In 2018, the HCI Foundation supported LEAP Schools in Limpopo and Gauteng and 15 LEAP graduates received Foundation bursaries to study at university.



LEAP Learners



Global Teacher Education Initiative – Gauteng

The GTI, originally an independent programme within LEAP Schools, became an independent non-profit organisation in 2017. Three of the current six LEAP school leaders are LEAP graduates and alumni of the Global Teachers Initiative.

The GTI's vision is to transform teaching so that young people are equipped to thrive in a globally connected world and develop as global citizens.

In 2018 the HCI Foundation supported 5 trainee teachers with study bursaries.



Caption



GTI teacher intern, Mmabatho Nthutang, in the classroom at Inanda Seminary, KZN

Graduate Development Programme – National

The Graduate Development Programme was inaugurated in 2017 and aims to link HCI Foundation graduates to internship and job opportunities within the HCI group of companies.

Individuals who demonstrate leadership and management potential may be offered further development and training opportunities to become middle managers within the HCI Group.

Thirty graduates have been placed since the programme's inception: 26 within HCI companies and 4 in NGOs supported by the HCI Foundation.

HCIF alumnus, Bantsundu Ncapa, intern at GRIPP Advisory Johannesburg



CORPORATE SOCIAL INVESTMENT (continued)

ENRICHMENT

IZIKO Museums – Western Cape

IZIKO Museums manage and promote South African heritage for the benefit of present and future generations through its 11 national museums.

IZIKO is a member of the Foundation's Community Transport Support Programme, which uses Golden Arrow buses and drivers to transport learners to exhibitions and events that

connect with the school curriculum. The Foundation has also supported the annual In_Herit programme where museums open their doors free of charge to encourage young people and their families to develop museum-going habits.

The Foundation is contributing towards IZIKO's Work Learning Integrated Programme by providing bursaries for student interns hoping to pursue careers in Heritage and related fields.



Heritage Day 2018 and IZIKO interns

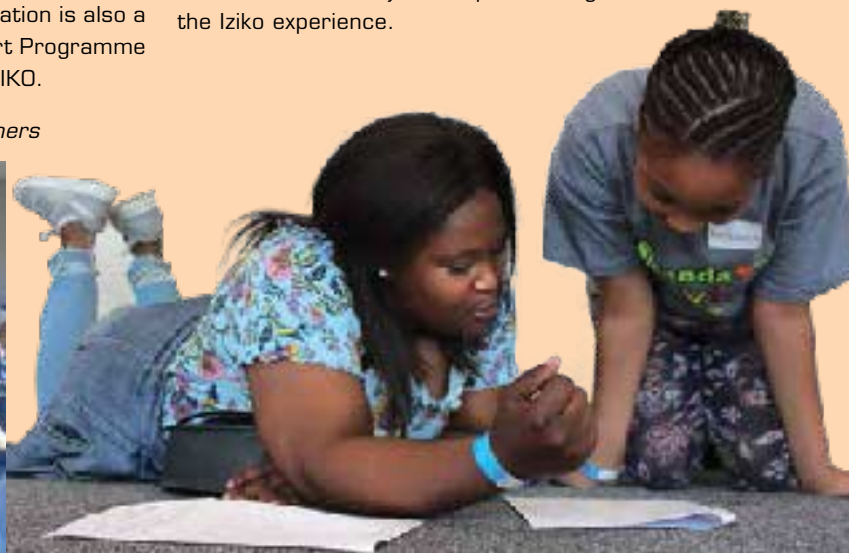


Sisanda Fundaytion – Western Cape

Sisanda Fundaytion works with volunteers to influence the lives of disadvantaged children through recreation, education and inspirational fun. The organisation is also a member of the Community Transport Support Programme and regularly takes children on outings to IZIKO.

On the bus with Sisanda, and museum partners

In October 2018, alumni of the Foundation's bursary programme joined Sisanda and Foundation staff as part of the Alumni Outreach Programme to make sure that each child was individually accompanied to get the most out of the IZIKO experience.



COMMUNITY EMPOWERMENT

ProBono.Org – Kwa-ZuluNatal and Western Cape

ProBono offers poor communities access to justice and free legal representation through its offices in Johannesburg, Durban and Cape Town.

The Foundation has contributed to its KZN Human Rights Programme for Refugees over several years and in 2018 provided funding to the Cape Town office for 2 legal interns, who are also graduates of the Foundation's bursary programme.

ProBono's internship programme has been running since 2008 and enables recent LLB graduates to gain invaluable hands-on legal experience which equips them to be work ready. The increased capacity in the Cape Town office offered by the two interns, saw a rise from 400 clients assisted in 2017 to 1000 in 2018.



ProBono workshop and HCIF alumni and interns, Zunaid Latief and Courtney Fox (centre two)

"My legal knowledge has increased tenfold and my personal development has been significant. While I still have lots to learn regarding the profession, I am confident that this internship has provided me with enough to secure employment in the future. More importantly it has placed me in a position where I can continue the theme of giving back to society." Zunaid Latief – former legal intern



iKapa Dance – Western Cape

From its base at Bonga Primary School in Gugulethu, iKapa works in disadvantaged communities using dance and other arts as a vehicle to teach fundamental life skills to youth.

Trainee dancers regularly perform in dance festivals to build confidence and gain experience. Transport to the festivals is provided via the Foundation's Community Transport Programme.



