



Hosken Passenger Logistics & Rail

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

(Previously Niveus Invest 17 Proprietary Limited)

(Incorporated in the Republic of South Africa)

Registration number: 2015/250356/06

JSE share code: HPR

ISIN: ZAE000255907

("the Company")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this cover page.

This Pre-listing Statement is prepared and issued in terms of the JSE Listings Requirements. This Pre-listing Statement is not an invitation to the public to subscribe for Shares in the Company. It is issued in compliance with the JSE Listings Requirements, for the purpose of providing information in respect of the Company to the public and to investors.

The JSE has granted the Company a Listing by way of introduction of all its issued ordinary shares on the Main Board of the JSE under the abbreviated name "HPLR", share code "HPR" and ISIN ZAE000255907 with effect from the commencement of trade on Tuesday, 24 April 2018.

As at the Listing Date, the total authorised share capital of the Company will comprise 1 000 000 000 ordinary no par value Shares, the issued Shares of the Company will consist of 290 000 000 ordinary no par value Shares and the stated capital of the Company will amount to R2 896 650 001. No Shares will be held in treasury on the Listing Date. On the Listing Date, all issued Shares shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

The Listing is conditional upon (i) the La Concorde Unbundling being implemented and (ii) the Company meeting the public shareholder spread requirements of the JSE on the Listing Date.

Shareholders are advised that their Shares in the Company will only be traded on the JSE in Dematerialised form and accordingly all Shareholders who receive their Shares in certificated form in terms of the La Concorde Unbundling or the Niveus Unbundling, will have to Dematerialise their share certificates in order to trade their Shares on the JSE. Such Shareholders must accordingly make arrangements with their CSDP or Broker in terms of the Custody Agreement with their CSDP or Broker.

Transaction Advisor and Sponsor



PSG CAPITAL

**Independent Reporting Accountant in
respect of the Company**



Grant Thornton

**Independent Reporting Accountant in
respect of GABS and Subco and auditor
of the Company**



The Directors, whose names appear in the "Corporate Information" section of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The Independent Reporting Accountants, whose reports are contained in this Pre-listing Statement, have given, and have not withdrawn, prior to the date of this Pre-listing Statement, their written consent to the inclusion of their reports in the form and context in which they appear.

Each of the Company's advisors, whose names appear on the cover page and in the "Corporate Information" section of this Pre-listing Statement, has consented in writing to act in the capacity stated and to its name appearing in this Pre-listing Statement, and has not withdrawn its consent prior to the publication of this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on Thursday, 15 March 2018 and published in the press on Friday, 16 March 2018.

Date of issue: Thursday, 15 March 2018

This Pre-listing Statement is available in English only. Copies may be obtained during normal business hours from the registered office of the Company and from the offices of the Transaction Advisor and Sponsor, PSG Capital, whose addresses are set out in the "Corporate Information" section of this Pre-listing Statement, from Thursday, 15 March 2018 until the Listing Date (both days inclusive). A copy of this Pre-listing Statement will also be available on the Company's website (www.hplr.co.za).

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to this section.

This Pre-listing Statement is not an invitation to the public in South Africa to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information in respect of the Company to the public. This Pre-listing Statement does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the Companies Act, nor does it constitute a prospectus registered in terms of the Companies Act.

ISSUED IN SOUTH AFRICA ONLY

This Pre-listing Statement has been issued in South Africa only. The distribution of this Pre-listing Statement may be restricted by law. Persons into whose possession this Pre-listing Statement comes, must inform themselves about and observe any and all such restrictions. This Pre-listing Statement does not constitute an offer of or invitation to subscribe for and/or purchase any Shares of the Company in any jurisdiction.

The release, publication or distribution of this Pre-listing Statement in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of the non-resident Shareholder to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Pre-listing Statement.

Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

FORWARD-LOOKING STATEMENTS

This Pre-listing Statement contains statements about the Company and the Group that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement.

All these forward-looking statements are based on estimates and assumptions made by the Company. Although the Company believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to the Company or not currently considered material by the Company.

Shareholders should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Company has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

DISCLOSURE OF INTERESTS

As indicated in this Pre-listing Statement, PSG Capital fulfils the functions of Transaction Advisor and Sponsor to the Company. It is PSG Capital's opinion that the performance of both of these functions do not represent a conflict of interest for PSG Capital, impair its independence from the Company or impair its objectivity in its professional dealings with the Company or in relation to the Listing.

CORPORATE INFORMATION

Directors

Y Shaik* (Chairman)
TG Govender* (Deputy Chairman)
FE Meyer (Chief Executive Officer)
ML Wilkin (Chief Financial Officer)
L Govender (Lead Independent Director) **
NB Jappie **
KF Mahloma **

* *non-executive*

independent

Date and place of incorporation

16 July 2015
Republic of South Africa

Registered address

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Company secretary

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Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
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Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Primary bankers

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(Registration number 1969/004763/06)
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2196
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Transaction Adviser and Sponsor

PSG Capital Proprietary Limited
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and at

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Independent Reporting Accountant in respect of the Company

Grant Thornton Johannesburg Partnership
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Independent Reporting Accountant in respect of GABS and Subco

BDO Cape Inc.
6th Floor, 123 Hertzog Boulevard
Foreshore
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(PO Box 3883, Cape Town, 8000)

Auditor of the Company

BDO Cape Inc.
6th Floor, 123 Hertzog Boulevard
Foreshore
Cape Town, 8001
(PO Box 3883, Cape Town, 8000)

Holding Company

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(Registration number 1973/007111/06)
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(PO Box 5251, Cape Town, 8000)

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SALIENT FEATURES

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to these salient features.

1. INTRODUCTION

- 1.1 On Wednesday, 31 January 2018, Niveus announced on SENS that the GABS Acquisition had become unconditional. The implementation of the GABS Acquisition, on 1 February 2018, resulted in the acquisition by the Company of 100% of the issued share capital of Subco and, effectively through Subco, 100% of the issued share capital of GABS and 76% of the issued share capital of Eljosa.
- 1.2 The GABS Acquisition Circular advised that post implementation of the GABS Acquisition, subject to obtaining any shareholder approval that may be required, La Concorde intends to distribute its Shares in the Company to La Concorde Shareholders and that pursuant to such distribution, Niveus intends, subject to obtaining any shareholders approval that may be required, to distribute the Shares so received to Niveus Shareholders, it being the intention of the parties that the Company be listed on the JSE Main Board.
- 1.3 This Pre-listing Statement is issued in terms of the JSE Listings Requirements for the purposes of providing information in respect of the Company to the public and investors, in anticipation of the Listing.

2. BRIEF OVERVIEW OF THE GROUP

- 2.1 As indicated above, the Company through its holding in Subco, effectively holds 76% of Eljosa and 100% of GABS, its Major Subsidiary. In turn, GABS holds 50.06% of the issued share capital of Table Bay Rapid Area Transport Proprietary Limited, 33.33% of Sibanye Bus Services Proprietary Limited, 100% of Hollyberry Props 12 Proprietary Limited and 33.33% of The N2 Express Joint Venture Proprietary Limited. The structure of the Group is set out in the diagram in **Annexure 20**.
- 2.2 GABS is the largest scheduled commuter bus operator in the Cape Metropole, providing services throughout a large part of the City of Cape Town. GABS operates its services in terms of an interim contract with the Provincial Department of Transport, funded through the Public Transport Operating Grant. This contract has been in operation since 1997 and is renewed annually. A memorandum of understanding exists between the Provincial Department of Transport, the City of Cape Town and GABS, charting possible future integration with MyCiTi services.
- 2.3 GABS, and its predecessors, have been providing scheduled passenger services in Cape Town for over 157 years. GABS operates approximately 1 018 buses during peak hours, serving 1 300 routes and covering a total area of approximately 2 460 km². The fleet travels 63 million kilometres and conveys 55 million passengers annually. The employee complement for GABS and its Subsidiaries exceeds 2 700 people.
- 2.4 GABS is the only scheduled passenger transport operator in the Cape Metropole with Road Transport Management System accreditation and is the largest bus fleet in South Africa to achieve this accreditation.
- 2.5 The strong performance of GABS over recent years, as reflected in **Annexure 9** and **Annexure 11**, was underpinned by stringent cost containment measures and ongoing operational and technical interventions.
- 2.6 Eljosa operates in the luxury and semi-luxury coach markets in Cape Town and the Winelands.