In 2018 two iKapa beneficiaries were taken on as organisation interns with the help of funding from the Foundation's Graduate Development Programme.



iKapa trainees

DIRECTORS' REPORT

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.

Refer to pages 12 to 29 for an overview of operations for the year under review.

3. Dividends

Ordinary dividend number 58, in the amount of fifty five cents per share, was paid to shareholders on 18 December 2018. Ordinary dividend number 59, in the amount of two hundred and ten cents per share, was paid to shareholders on 24 June 2019.

4. Share capital

2 688 000 shares of 25 cents were cancelled during the year under review. The issued share capital of the company is 90 126 648 shares of 25 cents.

5. Directorate

Details of the directors of the company appear on page 72.

The following changes were made to the directorate:

Director	Date of appointment	Date of resignation
NMP Mhlangu *	-	05/12/2018
ML Molefi **	-	22/05/2019
C September ***	25/03/2019	22/05/2019
JR Nicoletta	22/05/2019	-

6. Composition of the board

The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge and resources to effectively discharge its governance role and responsibilities and carry out all its duties.

At 31 March 2019 the board was comprised of ten members which included three executive directors and seven independent non-executive directors. There is a clear balance of power and authority at the board of directors' level.

The board is chaired by Mr Mphande, an independent non-executive director, who is not a former CEO of the company. There is a clear division of responsibilities between the chairman and chief executive officer. The board does not deem it necessary to appoint a lead independent director.

Board member	Number of board meetings	Attendance of members
VE Mphande (chair)	5	5
JA Copelyn	5	5
MSI Gani	5	5
TG Govender	5	4
FM Magugu	5	4
NMP Mhlangu *	5	5
ML Molefi **	5	5
JG Ngcobo	5	5
C September ***	0	0
Y Shaik	5	5
RD Watson	5	5

7. Gender diversity

The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board has surpassed its gender target of 25% women, all of which are women of colour.

8. Race diversity

The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people of colour. 90% of the members of the board are people of colour.

10. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the twelve months ended 31 March 2019. The secretarial department is under the supervision of Cheryl Philip (FCIS) who is empowered, and authorised, to provide corporate governance services to the board and management. The board has evaluated the performance and independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the group to administer the secretarial obligations of the company. The secretary has an arm's-length relationship with the board of directors.

The name, business and postal address of the company secretary are set out on page 72.

11. Financial director

Mr TG Govender is the full-time executive financial director of the company. Mr Nicoletta will be succeeding Mr Govender on the 1 August 2019 as financial director.

12. Auditors

Subject to shareholder approval, BDO South Africa

Incorporated will continue in office in accordance with section 90 of the South African Companies Act for the 2020 financial year. The directors have recommended that Mr Theunis Schoeman be appointed as the designated auditor.

13. Auditor's report

The consolidated and separate annual financial statements have been audited by BDO South Africa Incorporated and their unqualified audit report on the 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.

14. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are Southern African Clothing and Textile Workers Union, Ronaldgate Proprietary Limited and Squirewood Investments 64 Proprietary Limited who own 32.3%, 7.2% and 5.6% respectively. No shareholder has a controlling interest in the company.

15. Special resolutions

The following special resolutions were passed by the company's shareholders at the annual general meeting of shareholders held on 22 October 2018:

- granting the directors the authority, subject to the provisions of the Act and the provisions of the JSE Listings Requirements, to allot and issue ordinary shares of the company (or to issue options or securities convertible into ordinary shares) for cash to such person or persons, on such terms and conditions as they may deem fit. The aggregate number of ordinary shares to be allotted and issued for cash is limited as set out in the resolution;
- 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 2018 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; and
- general authorisation of financial assistance to the extent required by sections 44 and 45 of the Act, the board of directors of the company may, subject to compliance with the requirements of the company's MOI and the Act, authorise the company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, subject to the provisions as set out in the resolution.

16. Special resolutions of subsidiaries

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

17. Shareholding of directors

The shareholding of directors of the company and their participation in the share incentive scheme of the company as at 31 March 2019, are set out in the remuneration report on page 42 and in notes 40 and 41 of the annual financial statements respectively.

18. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2019 are set out in the remuneration report on page 43 and in note 42 of the annual financial statements.

19. Subsidiaries

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

20. 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.

21. Litigation statement

Other than the Ithuba arbitration, details of which are set out in note 45 of the annual financial statements, 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.

22. 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 2019.

23. Events subsequent to reporting date

Events occurring subsequent to the reporting date are set out in note 48 of the annual financial statements.



VE Mphande
Chairman



JA Copelyn
Chief Executive Officer

24 July 2019, Cape Town

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 financial statements set out on pages 57 - 64 and the annual financial statements for the year ended 31 March 2019, 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 summarised financial statements 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, BDO South Africa Incorporated, 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 2019, which are available on the company website, were approved by the board of directors on 24 July 2019 and are signed on its behalf by:



VE Mphande
Chairman



JA Copelyn
Chief Executive Officer



TG Govender
Financial Director

24 July 2019, Cape Town

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2019, 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*

HCI Managerial Services Proprietary Limited
Company secretary

24 July 2019, Cape Town



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 31 March 2019 R'000	Audited 31 March 2018* R'000
ASSETS		
<i>Non-current assets</i>	63 692 254	61 910 009
Property, plant and equipment	25 693 836	24 913 188
Investment properties	10 053 377	9 587 532
Goodwill	4 744 030	4 673 735
Interest in associates and joint arrangements	2 469 742	1 719 947
Other financial assets	1 367 737	1 324 206
Intangibles	18 709 694	18 726 572
Deferred taxation	428 711	487 352
Operating lease equalisation asset	122 474	96 628
Other	102 653	380 849
<i>Current assets</i>	8 458 552	8 090 494
Inventories	995 207	939 711
Programme rights	792 611	870 674
Other financial assets	15 425	18 317
Trade and other receivables	2 386 424	2 478 554
Taxation	88 267	59 433
Bank balances and deposits	4 180 618	3 723 805
Disposal group assets held for sale	436 100	329 473
Total assets	72 586 906	70 329 976
EQUITY AND LIABILITIES		
<i>Equity</i>	35 333 734	35 661 005
Equity attributable to equity holders of the parent	16 162 393	15 273 850
Non-controlling interest	19 171 341	20 387 155
<i>Non-current liabilities</i>	25 441 006	24 872 726
Deferred taxation	7 762 592	7 603 033
Long-term borrowings	16 788 127	16 275 305
Operating lease equalisation liability	233 175	242 094
Provisions	265 327	249 247
Other	391 785	503 047
<i>Current liabilities</i>	11 655 863	9 691 070
Trade and other payables	3 054 866	3 017 588
Current portion of borrowings	4 933 280	3 857 154
Taxation	167 845	171 331
Provisions	391 285	394 672
Bank overdrafts	2 907 507	2 033 702
Other	201 080	216 623
Disposal group liabilities held for sale	156 303	105 175
Total equity and liabilities	72 586 906	70 329 976
Net asset carrying value per share (cents)	19 043	17 785

*Restated

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Audited 31 March 2019 R'000	Audited 31 March 2018* R'000
	% change		
Revenue		14 238 224	14 595 865
Net gaming win		9 827 869	9 278 038
Property rental income		1 094 402	-
Income	5,4%	25 160 495	23 873 903
Expenses		(18 572 770)	(17 527 936)
EBITDA	3,8%	6 587 725	6 345 967
Depreciation and amortisation		(1 446 962)	(1 412 302)
Operating profit		5 140 763	4 933 665
Investment income		264 935	299 216
Finance costs		(1 898 312)	(1 805 549)
Share of (losses)/profits of associates and joint arrangements		(169 479)	103 170
Investment surplus		14 275	134 030
Fair value adjustments of investment properties		(530 339)	(72 604)
Impairment reversals		111 319	40 653
Asset impairments		(152 694)	(950 576)
Fair value adjustments of financial instruments		7 140	(23 690)
Impairment of goodwill and investments		-	(103 897)
Profit before taxation	9,1%	2 787 608	2 554 418
Taxation		(1 000 365)	(453 959)
Profit for the year from continuing operations		1 787 243	2 100 459
Discontinued operations		(122 833)	(124 076)
Profit for the year		1 664 410	1 976 383
Attributable to:			
Equity holders of the parent		707 984	939 749
Non-controlling interest		956 426	1 036 634
		1 664 410	1 976 383

*Restated



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

RECONCILIATION OF HEADLINE EARNINGS

		Audited year ended 31 March 2019		Audited year ended 31 March 2018*	
	% change	Gross	Net	R'000	Net
Earnings attributable to equity holders of the parent	-24,7%		707 984		939 749
Impairment of goodwill		16 604	7 057	31 299	13 415
Gains on disposal of property		-	-	(63 600)	(49 354)
Losses on disposal of plant and equipment		6 195	2 117	2 910	2 450
Impairment of property, plant and equipment		110 958	63 232	111 124	47 024
Foreign currency translation reserve recycled		(1 005)	(427)	(1 448)	(686)
(Gains)/losses from disposal/part disposal of subsidiary		(2 989)	(1 899)	13 704	7 633
Gain on disposal of associates and joint arrangements		(14 275)	(6 067)	-	-
Impairment of associates and joint arrangements		-	-	72 598	31 237
Reversal of impairment of assets		(111 319)	(39 394)	(77)	(46)
Profits on disposal of intangible assets		-	-	(70 430)	(55 370)
Impairment of intangible assets		82 324	31 421	831 028	286 374
Fair value adjustment to investment property		530 339	133 375	72 604	(2 820)
Impairment of non-current assets held for sale		-	-	1 307	617
Write-off of intangible assets		14 579	4 633	-	-
Insurance claim for capital assets		(10 291)	(5 764)	(30)	(18)
Remeasurements included in equity-accounted earnings of associates and joint arrangements		137 309	132 255	(60 371)	(56 663)
Headline profit	-11,6%		1 028 523		1 163 542

Basic earnings per share (cents)			
Earnings	-22,3%	826,16	1 062,91
Continuing operations		923,31	966,49
Discontinued operations		(97,15)	96,42
Headline earnings per share (cents)	-8,8%	1 200,20	1 316,04
Continuing operations		1 262,16	1 213,43
Discontinued operations		(61,96)	102,61
Weighted average number of shares in issue ('000)		85 696	88 412
Actual number of shares in issue at the end of the year (net of treasury shares) ('000)		84 875	85 882
Diluted earnings per share (cents)			
Earnings	-22,2%	821,49	1 056,23
Continuing operations		918,09	960,41
Discontinued operations		(96,60)	95,82
Headline earnings per share (cents)	-8,7%	1 193,42	1 307,76
Continuing operations		1 255,03	1 205,79
Discontinued operations		(61,61)	101,97
Weighted average number of shares in issue ('000)		86 183	88 972