3. RATIONALE FOR THE LISTING

The rationale for the Listing is to:

- 3.1 provide the Company with access to the equity and debt capital markets in order to facilitate growth;
- 3.2 enable the Company to raise funds from its Shareholders for the planned expansion (acquisitive and organic) of the Company in a listed environment;
- 3.3 enhance the Company's deal-making ability, as listed shares can be more readily utilised for the purposes of acquisitions;
- 3.4 provide additional credibility for the Company to its clients and debt funders;
- 3.5 provide Shareholders with a liquid, tradable security within a regulated environment, with a market determined share price; and
- 3.6 to give its employees and members of the communities in which it operates, as well as the general public, an opportunity to acquire an equity stake in the Company following the Listing, and thereby to share in its potential success in future.

4. **KEY STRENGTHS AND COMPETITIVE ADVANTAGES**

The Board believes that the Group's key strengths and competitive advantages include the following:

- 4.1 The Company's Major Subsidiary, GABS, seamlessly combines 157 years of operating experience with a future-focused business strategy. The Company is therefore able to draw upon a wealth of institutional knowledge, from GABS (its Major Subsidiary), whilst implementing innovative and sustainable practices.
- 4.2 The experienced management team guiding the Company has extensive knowledge of the industry and has developed strategies to improve operational efficiency.
- 4.3 GABS' has implemented an electronic fare collection system which will provide detailed passenger movement information, enable efficient scheduling, maximise asset utilisation and highlight potential opportunities in the passenger commuter market.
- 4.4 By supplying a quality service at a reasonable price, the Company's Major Subsidiary, GABS, has built up a loyal customer base. In a 2016 independent customer survey commissioned from and performed by the Cape Peninsula University of Technology, and using a customised perceived service quality index, 90% of customers surveyed indicated that they would be willing to recommend the GABS service to others and 89% of those surveyed stated that over the next twelve months, they intended to use GABS as often as or more often than they had done in the past.
- 4.5 The Company's balance sheet provides a solid base from which to grow its business in the future.

5. **PROSPECTS**

- 5.1 With its diverse skill set in the management of logistic driven operations, the Company has the potential to utilise its competencies and systems on a broader scale and in other transport related businesses. This will in the opinion of the Board, give rise to further prospects to acquire bus and coach operations, and potential involvement in freight and rail operations.
- 5.2 The Company's strategy involves the identification and acquisition of transport related businesses in niche markets, where its expertise can be employed to improve the profitability and growth of these entities.
- 5.3 The Board believes that the Company's Major Subsidiary, GABS, is well positioned to develop its operations in new areas within its main operating contract, and to acquire new businesses through the expansion of MyCiTi services within all the phases projected in the City of Cape Town's Comprehensive Integrated Transport Plan.
- 5.4 GABS is able to improve operating margins through its electronic ticketing system, savings on unproductive kilometres and its continuing fleet replacement programme. Its accredited Training and Assessment Centre provides opportunities for offering the supply of such services to external clients. In addition, GABS is able to provide specialised maintenance skills through its central maintenance facility.
- 5.5 GABS, with the cooperation of its main suppliers and innovative internal re-engineering initiatives, is well placed to optimise the benefits of sustainable technologies throughout its operations.

6. **BROAD-BASED BLACK ECONOMIC EMPOWERMENT STRATEGY**

As the controlling Shareholder of the Company, HCI's shareholding provides a sound basis for the Company to achieve strong scores across all elements of the B-BBEE rating scorecard. The Company's subcontracting relationships with emerging black operators provide an ideal conduit to facilitate enterprise development initiatives.

7. **PURPOSE OF THIS PRE-LISTING STATEMENT**

The purpose of this Pre-listing Statement is to:

- 7.1 provide Shareholders and investors with relevant information relating to the Group;
- 7.2 communicate the strategy and the objectives of the Group; and
- 7.3 set out the salient details of the Listing.

8. **STATEMENT AS TO LISTING ON THE JSE**

- 8.1 The JSE has granted the Company a listing of all its issued Shares on the Main Board of the JSE under the abbreviated name "HPLR", share code "HPR" and ISIN ZAE000255907 with effect from the commencement of trade on Tuesday, 24 April 2018.
- 8.2 Shareholders are advised that their Shares may only be traded on the JSE in Dematerialised form. Accordingly, Shareholders who receive Shares in certificated form in terms of the La Concorde Unbundling or the Niveus Unbundling, will need to Dematerialise their Shares into an account held at a suitable service provider, in order to trade their Shares on the JSE. This can be either one of the CSDPs that offers a trading service or a Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such Shares are undergoing Dematerialisation, the Shareholder will be unable to trade them.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 7 of this Pre-listing Statement apply to these salient features.

2018

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| Pre-listing Statement made available on the Company's website (www.hplr.co.za) on | Thursday, 15 March |
| Abridged Pre-listing Statement published on SENS on | Thursday, 15 March |
| Abridged Pre-listing Statement published in the press on | Friday, 16 March |
| <i>In specie</i> distribution of Shares in the Company to La Concorde Shareholders (La Concorde Unbundling) anticipated to occur on | Friday, 13 April |
| Listing of Shares under the abbreviated name "HPLR", share code "HPR" and ISIN ZAE000255907, on the JSE Main Board at commencement of trade on | Tuesday, 24 April |
| <i>In specie</i> distribution of Shares in the Company to Niveus Shareholders (Niveus Unbundling) anticipated to occur on | Monday, 30 April |

Notes:

1. The above dates are subject to change. Any such change will be announced on SENS.
2. All references to dates and times are to local dates and times in South Africa.
3. Shareholders receiving their Shares in the Company in respect of the La Concorde Unbundling are referred to the La Concorde Unbundling Circular, which sets out the manner in which such Shares are to be distributed to them and which contains the detailed timetable applicable to that unbundling.
4. Shareholders receiving their Shares in the Company in respect of the Niveus Unbundling are referred to the Niveus Unbundling Circular, which sets out the manner in which such Shares are to be distributed to them and which contains the detailed timetable applicable to that unbundling.

DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the corresponding meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and any reference to one gender shall include the other genders:

| | |
|--|--|
| “B-BBEE” | broad-based black economic empowerment in terms of the B-BBEE Act; |
| “B-BBEE Act” | the Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended from time to time; |
| “Board” or “Directors” | the board of directors of the Company, further details of whom appear in paragraph 7.1 of this Pre-listing Statement; |
| “Broker” | any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act; |
| “Business Day” | any day other than a Saturday, Sunday or public holiday in South Africa; |
| “Cash Distribution” | the declaration and payment, on 1 February 2018, by the Company of a cash dividend of R649 802 264 to Shareholders, <i>pro rata</i> to their respective shareholdings in the Company; |
| “Certificated Shareholders” | Shareholders who own Certificated Shares; |
| “Certificated Shares” | Shares which have not been Dematerialised, title to which is represented by a share certificate or other Document of Title; |
| “CIPC” | the Companies and Intellectual Property Commission, established by section 185 of the Companies Act; |
| “Common Monetary Area” | the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland; |
| “Companies Act” | the Companies Act, No. 71 of 2008, as amended from time to time; |
| “Company” | Hosken Passenger Logistics and Rail Limited (registration number 2015/250356/06) (previously “Niveus Invest 17 Proprietary Limited”), a public company duly incorporated under the laws of South Africa, being a Subsidiary of HCI; |
| “CSDP” | a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account; |
| “Custody Agreement” | the agreement which regulates the relationship between the CSDP or Broker and each beneficial holder of Dematerialised Shares; |
| “Dematerialise” or “Dematerialised” or “Dematerialisation” | the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in the Company’s uncertificated securities register administered by a CSDP; |
| “Dematerialised Shares” | Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title; |
| “Dematerialised Shareholders” | Shareholders who hold Dematerialised Shares; |
| “Deneb” | Deneb Investments Limited (registration number 1996/005744/06), a public company duly incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE, being a Subsidiary of HCI; |
| “Documents of Title” | share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to the Company; |
| “Eljosa” | Eljosa Travel and Tours Proprietary Limited (registration number 2016/392192/07), a private company incorporated under the laws of South Africa, being a Subsidiary of Subco, with Subco holding 76% of the issued shares in Eljosa; |
| “Exchange Control Regulations” | the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time; |
| “Financial Markets Act” | the Financial Markets Act, No. 19 of 2012, as amended from time to time; |
| “GABS” | Golden Arrow Bus Services Proprietary Limited (registration number 1992/001234/07), a private company incorporated under the laws of South Africa, being a wholly-owned Subsidiary of Subco; |
| “GABS Acquisition” | the acquisition by the Company of all the issued ordinary no par value shares in Subco from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of Shares, constituting approximately 62% of the entire issued share capital of the Company following the issue thereof, by the Company to HCI, on the terms set out in the GABS Acquisition Agreement and as detailed in the GABS Acquisition Circular; |
| “GABS Acquisition Agreement” | the asset for share agreement concluded on or about 29 November 2017 between HCI, the Company and La Concorde, setting out the terms and conditions of the GABS Acquisition; |
| “GABS Acquisition Circular” | the circular in respect of the GABS Acquisition, distributed by Niveus to its shareholders on 18 December 2017; |

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| “GABS Asset for Share Agreement” | the asset for share agreement concluded on or about 29 November 2017 between HCI and Subco, setting out the terms and conditions of the GABS Asset for Share Transaction; |
| “GABS Asset for Share Transaction” | the transaction concluded between HCI and Subco as a condition precedent to, and prior to implementation of, the GABS Acquisition, in terms of which HCI sells all of its shares in GABS to Subco in exchange for the issue of new shares in Subco; |
| “Group” | collectively, the Company and its Subsidiaries, the details of which are set out in Annexure 20 ; |
| “Group Company” | any company forming part of the Group; |
| “HCI” | Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE, being the Holding Company of both Niveus and the Company; |
| “Holding Company” | a “holding company” as defined in the Companies Act, but also includes an entity incorporated outside South Africa which, if incorporated in South Africa, would be a “holding company” as defined in the Companies Act; |
| “IFRS” | the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body as adopted or applied in South Africa; |
| “Independent Reporting Accountant” | in respect of the Company, Grant Thornton Johannesburg Partnership, and in respect of GABS and Subco, BDO Cape Incorporated, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement; |
| “JSE” | the exchange, licensed in terms of section 9 of the Financial Markets Act and operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa; |
| “JSE Listings Requirements” | the Listings Requirements of the JSE in force as at the Last Practicable Date; |
| “King Code” | the Code of Corporate Practices and Conduct, as set out in the King IV Report on Corporate Governance for South Africa; |
| “La Concorde” | La Concorde Holdings Limited (registration number 2009/012871/06), a public company incorporated in terms of the laws of South Africa, being a Material Subsidiary of Niveus, with Niveus indirectly holding approximately 58% of the issued share capital of La Concorde; |
| “La Concorde Shareholders” | the registered holders of ordinary shares in La Concorde’s issued share capital; |
| “La Concorde Unbundling” | the proposed distribution <i>in specie</i> by La Concorde of the La Concorde Unbundling Shares to La Concorde Shareholders, <i>pro rata</i> to their respective shareholdings in La Concorde, as detailed in the La Concorde Unbundling Circular; |
| “La Concorde Unbundling Circular” | the circular in respect of the La Concorde Unbundling, distributed by La Concorde to La Concorde Shareholders on Wednesday, 21 February 2018; |
| “La Concorde Unbundling Completion Date” | the date, which is anticipated to be Friday, 13 April 2018, on which the La Concorde Unbundling will be completed and the La Concorde Unbundling Shares acquired by the La Concorde Shareholders, registered as such on the La Concorde Unbundling Record Date; |
| “La Concorde Unbundling Record Date” | the date on which a La Concorde Shareholder must be registered in the securities register of La Concorde in order to be eligible to participate in the La Concorde Unbundling, which is anticipated as being Wednesday, 11 April 2018; |
| “La Concorde Unbundling Shares” | all 110 000 000 Shares held by La Concorde after the implementation of the GABS Acquisition, comprising approximately 38% of the total issued share capital of the Company, which will be distributed to La Concorde Shareholders by La Concorde in terms of the La Concorde Unbundling; |
| “Last Practicable Date” | the Last Practicable Date prior to the finalisation of this Pre-listing Statement, which date was Friday, 9 March 2018; |
| “Listing” | the listing of the entire issued ordinary share capital of the Company on the Main Board of the JSE, which is to occur at the commencement of trade on the Listing Date; |
| “Listing Date” | the date of the Listing, which is expected to be on Tuesday, 24 April 2018; |
| “Major Subsidiary” | a major subsidiary of the Company, as defined in the JSE Listings Requirements, meaning a subsidiary that represents 25% or more of the total assets or revenue of the consolidated Group, it being noted that GABS is the only Major Subsidiary of the Company as at the date of this Pre-listing Statement; |
| “Material Acquisitions” | the GABS Acquisition and the GABS Asset for Share Transaction, details of which are set out in Section 2 of this Pre-listing Statement and in Annexure 22 ; |
| “Material Acquisition Agreements” | GABS Acquisition Agreement and the GABS Asset for share Agreement, copies of which are available for inspection, as indicated in paragraph 21 of this Pre-listing Statement; |
| “MOI” | the memorandum of incorporation of the Company, as approved by Shareholders on Tuesday, 1 March 2018 and filed with the CIPC, a copy of which is available for inspection as indicated in paragraph 21 of this Pre-listing Statement; |
| “MyCiTi” | the bus-based rapid transit system operated by contracted vehicle operating companies on behalf of the City of Cape Town; |

| | |
|--|--|
| “Niveus” | Niveus Investments Limited (registration number 1996/005744/06), a public company duly incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE, being a Subsidiary of HCI, with HCI holding, as at the Last Practicable Date, approximately 52.28% of the issued share capital of Niveus; |
| “Niveus Distribution Shares” | all 62 749 383 Shares distributed to and received by Niveus pursuant to the La Concorde Unbundling, comprising approximately 22% of the total issued share capital of the Company; |
| “Niveus Shareholders” | the registered holders of ordinary shares in Niveus’s issued share capital; |
| “Niveus Unbundling” | the proposed distribution <i>in specie</i> by Niveus, following the La Concorde Unbundling and the Listing Date, of the Niveus Distribution Shares to Niveus Shareholders, <i>pro rata</i> to their respective shareholdings in Niveus, as detailed in the Niveus Unbundling Circular; |
| “Niveus Unbundling Circular” | the circular in respect of the Niveus Unbundling, distributed by Niveus to Niveus Shareholders on Wednesday, 21 February 2018; |
| “Pre-listing Statement” | this pre-listing statement dated Thursday, 15 March 2018, including all annexures hereto; |
| “PSG Capital” or “Transaction Advisor and Sponsor” | PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement; |
| “Rand” or “R” | South African Rand, the official currency of South Africa; |
| “Register” | the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs; |
| “SENS” | the Stock Exchange News Service of the JSE; |
| “Shareholders” | registered holders of Shares; |
| “Shares” | ordinary no par value shares in the share capital of the Company, which are to be listed on the JSE in terms of the Listing; |
| “Share Incentive Scheme” | the HPLR Group Employee Option Scheme, a share incentive scheme for employees of the Group, as detailed in the Share Incentive Scheme Rules; |
| “Share Incentive Scheme Rules” | the rules of the Share Incentive Scheme, a copy of which is available for inspection, as indicated in paragraph 21 of this Pre-listing Statement, and the principal terms of which are summarised out in Annexure 16 ; |
| “Share Split” | the increase in the number of authorised and issued ordinary shares of the Company by the subdivision of each ordinary no par value share in the authorised and issued share capital of the Company into 1 000 000 ordinary no par value shares, as contemplated in paragraph 12.11.4 of this Pre-listing Statement; |
| “South Africa” | the Republic of South Africa; |
| “Strate” | Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE; |
| “Subco” | HPL and R Investments Proprietary Limited (registration number 2000/010463/07) (previously “ <i>Hosken Passengers Logistics and Rail Proprietary Limited</i> ”), a private company incorporated under the laws of South Africa, which is the direct Holding Company of Eljosa and of GABS and which is a wholly-owned Subsidiary of the Company; |
| “Subsidiary” | a “subsidiary” as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a “subsidiary” as defined in the Companies Act; and |
| “Transfer Secretaries” or “Computershare” | Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement. |