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 31 March 2019 R'000	Audited 31 March 2018 R'000
Profit for the year	1 664 410	1 976 383
Other comprehensive income:		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Foreign currency translation differences	410 067	(192 785)
Reclassification of foreign currency differences on disposal	(1 005)	(1 448)
Cash flow hedge reserve	46 810	(54 906)
Share of other comprehensive losses of equity accounted investments	(21 125)	-
Available-for-sale financial asset revaluations	-	3 401
<i>Items that may not subsequently be reclassified to profit or loss</i>		
Revaluation of land and buildings	35 895	42 413
Actuarial gains on post-employment benefit liability	7 667	11 073
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	(5 613)	-
Total comprehensive income	2 137 106	1 784 131
Attributable to:		
Equity holders of the parent	1 048 592	803 795
Non-controlling interest	1 088 514	980 336
	2 137 106	1 784 131

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 March 2019 R'000	Audited 31 March 2018 R'000
Balance at the beginning of the year*	35 639 118	36 119 875
<i>Share capital and premium</i>		
Treasury shares released	1 968	32 179
Shares repurchased	(124 853)	(377 261)
<i>Current operations</i>		
Total comprehensive income	2 137 106	1 784 131
Equity-settled share-based payments	16 048	13 509
Acquisition of subsidiaries	-	1 536
Disposal of subsidiaries	(23 083)	7 688
Effects of changes in holding	(565 897)	(770 728)
Dividends	(1 746 673)	(1 149 924)
Balance at the end of the year	35 333 734	35 661 005

* Accumulated profits and non-controlling interest as at 1 April 2018 restated by R17.902m and R3.985m respectively for the adoption of IFRS 9 and IFRS 15

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 31 March 2019 R'000	Audited 31 March 2018 R'000
<i>Cash flows from operating activities</i>	2 211 232	2 842 768
Cash generated by operations	7 052 328	6 795 004
Net finance costs	(1 721 092)	(1 596 864)
Changes in working capital	(508 047)	(237 466)
Taxation paid	(867 910)	(968 276)
Dividends paid	(1 744 047)	(1 149 630)
<i>Cash flows from investing activities</i>	(3 125 952)	(2 773 743)
Business combinations and disposals	(25 903)	(109 923)
Investments acquired	(753 393)	(425 581)
Dividends received	120 053	116 156
Decrease in loans and receivables	271 440	69 944
Intangible assets		
- Additions	(26 125)	(59 744)
- Disposals	3	85 004
Investment properties		
- Additions	(591 237)	(924 105)
- Disposals	234	27 811
Property, plant and equipment		
- Additions	(2 201 384)	(1 681 145)
- Disposals	80 360	127 840
<i>Cash flows from financing activities</i>	427 688	(11 176)
Ordinary shares issued and treasury shares released	-	26 616
Ordinary shares repurchased	(124 853)	(377 261)
Other liabilities raised	1 258	908
Transactions with non-controlling shareholders	(160 664)	(748 810)
Net funding raised	711 947	1 087 371
<i>(Decrease)/increase in cash and cash equivalents</i>	(487 032)	57 849
Cash and cash equivalents		
At the beginning of the year	1 721 499	1 673 363
Foreign exchange differences	48 185	(9 713)
At the end of the year	1 282 652	1 721 499
<i>Bank balances and deposits</i>	4 180 618	3 723 805
Bank overdrafts	(2 907 507)	(2 033 702)
Cash in disposal groups held for sale	9 541	31 396
Cash and cash equivalents	1 282 652	1 721 499

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEGMENTAL ANALYSIS

	31 March 2019		31 March 2018*	
	Revenue	Net gaming win	Revenue	Net gaming win
	R'000	R'000	R'000	R'000
Media and broadcasting	2 405 548	-	2 318 357	-
Gaming and hotels	5 608 183	9 827 869	6 044 403	9 278 038
Transport	1 779 849	-	1 808 472	-
Properties	161 432	-	503 354	-
Mining	1 472 734	-	1 202 161	-
Branded products and manufacturing	2 788 795	-	2 694 225	-
Other	21 683	-	24 893	-
Total	14 238 224	9 827 869	14 595 865	9 278 038

	EBITDA		Profit before tax	
	31 March	31 March	31 March	31 March
	2019	2018*	2019	2018*
	R'000	R'000	R'000	R'000
Media and broadcasting	344 268	244 207	224 658	(8 865)
Gaming and hotels	5 067 777	5 038 901	2 399 715	1 953 107
Transport	429 398	462 135	349 363	333 832
Properties	287 084	246 175	138 158	126 307
Mining	389 949	311 517	294 809	361 722
Branded products and manufacturing	204 494	126 172	65 460	36 167
Other	(135 245)	(83 140)	(684 555)	(247 852)
Total	6 587 725	6 345 967	2 787 608	2 554 418

	Headline earnings	
	31 March	31 March
	2019	2018*
	R'000	R'000
Media and broadcasting	69 360	16 519
Gaming and hotels	935 650	1 028 882
Transport	177 836	224 839
Properties	67 862	64 850
Mining	211 348	168 791
Branded products and manufacturing	(15 124)	(19 949)
Other	(418 409)	(320 390)
Total	1 028 523	1 163 542