Hosken Passenger Logistics & Rail

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

(Previously Niveus Invest 17 Proprietary Limited)

(Incorporated in the Republic of South Africa)

Registration number: 2015/250356/06

JSE share code: HPR

ISIN ZAE000255907

("the Company")

Directors

Y Shaik* (Chairman)

TG Govender* (Deputy Chairman)

FE Meyer (Chief Executive Officer)

ML Wilkin (Chief Financial Officer)

L Govender (Lead Independent Director) **

NB Jappie **

KF Mahloma **

* non-executive

independent

PRE-LISTING STATEMENT

SECTION ONE – INFORMATION ON THE GROUP

1. INTRODUCTION

- 1.1 On Wednesday, 31 January 2018, Niveus announced on SENS that the GABS Acquisition had become unconditional. The implementation of the GABS Acquisition, on 1 February 2018, resulted in the acquisition by the Company of 100% of the issued share capital of Subco and, effectively through Subco, 100% of the issued share capital of GABS and 76% of the issued share capital of Eljosa.
- 1.2 The GABS Acquisition Circular advised that post implementation of the GABS Acquisition, subject to obtaining any shareholder approval that may be required, La Concorde intends to distribute its Shares in the Company to La Concorde Shareholders and that pursuant to such distribution, Niveus intends, subject to obtaining any shareholders approval that may be required, to distribute the Shares so received to Niveus Shareholders, it being the intention of the parties that the Company be listed on the JSE Main Board.
- 1.3 It is a condition precedent to the Niveus Unbundling, that the JSE has approved the listing of the entire issued share capital of the Company on the JSE, subject to meeting the minimum public shareholder spread requirements that are acceptable to the JSE, which listing is to occur following the La Concorde Unbundling, but prior to the Niveus Unbundling, as set out in the "salient dates and times" section of this Pre-listing Statement.
- 1.4 The Company was converted from a private company to a public company on Tuesday, 13 March 2018, in anticipation of the Listing.
- 1.5 The purpose of this Pre-listing Statement is to:
 - 1.5.1 provide Shareholders and investors with the relevant information relating to the Group;
 - 1.5.2 communicate the strategy and the objectives of the Group; and
 - 1.5.3 set out the salient details of the Listing.

2. DETAILS OF THE LISTING

2.1 Rationale for the Listing

The rationale for the Listing is to:

- 2.1.1 provide the Company with access to the equity and debt capital markets in order to facilitate growth;
- 2.1.2 enable the Company to raise funds from its Shareholders for the planned expansion (acquisitive and organic) of the Company in a listed environment;

- 2.1.3 enhance the Company's deal-making ability, as listed shares can be more readily utilised for the purposes of acquisitions;
- 2.1.4 provide additional credibility for the Company to its clients and debt funders;
- 2.1.5 provide Shareholders with a liquid, tradable security within a regulated environment, with a market determined share price; and
- 2.1.6 to give its employees and members of the communities in which it operates, as well as the general public, an opportunity to acquire an equity stake in the Company following the Listing, and thereby to share in its potential success in future.

2.2 Details of the La Concorde Unbundling and the Niveus Unbundling

- 2.2.1 In terms of the La Concorde Unbundling, La Concorde will unbundle the La Concorde Unbundling Shares amounting to approximately 38% of the Company's issued share capital, to La Concorde Shareholders, by way of a distribution *in specie pro rata* to their respective shareholdings in La Concorde. Further details of the La Concorde Unbundling appear in the La Concorde Unbundling Circular.
- 2.2.2 The Niveus Unbundling will occur after the La Concorde Unbundling and following the Listing. In terms of the Niveus Unbundling, Niveus will unbundle the Niveus Distribution Shares, constituting approximately 22% of the Company's issued share capital, to Niveus Shareholders, by way of a distribution *in specie pro rata* to their respective shareholdings in Niveus. Further details of the Niveus Unbundling appear in the Niveus Unbundling Circular.

2.3 Details of the Listing

- 2.3.1 Subject to the Company meeting the JSE's public shareholder spread requirements, the JSE has granted the Company a listing of all its issued Shares on the Main Board of the JSE under the abbreviated name "HPLR", share code "HPR" and ISIN ZAE000255907, with effect from the commencement of trade on Tuesday, 24 April 2018. In order to achieve the requisite level of public shareholder spread, it will be necessary for the La Concorde Unbundling to be implemented on or before the Listing Date.
- 2.3.2 the Company will, on Listing, comply with the JSE's listing criteria, in that:
 - 2.3.2.1 the subscribed capital of the Company, including reserves will exceed R50 million;
 - 2.3.2.2 the Company will have more than 25 million Shares in issue;
 - 2.3.2.3 its Major Subsidiary, GABS, has audited financial statements for the preceding three financial years, the last of which reported an aggregate audited profit before tax of R328 million; and
 - 2.3.2.4 more than 20% of the issued ordinary Share capital of the Company will be held by the public.
- 2.3.3 As at the date of this Pre-listing Statement, no securities of the Company are listed on the JSE or on any other stock exchange.

3. OVERVIEW OF THE GROUP

3.1 The Group Structure

The Company owns 100% of Subco's issued share capital, with Subco, in turn, owning 100% of the issued share capital of GABS and 76% of the issued share capital of Eljosa. In turn, GABS holds 50.06% of the issued share capital of Table Bay Rapid Area Transport Proprietary Limited, 33.33% of Sibanye Bus Services Proprietary Limited, 100% of Hollyberry Props 12 Proprietary Limited and 33.33% of The N2 Express Joint Venture Proprietary Limited. The structure of the Group is set out in the diagram in **Annexure 20**.

3.2 Businesses

- 3.2.1 The Company's Major Subsidiary, GABS, and its predecessors, have been providing scheduled passenger services in Cape Town for over 157 years. It operates approximately 1 018 buses during peak hours, serving 1 300 routes and covering a total area of approximately 2 460 km². The fleet travels 63 million kilometres and conveys 55 million passengers annually. The employee complement for GABS and its Subsidiaries exceeds 2 700 people.
- 3.2.2 GABS operates out of bus depots in Montana, Woodstock, Atlantis, Philippi and Blackheath (which are owned by a Subsidiary of GABS) and depots in Simon's Town and Kraaifontein (which are leased). GABS operates its services in terms of an interim contract with the Provincial Department of Transport, funded through the Public Transport Operating Grant. This contract has been in operation since 1997 and is renewed annually. A memorandum of understanding exists between the Provincial Department of Transport, the City of Cape Town and GABS, charting possible future integration with MyCiTi services.
- 3.2.3 The services from Atlantis have been subcontracted to Sibanye Bus Services Proprietary Limited, a joint venture established in 2001 between GABS, and two emerging bus operators, Abahlobo Transport Services Proprietary Limited and Siyakhula Bus Services Proprietary Limited. The services of Sibanye Bus Services Proprietary Limited joint venture form part of the interim contract with the Provincial Department of Transport, held by GABS, as referred to in paragraph 3.2.2.
- 3.2.4 The MyCiTi services from Khayelitsha and Mitchells Plain to the central business district ("**CBD**"), are operated by The N2 Express Joint Venture Proprietary Limited, a joint venture between GABS and the Mitchells Plain and Khayelitsha taxi operators.

- 3.2.5 The strong performance of GABS over recent years, as reflected in **Annexure 9** and **Annexure 11**, was underpinned by stringent cost containment measures and ongoing operational and technical interventions.
- 3.2.6 Impetus has been given to a number of strategic focus areas in GABS, which include *inter alia*, the replacement of the bus fleet, depot expansions, the purchase of an electronic ticketing system, the construction of a new training and recruitment centre, the consolidation of corporate social investment projects, subscription to optimal B-BBEE ratings, the measurement and monitoring of sustainability indices and the institution of a company-wide risk registry.
- 3.2.7 Table Bay Rapid Transit Proprietary Limited, a Subsidiary of GABS, has been an official MyCiTi vehicle operating company for the City of Cape Town since 2013. It operates the trunk service along the Atlantic corridor from Table View to Cape Town's CBD, as well as services from the CBD to Sea Point and Camps Bay.
- 3.2.8 Eljosa operates in the luxury and semi luxury coach markets in Cape Town and the Winelands.

3.3 **Electronic Fare Collection System**

GABS has installed an electronic fare collection system on its entire bus fleet. This system will make provision for the selling and updating of contactless smart cards at various points and will control both cash fare validation and smart card validation aboard buses. It will allow the capturing of invaluable ridership data which had previously not been available for analysis. This will focus management decisions and align GABS's offerings to more closely meet the needs of its passengers.

3.4 **Training and Assessment Centre**

With the extension of training to the City of Cape Town for MyCiTi Operators and the need to have a continuous and reliable pipeline of suitably qualified drivers, GABS undertook the construction of a new training and assessment centre scheduled to open in early 2018. The training and assessment centre will accommodate the company's recruitment department and will act as a hub for driving excellence, as well as promoting and developing skills and competencies that are allied to the commuter bus industry.

3.5 **Corporate Social Investment**

Through the HCI Foundation, GABS has been able to continue its support for the core projects that were started under the auspices of the erstwhile Golden Arrow Foundation; most notably the celebrated Community Transport Programme, the provision of tertiary bursaries to dependents of employees, the Grassroots Educare Trust and the Heartlands Child Care Centre.

3.6 **Major Subsidiaries**

As at the date of this Pre-listing Statement, GABS is the only Major Subsidiary of the Company. Details of all the Subsidiaries of the Company are set out in **Annexure 21**.

4. **PROSPECTS**

- 4.1 With its diverse skill set in the management of logistic driven operations, the Company has the potential to utilise its competencies and systems on a broader scale and in other transport related businesses. This will in the opinion of the Board, give rise to further prospects to acquire bus and coach operations, and potential involvement in freight and rail operations.
- 4.2 The Company's strategy involves the identification and acquisition of transport related businesses in niche markets, where its expertise can be employed to improve the profitability and growth of these entities.
- 4.3 The Board believes that the Company's Major Subsidiary, GABS, is well positioned to develop its operations in new areas within its main operating contract, and to acquire new businesses through the expansion of MyCiTi services within all the phases projected in the City of Cape Town's Comprehensive Integrated Transport Plan.
- 4.4 GABS is able to improve operating margins through its electronic ticketing system, savings on unproductive kilometres and its continuing fleet replacement programme. Its accredited training and assessment centre will provide opportunities for offering the supply of such services to external clients. In addition, it is able to provide specialised maintenance skills through its central maintenance facility.
- 4.5 GABS, with the cooperation of its main suppliers and innovative internal re-engineering initiatives, is well placed to optimise the benefits of sustainable technologies throughout its operations.

5. **BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

As the controlling Shareholder of the Company, HCI provides a sound basis for the Company to achieve strong scores across all elements of the B-BBEE rating scorecard. The Company's subcontracting relationships with emerging black operators provide an ideal conduit to facilitate enterprise development initiatives.

6. MANAGEMENT OF THE COMPANY

- 6.1 The Company is governed by the Board, which is responsible for ensuring that the Company complies with all of its statutory and regulatory obligations, as specified in the Companies Act, the MOI and, following the Listing, the JSE Listings Requirements.
- 6.2 The Company's executive committee will meet bi-monthly and act as a consolidated oversight committee for the Group. The executive committee will upon Listing have the following members:

| Full Name | Position | Business Address |
|------------------------|--------------------------|---|
| Francois Eckhard Meyer | Chief Executive Officer | 103 Bofors Circle, Epping Industria, 7460 |
| Mark Llewellyn Wilkin | Chief Financial Officer | 103 Bofors Circle, Epping Industria, 7460 |
| John Dammert | Corporate Affairs and HR | 103 Bofors Circle, Epping Industria, 7460 |
| Gideon Hugo Neethling | Company Engineer | 103 Bofors Circle, Epping Industria, 7460 |
| Derick Brian Meyer | General Manager | Palotti Road, Montana, 7490 |

- 6.3 The Board has appointed a number of further committees to assist the Board in discharging its duties, with the particulars of such committees appearing in paragraph 13.4 of this Pre-listing Statement.
- 6.4 No part of the business of the Group is managed, or is proposed to be managed, by a third party under a contract or arrangement.

7. DIRECTORS

7.1 Composition of the Board

The full names, ages, business address and capacities of the Directors of the Company are provided below:

| Full name | Age | Capacity | Business Address |
|--|-----|------------------------------------|--|
| Yunis Shaik | 59 | Chairman | Suite 801, 76 Regent Street, Sea Point, 8005 |
| Theventheran Govindsamy (Kevin) Govender | 47 | Deputy Chairman | Suite 801, 76 Regent Street, Sea Point, 8005 |
| Francois Eckhard Meyer | 56 | Chief Executive Officer | 103 Bofors Circle, Epping Industria, 7460 |
| Mark Llewellyn Wilkin | 64 | Chief Financial Officer | 103 Bofors Circle, Epping Industria, 7460 |
| Loganathan Govender | 69 | Lead Independent Director | 691 Umgeni Road, Durban, 4001 |
| Naziema Begum Jappie | 57 | Independent non-executive Director | University of Cape Town, 4.06 Hoerikwaggo Building, Upper Campus, Rondebosch, Cape Town 7700 |
| Kotsi Faith Mahloma | 65 | Independent non-executive Director | 167 Mofokeng Section, Katlehong, 1431 |

Notes:

1. All Directors, other than TG Govender and Y Shaik, were appointed with effect from 6 March 2018. TG Govender and Y Shaik were appointed with effect from 1 February 2018.
2. All Directors are South African citizens.
3. None of the Directors are partners with unlimited liability.
4. Profiles of the Directors, detailing their experience, appear in **Annexure 17**.

7.2 Directors of Major Subsidiary

The full names, ages, business address and capacities of the directors of the Company's Major Subsidiary, appear in **Annexure 19**.