* Restated

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2019 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 2018, except for the adoption of IFRS 9 and IFRS 15 in the current year, which did not have a material impact on the results of the Group. Opening retained earnings and opening non-controlling interest in the current year were decreased by R14.7 million and R2.9 million, respectively, in respect of the adoption of IFRS 9 Financial Instruments. This adjustment was made in accordance with the transitional provisions of IFRS 9, in terms of which comparative results do not need to be restated. Opening retained earnings and opening non-controlling interest in the current year were decreased by R3.2 million and R1.1 million, respectively, in respect of the adoption of IFRS 15 Revenue from Contracts with Customers. This adjustment was made in accordance with the transitional provisions of IFRS 15, in terms of which comparative results do not need to be restated. As required by the JSE Limited Listings Requirements, the Company reports headline earnings in accordance with Circular 4/2018: 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

Gaming and hotels

The Group has established during the year under review that it had treated the share of net gaming win paid to site owners in its limited payout operations incorrectly in prior years. Net gaming win was previously recognised net of payments made to site owners in respect of their share of net gaming win and certain costs recovered reflected in revenue. In accordance with advice received from its auditors, the Group wishes to restate its prior year results to correctly reflect the nature of the net gaming win share paid to site owners and certain costs recovered from these parties. The following restatement to the prior year results has been recognised:

Decrease in revenue	R9 million
Increase in net gaming win	R484 million
Increase in expenses	R475 million

The restatement does not affect earnings per share or headline earnings per share and no restatement to equity opening balances is required.

Branded products and manufacturing

During the prior year the Group acquired 100% and 60% of the shares in New Just Fun Group and Oops Global SA, respectively, for total consideration of R100 million and for which the purchase price allocation was provisional. The fair value of assets and liabilities acquired and allocation of purchase price have now been finalised. The Group has restated its prior year results in respect of changes recognised to the provisional allocation of purchase price. These restatements are as follows:

<i>Non-current assets</i>	
Increase in intangible assets	R35 million
Decrease in goodwill	R27 million
<i>Non-current liabilities</i>	
Increase in deferred tax liability	R8 million

CHANGE IN ESTIMATE

Transport

During the current year the Group reviewed the residual values of its bus fleet. The residual values were considered to be higher than those applied previously, which resulted in a reduction in depreciation recognised of R42 million in the current year.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of Silverline Three Sixty and certain non-core local and offshore operations are included in the media and broadcasting segment and are included in discontinued operations in the current and prior years. Disposal group assets of R6 million and liabilities of R3 million relate to eMedia Holdings' offshore holding company.

Branded products and manufacturing

The Board of Deneb Investments resolved during the prior year to significantly rationalise its Winelands Textiles division, as well as its Seartec digital and electronic equipment division. During the current year the Board resolved to dispose of its interests in Winelands Textiles, Frame Knitting Manufacturers, First Factory Shops and

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Brand ID. The results of the operations of these divisions are included in discontinued operations in the income statement in the current and prior years and the assets of R393 million and liabilities of R139 million classified as disposal groups in the current year.

Gaming and hotels

The assets acquired by Tsogo Sun Holdings upon the acquisition of Hospitality Property Fund included properties in the amount of R65 million held for sale and were included in disposal group assets held for sale the prior year. Due to the delay in sale of these properties, they were reclassified to investment properties in the current year.

Niveus Investments initiated the process to dispose of its online and retail sports betting interests during March 2019. As a result, the assets of R37 million and liabilities of R15 million of these operations have been reclassified to disposal groups held for sale in the current year and their results to discontinued operations in the current and prior years.

The results of discontinued operations were as follows in the current year (R'million):

	Media and broadcasting non-core operations	Branded products and manufacturing textiles and electronic equipment divisions	Gaming non-core operations
Loss after tax	(35)	(84)	(6)
Profit (loss) on disposal	-	1	2

BUSINESS COMBINATIONS

Gaming and hotels

Vukani Gaming Corporation concluded agreements with TAB-Austria ("TAB") to acquire the intellectual property rights to the Golden Island Casino Limited pay-out machines for Africa, which include the processes, formulae, methods and information controlled and owned by TAB, currently being manufactured by TAB. The effective date was 21 September

2018. The acquired business contributed no revenue or profit after tax to the group for the year ended 31 March 2019. The fair value of net assets acquired is as follows:

	R'million
Intangible assets	49
Deferred tax liabilities	(14)
Net assets acquired	35
Goodwill	14
Purchase consideration	49
Deferred purchase consideration	(31)
Cash outflow on acquisition of business	18

BUSINESS COMBINATIONS SUBSEQUENT TO REPORTING DATE

Transport

As at the reporting date the Group held 33.33% of the issued share capital of Sibanye Bus Services Proprietary Limited ("Sibanye"). On 1 April 2019, the Group acquired an additional 33.33% of the issued share capital of Sibanye for a purchase consideration of R27 million, increasing its holding in the company to 66.66%.

Had the acquisition occurred on 1 April 2018, revenue would have increased by R87 million and profit after tax by R17 million.

The fair value of net assets acquired in Sibanye, for which the purchase price allocation remains provisional, is as follows:

	R'million
Property, plant and equipment	59
Current assets	48
Non-current liabilities	(35)
Current liabilities	(20)
Net assets acquired	52
Non-controlling interest	(17)
Fair value of interest previously held	(17)
Goodwill	9
Purchase consideration	27

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 OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held on Thursday 12th September 2019 at 12:00 at the offices of the Company, Suite 801, 76 Regent Road, Sea Point, 8005. Registration will start at 11:30.