7.3 Additional information

- 7.3.1 A list of other directorships held by the Directors of the Company and the directors of its Major Subsidiary is set out in **Annexure 18**.
- 7.3.2 All of the Directors of the Company and all the directors of its Major Subsidiary are South African citizens.
- 7.3.3 None of the Directors of the Company or the directors of the Major Subsidiary is a partner with unlimited liability.
- 7.3.4 None of the Directors of the Company or the directors of the Major Subsidiary:
- 7.3.4.1 have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;
 - 7.3.4.2 have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;

- 7.3.4.3 have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
- 7.3.4.4 have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
- 7.3.4.5 have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 7.3.4.6 have been involved in any offence of dishonesty;
- 7.3.4.7 have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
- 7.3.4.8 have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

7.4 **Chief Financial Officer**

Mark Wilkin is the Chief Financial Officer of the Company. The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mark Wilkin for the position of Chief Financial Officer. **Annexure 17** contains further details on the qualification and experience of Mark Wilkin.

7.5 **Borrowing powers**

- 7.5.1 The provisions of the MOI regarding the borrowing powers exercisable by Directors of the Company are set out in **Annexure 15** to this Pre-listing Statement. The MOI does not provide for the borrowing powers of the Directors to be varied and any variation of such powers would accordingly require Shareholders to approve a special resolution amending the MOI.
- 7.5.2 The borrowing powers of the Directors of the Group have not been exceeded during the three years preceding the Last Practicable Date. There are no exchange control or other restrictions on the borrowing powers of the Company or of its Major Subsidiary.

7.6 **Appointment and qualification of Directors**

- 7.6.1 The relevant provisions of the MOI regarding the term of office of Directors, the manner of their appointment and rotation are set out in **Annexure 15**. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.
- 7.6.2 The relevant provisions of the MOI relating to the qualification of Directors appear in **Annexure 15**. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director of the Company.
- 7.6.3 The MOI does not prescribe an age limit at which Directors are to retire.

7.7 **Remuneration of Directors**

- 7.7.1 The Company may pay remuneration to non-executive Directors for their services as Directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of the Company in this regard is not limited or restricted by the MOI.
- 7.7.2 Any Director who (i) serves on any executive or other committee; or (ii) devotes special attention to the business of the Company; or (iii) goes or resides outside South Africa for the purpose of the business of the Company; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.
- 7.7.3 Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of the Company and attending meetings of the Directors or of committees of the Directors of the Company.
- 7.7.4 In terms of the MOI, the remuneration of executive Directors shall be determined by a disinterested quorum of Directors or a remuneration committee appointed by the Board, shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Board may determine, and may consist of a salary or a commission on profits or dividends or both, as the Board may direct.
- 7.7.5 No remuneration was paid by the Company to the Directors for the previous financial year ended 31 March 2017.

- 7.7.6 On Monday, 12 March 2018, the current Shareholders approved, by way of a special resolution, the annual fees for the services of non-executive Directors. The approved annual fees appear below, but will be pro-rated for the period between 12 March 2018 and the date of the Company's next annual general meeting:

| | |
|--|----------|
| Board | |
| Board members | R104 000 |
| Board committees (Additional fee) | |
| Board committee members | R43 000 |

- 7.7.7 The salaries of the executive Directors for the financial year ending 31 March 2018, payable by the Group, are set out below:

7.7.7.1 the Chief Executive Officer: R3 721 34, and a performance bonus of R2 999 843; and

7.7.7.2 the Chief Financial Officer: R2 857 013, and a performance bonus of R2 328 961.

- 7.7.8 The table below discloses all remuneration received by the Directors from HCI, HCI's Subsidiaries (including Niveus) and the Company's Subsidiaries, during the previous financial year ended 31 March 2017:

| Director | Directors' | | | Fees for other services (R'000) | Pension contributions (R'000) | Expense allowance (R'000) | Medical group life and other (R'000) | Total remuneration (R'000) |
|--------------|----------------|--------------|-----------------|---------------------------------|-------------------------------|---------------------------|--------------------------------------|----------------------------|
| | Salary (R'000) | fees (R'000) | Bonuses (R'000) | | | | | |
| Y Shaik | 3 355 | 245 | 2 181 | - | - | - | - | 5 781 |
| TG Govender | 3 380 | 116 | 1 690 | 585 | - | - | - | 5 771 |
| FE Meyer | 2 553 | - | 2 317 | - | 239 | 482 | 191 | 5 782 |
| ML Wilkin | 1 986 | - | 1 945 | - | 186 | 347 | 84 | 4 548 |
| L Govender | - | 360 | - | - | - | - | - | 360 |
| NB Jappie | - | 231 | - | - | - | - | - | 231 |
| KF Mahloma | - | - | - | - | - | - | - | - |
| Total | 11 274 | 952 | 8 133 | 585 | 425 | 829 | 275 | 22 473 |

Notes:

- Y Shaik was remunerated by HCI as executive director for the 12-month period ended 31 March 2017. Y Shaik was also remunerated by Deneb and Niveus as non-executive director for the 12-month period ended 31 March 2017.
 - TG Govender was remunerated by HCI as executive director for the 12-month period ended 31 March 2017. TG Govender was also remunerated by Deneb as non-executive director for the 12-month period ended 31 March 2017.
 - L Govender was remunerated by Deneb and E-Media Holdings Limited (a subsidiary of HCI) as non-executive director for the 12-month period ended 31 March 2017.
 - FE Meyer was remunerated by GABS as executive director for the 12-month period ended 31 March 2017.
 - ML Wilkin was remunerated by GABS as executive director for the 12-month period ended 31 March 2017.
 - NB Jappie was remunerated by Deneb, GABS and E-Media Holdings Limited (a subsidiary of HCI) as non-executive director for the 12-month period ended 31 March 2017.
- 7.7.9 The Share Incentive Scheme of the Company was approved by Shareholders on Tuesday, 6 March 2018. The purpose of the Share Incentive Scheme is to provide selected employees with the opportunity to acquire Shares, thereby ensuring that such employees are encouraged and motivated to pursue continued employment with the Group and to contribute to the growth and profitability of the Group. A summary of the principal terms of the Share Incentive Scheme Rules appear in **Annexure 16**, whilst a copy of the document is available for inspection by Shareholders, as indicated in paragraph 21 of this Pre-listing Statement.

- 7.7.10 The Board has approved the following share option awards to Directors in terms of the Share Incentive Scheme, these being the only share options to be awarded to Directors under the Share Incentive Scheme prior to Listing. No share options will be exercised prior to the Listing Date or be capable of being exercised prior to the Listing Date.

| Director | Number of Shares awarded | Number of option Shares exercised to date | Option/ (Strike) price per Share (Rand) | Award date | Closing balance of option Shares at the Listing Date |
|-----------|--------------------------|---|---|------------|--|
| FE Meyer | 2 016 344 | – | 6.98 | March 2018 | 2 016 344 |
| | 2 016 344 | – | | | 2 016 344 |
| ML Wilkin | 1 263 484 | – | 6.98 | March 2018 | 1 263 484 |
| | 1 263 484 | – | | | 1 263 484 |

- 7.7.11 For the financial year ended 31 March 2017, the following Directors had been awarded share options in HCI in terms of the HCI employee share option scheme:

| Director | Opening balance of share options awarded at 1 April 2016 | Number of share options awarded during the year | Number of share options exercised during the year | Strike price per share option awarded (Rand) | Exercise price per share option (Rand) | Share options award date | Share options exercise date | Closing balance of share options as at 31 March 2017 |
|-------------|--|---|---|--|--|--------------------------|-----------------------------|--|
| Y Shaik | 119 086 | – | – | 125.02 | – | 19/03/14 | – | 119 086 |
| | 7 354 | – | – | 123.49 | – | 27/08/15 | – | 7 354 |
| | – | 8 369 | – | 117.03 | – | 26/09/16 | – | 8 369 |
| | 126 440 | 8 369 | – | | | | | 134 809 |
| TG Govender | 77 143 | – | – | 70.00 | – | 29/06/07 | – | 77 143 |
| | 16 629 | – | – | 150.07 | – | 27/08/14 | – | 16 629 |
| | 27 879 | – | – | 135.99 | – | 18/03/15 | – | 27 879 |
| | 11 384 | – | – | 123.49 | – | 27/08/15 | – | 11 384 |
| | 69 646 | – | (69 646) | 118.06 | 134.10 | 28/08/13 | 27/02/17 | – |
| | – | 78 692 | – | 117.03 | – | 26/09/16 | – | 78 692 |
| | 202 681 | 78 692 | (69 646) | | | | | 211 727 |

- 7.7.12 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with the Company. Save for the emoluments set out above, no other material benefits were received by Directors for the previous financial year ended 31 March 2017.

- 7.7.13 No fees have been paid to any third party in lieu of Directors' fees.

- 7.7.14 There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

- 7.7.15 The Company has not, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("the associate company") or to any partnership, syndicate or other association of which he is a member ("the associate entity"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the Company.

7.8 Interests of Directors

- 7.8.1 No Director of the Company or any of its Subsidiaries (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by the Company (i) during the current or immediately preceding financial year, or (ii) during an earlier financial year and remain in any respect outstanding or unperformed.

- 7.8.2 No Director has had any material beneficial interest, either direct or indirect, in the Listing and no promoter or Director of the Company is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

- 7.8.3 No Director has had any material beneficial interest, either direct or indirect, in the promotion the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

- 7.8.4 As at the Last Practicable Date, no Directors or their associates held any Shares in the Company. Based on their shareholding in La Concorde and Niveus on the Last Practicable Date, it is anticipated that Directors and their associates (including directors who have resigned during the last 18 months) will hold the following direct and indirect beneficial shareholding in the Company, following the La Concorde Unbundling and the Listing, upon implementation of the Niveus Unbundling:

| Director | Direct number of Shares held | Direct % of Shares in issue held | Indirect number of Shares held | Indirect % of Shares in issue held | Total number of Shares held | Total % of Shares in issue held |
|-----------------|-------------------------------------|---|---------------------------------------|---|------------------------------------|--|
| Y Shaik | – | – | – | – | – | – |
| TG Govender | 111 407 | 0,0% | – | 834 015 | 945 422 | 0,3% |
| MM Loftie-Eaton | – | – | 103 707 | 0,0% | 103 707 | 0,0% |
| A van der Veen | – | – | 458 428 | 0,0% | 458 428 | 0,1% |
| Total | 111 407 | 0,0% | 562 135 | 0,0% | 1 507 557 | 0,4% |

Notes:

1. MM Loftie-Eaton and A van der Veen have resigned with effect from 6 March 2018.
2. All the Shares will be acquired by the Directors on Listing as part of the La Concorde Unbundling and accordingly no dealings in the Shares will have taken place prior to the La Concorde Unbundling.

7.9 Service contracts of Directors

7.9.1 Employment agreements have been concluded with all the executive Directors. The employment agreements concluded with them include a 3-month termination period and other standard provisions for contracts of this nature.

7.9.2 No restraint of trade payments have been paid or are payable to any of the Directors.

SECTION TWO – MATERIAL ACQUISITIONS

8. GABS ACQUISITION

- 8.1 Prior to the implementation of the GABS Asset for Share Transaction and the GABS Acquisition, GABS was a wholly-owned Subsidiary of HCI.
- 8.2 In terms of the GABS Asset for Share Agreement, entered into on 29 November 2017, HCI sold all of its shares in GABS to Subco for a consideration equal to R1 770 000 000, which was settled by the allotment and issue of shares in Subco by it to HCI. Following the implementation of the GABS Asset for Share Agreement, GABS became a wholly-owned Subsidiary of Subco, with effect from 30 January 2018.
- 8.3 In terms of the GABS Acquisition, with effect from 1 February 2018, the Company acquired all the issued ordinary no par value shares in Subco from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of Shares, constituting approximately 62% of the entire issued share capital of the Company following the issue thereof, by the Company to HCI. Following the GABS Acquisition, the Company owns 100% of Subco's issued share capital, with Subco, in turn, owning 100% of GABS and 76% of Eljosa.

SECTION THREE – CAPITAL

9. SHARE CAPITAL

9.1 Authorised and issued share capital

9.1.1 The authorised and issued share capital of the Company, immediately prior to the Listing Date, is set out below:

| | Number of Shares | R |
|--|-------------------------|-----------------------|
| Authorised share capital | | |
| Ordinary Shares of no par value | 1 000 000 000 | – |
| Issued share capital | | |
| Stated capital – ordinary Shares of no par value | 290 000 000 | R2 896 650 001 |
| Treasury Shares | – | – |
| Total | 290 000 000 | R2 896 650 001 |

- 9.1.2 As at the Last Practicable Date and following the Listing:
- 9.1.2.1 no debentures had been, or will have been, created or issued by the Company;
- 9.1.2.2 all Shares in issue were and will be fully paid up and freely transferable; and
- 9.1.2.3 all Shares in issue ranked and will rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

9.2 Rights attaching to Shares

- 9.2.1 The salient provisions in the MOI relating to the rights attaching to Shares, and the variation of such rights, appear in **Annexure 15** hereto.
- 9.2.2 There are no conversion or exchange rights to Shares, nor do any Shareholders have any redemption rights or preferential rights to profits or capital.
- 9.2.3 The rights of Shareholders to participate in dividends, rights to profits or capital, including the rights of Shareholders on liquidation or distribution of capital assets of the Company, are determined by the MOI and the relevant summaries thereof are set out in **Annexure 15**.

9.3 Changes to share capital

- 9.3.1 In order to comply with the JSE's minimum shareholder spread requirements and to have sufficient share capital available, a special resolution in terms of section 36(2)(a) of the Companies Act, to increase the number of authorised and issued ordinary shares of the Company by the subdivision of each ordinary no par value share in the authorised and issued share capital of the Company into 1 000 000 ordinary shares of no par value, with the effect that after such subdivision the authorised ordinary share capital of the Company shall consist of 1 000 000 000 ordinary shares of no par value and the issued ordinary share capital of the Company shall consist of 290 000 000 ordinary shares of no par value, was approved by Shareholders on or about Thursday, 1 March 2018 and was subsequently filed with the CIPC.
- 9.3.2 Save as set out in paragraph 9.3.1 above, there have been no changes, consolidations or subdivisions of the Company's securities over the three years immediately preceding the date of this Pre-listing Statement.

9.4 Shares issued

- 9.4.1 Save as set out below, neither the Company, nor any of its Subsidiaries have issued any shares within the three years preceding this Pre-listing Statement:
- 9.4.1.1 as part of the implementation of the GABS Asset for Share Agreement, Subco issued, on 30 January 2018, 840 ordinary no par value shares to HCI at an issue price of R2 107 143 per share in settlement of the purchase consideration payable by it in terms of the GABS Asset for Share Agreement; and
- 9.4.1.2 as part of the implementation of the GABS Acquisition, the Company issued, on 1 February 2018, 180 Shares at an issue price of R10 000 000 per Share to HCI in settlement of the purchase consideration payable by it in terms of the GABS Acquisition Agreement, such shares having been subdivided in terms of the Share Split, into 180 000 000 and representing approximately 62% of the Company's issued share capital.
- 9.4.2 Shareholders are advised that the number of Shares issued as set out in paragraph 9.4.1.2 above, occurred before the subdivision of the Shares, as set out in paragraph 9.3.1 of this Pre-listing Statement.

9.5 Share repurchases

Neither the Company, nor any of its Subsidiaries have repurchased any shares within the three years immediately preceding this Pre-listing Statement.

9.6 Options and preferential rights in respect of Shares

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares in the Company or any shares in any of the Company's Subsidiaries.