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

General instructions and information

The board of directors of the Company ("the board") 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 when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive notice of the annual general meeting is Friday, 19 July 2019. The board determined that 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 Friday, 6 September 2019.

Accordingly, only shareholders who are registered in the securities register of the Company on Friday, 6 September 2019 will be entitled to participate in and vote at the annual general meeting.

All shareholders are encouraged to attend, speak and vote at the annual general meeting and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

If you hold certificated shares (i.e. you have not dematerialised your shares in the Company) or are registered as an "own name" dematerialised shareholder (i.e. you 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 (Computershare Investor Services (Pty) Limited, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2107), to be received by no later than 12h00 on 11 September 2019 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting; and/or

- you may participate in the annual general meeting by way of electronic participation as stipulated in this notice.

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the Company at its registered office or at the office of the transfer secretaries by no later than 12h00 on Tuesday 10th September 2019. 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 use its reasonable endeavours to 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, Share Transactions Totally Electronic ["STRATE"] held through a CSDP or broker (or their nominee)) and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

NOTICE TO MEMBERS

(continued)

- if you wish to participate in the annual general meeting (either being physically present at the meeting or by way of electronic participation), 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 in terms of STRATE 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 (Computershare Investor Services (Pty) Limited, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2107) to be received by 12h00 on 11 September 2019 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

In accordance with section 63(1) of the Act, 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.

Shareholders of the Company that are companies, that wish to participate in the annual general meeting, may authorise any person to act as its representative at the annual general meeting.

Voting at the annual general meeting

On a show of hands, every shareholder present in person (or by way of electronic participation) or represented by proxy at the annual general and entitled to vote, shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, shareholders present in person (or by way of electronic participation) or represented by proxy at the annual general and entitled to vote, shall be entitled to 1 vote

per ordinary share held by such shareholder.

Unless otherwise specifically provided in this notice of annual general meeting, for any of the ordinary resolutions to be adopted, 50% of the voting rights plus 1 vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

Details of directors, shareholders, share capital and analysis of shareholders, no-change statement and directors' responsibility statement.

The integrated annual report of which this notice of annual general meeting forms part, 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 31;
- the directors' interests in securities on page 42; and
- the share capital of the Company in note 17 and an analysis of shareholders on page 30.

No-change statement

Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the Company and its subsidiaries ("the group") financial or trading position, nor are there any legal or arbitration proceedings that may materially affect the financial position of the group between the signature date of the audit report and the date of this notice.

Director's responsibility statement

The directors, whose names appear on inside back cover of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information given in this notice and certify that, to the best of their knowledge and belief, that there are no facts that have been omitted which would make any statement in this notice false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice of annual general meeting contains all information required by the Listings Requirements of the JSE ("JSE Listings Requirements").

Purpose of annual general meeting

The purpose of the annual general meeting is for the following business to be transacted, and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's memorandum of incorporation ("MOI"), the Act, as read with the JSE Listings Requirements.

Presentation of the Audited Annual Financial Statements of the Company, including the reports of the directors, external auditors and the audit committee, for the year ended 31 March 2019. In terms of the Act, the audited annual financial statements of the Company (including the reports of the directors and the audit committee) for the year ended 31 March 2019 as approved by the board of directors will be presented to the shareholders of the Company.

1. A summary of the annual financial statements of the group is set out on pages 57 to 64 of the integrated annual report, of which this notice of annual general meeting forms part. This summary is not exhaustive and the complete annual financial statements of the group should be read in their entirety for a full appreciation of their contents. The complete audited annual financial statements of the group, including the unmodified audit opinion, are available on HCI's website at www.hci.co.za. Alternatively, shareholders of the Company may request and obtain a copy of the complete annual financial statements of the group in person, at no charge, at the registered office of HCI (Suite 801, 76 Regent Road, Sea Point 8005) during office hours.

2. Presentation of Social and Ethics Committee Report

In accordance with Regulation 43 of the Companies Regulations, 2011, the Company's Social and Ethics Committee report for the financial year ended 31 March 2019, prepared and approved by the Company's Social and Ethics Committee and set out on pages 45 to 48 of the integrated annual report, of which this notice of annual general meeting forms part, will be presented to the shareholders of the Company. Any specific questions to the Social and Ethics Committee may be sent to the Company Secretary prior to the annual general meeting.

3. Ordinary resolution number 1 (1.1 to 1.4): Election of directors

3.1. Ordinary resolution number 1.1: Election of Mr MSI Gani as director

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

3.2. Ordinary resolution number 1.2: Election of Mr Y Shaik as director

"Resolved that Mr Y Shaik be and is hereby elected as a director of the Company."

3.3. Ordinary resolution number 1.3: Election of Ms RD Watson as director

"Resolved that Ms RD Watson be and is hereby elected as a director of the Company."

Explanatory Note

Mr MSI Gani, Mr Y Shaik and Ms RD Watson 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.

The board has considered the proposed election of Mr MSI Gani, Mr Y Shaik and Ms RD Watson and recommends that they be re-elected as directors of the Company. Brief CV details of the abovementioned directors are on pages 32 and 33 of the integrated report, of which this notice of annual general meeting forms part.

The reason for ordinary resolution numbers 1.1 to 1.3 is to propose the re-election of Mr MSI Gani, Mr Y Shaik and Ms RD Watson who have retired as directors in accordance with the Company's MOI. These elections will be conducted by a series of separate votes in respect of each candidate. Accordingly, the shareholders are requested to consider and if deemed fit, to re-elect Mr MSI Gani, Mr Y Shaik and Ms RD Watson by way of passing the ordinary resolutions set out above.

3.4 Ordinary resolution number 1.4 Election of Mr JR Nicolella as director

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

Explanatory Note

Brief CV details of Mr JR Nicolella are on page 32 of the integrated report, of which this notice of annual general meeting forms part.

The reason for ordinary resolution number 1.4 is to elect the director of the company who was appointed during the course of the year and who retires as a director in accordance with the Companies Act of 2008, as amended. Accordingly, the shareholders are requested to consider and, if deemed fit, to re-elect JR Nicolella by way of passing the ordinary resolution set out above.

4. Ordinary resolution number 2: Re-appointment of auditors

Resolved that BDO South Africa Incorporated and Mr Schoeman, as designated auditor, is hereby appointed as the auditor to the Company for the ensuing year."

Explanatory Note

In terms of the Act, the Company, being a public company, must have its financial results audited and such auditor of the Company must each year at the Company's annual general meeting be appointed or re-appointed, as the case may be, as an external auditor. The Company's current external auditor is BDO South Africa Incorporated, which has indicated that Mr Schoeman who is a director of the firm and a registered auditor and accredited with the JSE in accordance with the JSE Listings Requirements will undertake the audit.

NOTICE TO MEMBERS

(continued)

The Company's audit committee has recommended that BDO South Africa Incorporated 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 2020 is Mr Schoeman.

5. Ordinary resolution number 3: Appointment of audit committee

5.1. Ordinary resolution number 3.1: Election of Mr MSI Gani as member of the audit committee
"Resolved that Mr MSI Gani be and is hereby appointed to the audit committee of the Company."

5.2. Ordinary resolution number 3.2: Election of Mr JG Ngcobo as member of the audit committee
"Resolved that Mr JG Ngcobo be and is hereby appointed to the audit committee of the Company."

5.3. Ordinary resolution number 3.3: Election of Ms R Watson as member of the audit committee
"Resolved that Ms R Watson be and is hereby appointed to the audit committee of the Company."

Explanatory Note

In terms of the Act, at each annual general meeting an audit committee comprising at least three members must be elected. It is proposed that the following independent non-executive directors be elected as members of the audit committee for the ensuing year.

The board has considered the proposed appointment of Mr MSI Gani, Mr JG Ngcobo and Ms R Watson and recommends that they be appointed (or re-appointed, as the case may be) to the audit committee. The appointment of each member of the audit committee will be voted on separately.

The appointment of Mr MSI Gani and Ms Watson to the Audit Committee is subject to the approval of resolution 1.1 and resolution 1.3 above respectively.

Brief CV details of the abovementioned directors are on pages 32 and 33 of the integrated report, of which this notice of annual general meeting forms part.

6. Ordinary resolution number 4: General authority over authorised but unissued shares

"Resolved that, as required by the Company's MOI and subject to the provisions of the Act and the JSE Listings Requirements, the authorised but unissued shares in the Company be and are hereby placed under the control of the directors, subject to the provisions of the Act, the MOI and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided that such authority may not, in the aggregate, in any one financial year, exceed 5%,

being 4 243 729 ordinary shares, of the aggregate number of shares of the relevant class of shares in issue (excluding treasury shares), and such authority to endure until the next annual general meeting of the Company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting), provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting until the next annual general meeting."

Explanatory Note

In terms of the Company's MOI, read with the JSE Listings Requirements, the shareholders of the Company may authorise the directors to, inter alia, issue any authorised but unissued ordinary shares and/or grant options over them on such terms and conditions and to such persons whether they be shareholders or not, as the directors in their discretion deem fit.

The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The board has decided to seek annual renewal of this authority from the shareholders of the Company in accordance with best practice. The board has no current plans to make use of this authority (other than in terms of the HCI employee share scheme), but wish to ensure, by having this authority in place, that the Company retains its flexibility in managing the group's capital resources and to enable the Company to take advantage of any business opportunity that may arise in the future.

7. Non-Binding advisory votes: Advisory endorsement of the remuneration policy and implementation report

7.1. Non-binding advisory vote 1: Remuneration Policy

"Resolved, by way of a non-binding advisory vote, that the Company's remuneration policy accompanying this notice of annual general meeting be accepted and endorsed".

7.2. Non-binding advisory vote 2: Remuneration Implementation Report

"Resolved, by way of a non-binding advisory vote, that the Company's implementation report accompanying this notice of annual general meeting be accepted and endorsed".

Explanatory Note

In terms of Part 5.4, principle 14 (recommended practice 37) of the King IV Report on Corporate Governance in South Africa, 2016 ("King IV") the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted

and on their implementation. Furthermore, King IV recommends that the remuneration policy should record the measures that the board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by the shareholders.

The shareholders are requested to separately endorse the Company's remuneration policy on pages 37 and 38 and the implementation report on pages 39 to 44 in the Remuneration Report, by way of separate non-binding advisory votes.

8. Special resolution number 1: General authority to issue shares, options and convertible securities for cash

"Resolved that, subject to the passing of ordinary resolution number 4, the provisions of the Act and the provisions of the JSE Listings Requirements, the directors be and are hereby authorised to allot and issue ordinary 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:

- the securities shall be of a class already in issue, or convertible into a class already in issue;
- 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;
- ordinary shares which are the subject of general issues for cash, in the aggregate, may not exceed 5% (five percent) of the Company's relevant number of ordinary shares in issue as at the date of this notice, constituting 4 243 729;
- any number of ordinary shares issued under the authority must be deducted from the number of ordinary shares authorised immediately above; and
- the maximum discount at which the shares may be issued shall be 10% (ten percent) of the weighted average traded price of the shares of the Company over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;
- the Company shall publish such announcements (if any) as may be required by the JSE Listings

Requirements pursuant to the issue of shares under this authority; and 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."

Explanatory Note

In terms of ordinary resolution number 4, the shareholders authorise the directors to allot and issue a portion of the authorised but unissued shares, as the directors in their discretion think fit. The existing general authority to issue shares for cash granted by the shareholders at the previous annual general meeting, held on 22 October 2018, will expire at this annual general meeting, unless renewed. The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The aggregate number of ordinary shares capable of being allotted and issued for cash are limited as set out in the resolution. The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in future.

9. Special resolution number 2: Approval of annual fees to be paid to non-executive directors

"Resolved that for the period 1 October 2019 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:

Position	Current Fee	Proposed Fee
	excl VAT	R'000
Non-executive director	305.3	323.6
Member of audit committee	125.8	161.8
Member of remuneration committee	80.1	84.9
Member of social and ethics committee	92.0	40.0

Notwithstanding the above, non-executive directors who attend committee meetings of the board shall be eligible to receive up to a maximum of 50% of the board fees, as determined by the board.

Explanatory Note

In terms of section 66(8) of the Act, the Company may pay remuneration to its directors for their services as directors. In terms of section 66(9) of the Act the remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders during the previous 2 (two) years.

10. Special resolution number 3: General authority to repurchase Company shares

"Resolved that the Company hereby approves, as a general approval contemplated in paragraph 5.72 of Section 5 of the JSE Listings Requirements, the repurchase by the Company or any of its subsidiaries

NOTICE TO MEMBERS (continued)

from time to time of the issued ordinary 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 MOI, the provisions of the Act and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided further that:

- acquisitions by the Company and its subsidiaries of shares in the capital of the Company in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 20% (twenty percent) 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 repurchase shall be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- 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 repurchased 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 percent) 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 JSE Listings Requirements unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the relevant period are fixed and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

- an announcement will be published as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three per cent) of the initial number of shares of the class of shares in issue at the time that this general authority is granted by the shareholders, and each time the Company acquires a further 3% (three per cent) of the initial number thereafter, which announcement(s) shall contain full details of such repurchases as required in terms of the JSE Listings Requirements; and
- a repurchase shall only be effected if the board of directors have at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries."

Explanatory note

The reason for special resolution number 3 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Act and the JSE Listings Requirements to acquire the Company's ordinary shares, subject to the terms and conditions set out in the special resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the Company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

Director's statement:

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

- 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 and the opportunity presents itself to do so during the year, which the board deems to be in the best interest of the Company and its shareholders, taking prevailing marketing conditions and other factors into account;
- 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 repurchase will take place, the directors of the Company will only make the repurchase if at the time of the repurchase they are of the opinion that the following conditions have been and will be met:

- the Company and the group will be able to pay their debts for a period of 12 (twelve) months after the date of this notice of the annual general meeting;
- the assets of the Company and the group are to be in excess of the liabilities of the Company and group for a period of 12 (twelve) months after the date of this notice of annual general meeting (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2019);
- the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the annual general meeting;
- the working capital of the Company and the group are adequate for the ordinary business purposes for a period of 12 (twelve) months after the date of approval of this notice of the annual general meeting; and
- resolution being passed by the board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the group. The authority granted in terms of this Special Resolution number 3 is limited to paragraph 5.72(a), (c), (d) and paragraph 5.68 of the JSE Listings Requirements.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- major beneficial shareholders – page 31 of the document of which this notice of annual general meeting forms part; and
- share capital of the Company – page 30 of the document of which this notice of annual general meeting forms part.

11. Ordinary Resolution number 5: Directors' authority to implement Company resolutions

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

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

By order of the Board
24 July 2019
Cape Town



CORPORATE ADMINISTRATION

COMPANY REGISTRATION NUMBER: 1973/007111/06

SHARE CODE: HCI ISIN: ZAE000003257

REGISTERED OFFICE: Suite 801, 76 Regent Road, Sea Point, Cape Town 8005
PO Box 5251, Cape Town, 8000
Telephone: 021 481 7560

WEBSITE ADDRESS: www.hci.co.za

COMPANY SECRETARY: HCI Managerial Services Proprietary Limited

DIRECTORS: *Executive Directors*
John Anthony Copelyn (Chief Executive Officer)
Theventheran Govindsamy Govender [Kevin] (Financial Director)
Yunis Shaik
James Robert Nicolella

Independent Non-Executive Directors
Mahomed Salim Ismail Gani
Mimi Freddie Magugu
Rachel Doreen Watson
Velaphi Elias Mphande (Chairman)
Jabulani Geoffrey Ngcobo

AUDITORS: BDO South Africa Incorporated
Wanderers Office Park, 52 Corlett Drive, Illovo, 2196
Private Bag X10046, Sandton, 2146

BANKERS: First National Bank of Southern Africa Limited

TRANSFER SECRETARIES: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa
PO Box 61051, Marshalltown, 2107

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