10. MAJOR AND CONTROLLING SHAREHOLDERS

- 10.1 As far as the Directors are aware, as at the Last Practicable Date, the following persons were the direct or indirect beneficial owners of 5% or more of the Shares in issue.

| Shareholder | Number of Shares | % of the Shares in issue |
|-------------|------------------|--------------------------|
| HCI | 180 000 000 | 62% |
| La Concorde | 110 000 000 | 38% |

Note: In terms of the La Concorde Unbundling, La Concorde will distribute all of the Shares held by it in the Company to its shareholders. Accordingly, at the La Concorde Unbundling Completion Date, La Concorde will no longer hold any Shares in the Company.

- 10.2 Based on their shareholdings in the Company, La Concorde and Niveus, on the Last Practicable Date, it is anticipated that the following persons will be the direct or indirect beneficial owners of 5% or more of the Shares in issue, following the Listing Date, upon implementation of the Niveus Unbundling:

| Shareholder | Number of Shares | Percentage of total issued Share capital |
|-------------|------------------|--|
| HCI | 213 296 467 | 73.55% |

- 10.3 The Board is not aware of any pre-existing intention of any major Shareholder to dispose of a material number of their Shares at or immediately after the Listing.
- 10.4 The Company was incorporated on 16 July 2015. There has been no change in the ultimate controlling shareholder (being HCI) or trading objects of the Company or its Major Subsidiary in the period between incorporation and the Last Practicable Date.
- 10.5 No change in the ultimate controlling Shareholder will occur as a result of the Niveus Unbundling or the Listing, with HCI continuing to remain the ultimate controlling Shareholder.

SECTION FOUR – FINANCIAL INFORMATION

11. HISTORICAL AND *PRO FORMA* FINANCIAL INFORMATION

11.1 Historical financial information of the Company

- 11.1.1 The historical financial information of the Company for the financial years ended 31 March 2016 and 31 March 2017, is presented in **Annexure 1** and is the responsibility of the Directors, while the Independent Reporting Accountant's report thereon is included as **Annexure 2** to this Pre-listing Statement.
- 11.1.2 The reviewed interim financial information of the Company for the six months ended 30 September 2017 is presented in **Annexure 3** and is the responsibility of the Directors, while the Independent Reporting Accountant's report thereon is included as **Annexure 4** to this Pre-listing Statement.

11.2 Historical financial information of Subco

The historical financial information of Subco for its last three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, is presented in **Annexure 5**, while the reviewed interim financial information of Subco for the six months ended 30 September 2017, is presented in **Annexure 7** and is the responsibility of the Directors, while the Independent Reporting Accountants' reports thereon are included as **Annexure 6** and **Annexure 8**, respectively, to this Pre-listing Statement.

11.3 Historical financial information of GABS

The historical financial information of GABS for its last three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, is presented in **Annexure 9**, while the reviewed interim financial information of GABS for the six months ended 30 September 2017, is presented in **Annexure 11** and is the responsibility of the Directors, while the Independent Reporting Accountant's report thereon is included as **Annexure 10** and **Annexure 12**, respectively, to this Pre-listing Statement.

- 11.4 As the acquisition by Subco of GABS in terms of the GABS Asset for Share Agreement occurred post the 31 March 2017 financial year-end, no consolidated financial statements exist for the Group. All historical financial information of the Company, Subco and GABS are disclosed separately as set out above, while the *pro forma* financial information in **Annexure 13** is disclosed on a consolidated basis.

11.5 *Pro forma* financial effects on the Company

- 11.5.1 The consolidated *pro forma* financial effects of the GABS Acquisition, the Listing and the Cash Distribution, as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of the Company has been prepared and in terms of the Company's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows post the GABS Acquisition, the Listing and the Cash Distribution.
- 11.5.2 The consolidated *pro forma* financial effects are summarised below and should be read in conjunction with the consolidated *pro forma* statement of financial position and statement of comprehensive income as set out in **Annexure 13**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 13**. The Independent Reporting Accountant's report on the consolidated *pro forma* financial information appears at **Annexure 14** to this Pre-listing Statement.

| | Audited 6-month interim financial statements at 30 September 2017 | <i>Pro forma</i> adjustments - acquisition of GABS and Subco, including consolidation journals | Sub total of the Group | <i>Pro forma</i> adjustment - Share Split, Cash Distribution, listing costs and dividend | <i>Pro forma</i> financial information - Total Group | Change % |
|---|--|---|---------------------------|--|--|-------------|
| Net asset value per share (cents) | - | 684 752 068.97 | 684 752 068.97 | (684 751 650.92) | 418.04 | 100% |
| Net tangible asset value per share (cents) | - | 681 837 931.03 | 681 837 931.03 | (681 837 515.91) | 415.13 | 100% |
| Earnings per share (cents) | - | 30 435 862.07 | 30 435 862.07 | (30 435 833.08) | 28.99 | 100% |
| Headline earnings per share (cents) | - | 30 277 871.72 | 30 277 871.72 | (30 277 842.89) | 28.83 | 100% |
| Number of Shares in issue and weighted average number of Shares in issue excluding Shares held in treasury ('000) | 0.10 | 0.19 | 0.29 | 289 999.7 | 290 000.00 | |
| Weighted average number of shares in issue (diluted) ('000) | 0.10 | 0.19 | 0.29 | 289 999.7 | 290 000.00 | |

Notes and Assumptions:

1. The Company's audited interim financial information has been extracted, without adjustment, from the Company's audited results for the 6-month period ended 30 September 2017.
2. Further detailed notes and assumptions to the *pro forma* financial information of the Company are set out in **Annexure 13**.

12. MATERIAL MATTERS

12.1 Material changes

Save for the Material Acquisitions:

- 12.1.1 there have been no other material changes in the financial or trading position of the Group since the end of its last financial year ended 31 March 2017;
- 12.1.2 there have been no other changes in the business or trading objects of the Group since its incorporation; and
- 12.1.3 there have been no other major changes in the nature of property, plant and equipment and in the policy regarding the use thereof.

12.2 Material commitments, lease payments and contingent liabilities

As at the Last Practicable Date, the Company had no material commitments, lease payments or contingent liabilities, save for the following:

- 12.2.1 rental payments as detailed in **Annexure 26**; and
- 12.2.2 scheduled delivery of 25 new buses on order from suppliers and expected to be delivered between the Last Practicable Date and June 2018, totalling R54 347 000.

12.3 Material borrowings and loans receivable

- 12.3.1 As at the Last Practicable Date, no debentures have been issued by the Company or any of its Subsidiaries.
- 12.3.2 The details of the material borrowings of the Company and of its Subsidiaries, as at the Last Practicable Date, are set out below and in **Annexure 24**. The Group has no material loans that are repayable within the next 12 months, save for the loans as set out in **Annexure 24**.
- 12.3.3 No debentures have been created in terms of a trust deed and no replacement debentures have been issued by the Company.
- 12.3.4 As at the Last Practicable Date:
 - 12.3.4.1 save for the intergroup loans disclosed in **Annexure 25**, no material loans have been made by the Group, and no loan capital is outstanding; and
 - 12.3.4.2 the Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of the Company (or of any associate of any such Director or manager).

12.4 Principal immovable property owned and leased

The situation, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immovable properties occupied by the Group, are detailed in **Annexure 26**.

12.5 Intercompany financial and other transactions

- 12.5.1 All inter-company balances between all Group Companies, before elimination on consolidation, are disclosed in **Annexure 25**.
- 12.5.2 Save for the inter-company balances referred to above, there are no material inter-company financial and other transactions.

12.6 Material Acquisitions

- 12.6.1 Save for the Material Acquisitions, the Group has not undertaken any material acquisitions within the last three years and has not concluded any agreements in relation to any proposed material acquisitions.
- 12.6.2 Details regarding the vendors in such Material Acquisitions, appear in **Annexure 23**.
- 12.6.3 No promoter or Director had any beneficial interest, direct or indirect, in any such material acquisition, or was a member of a partnership, syndicate or other association of persons that had such an interest.

12.7 Material property disposed of or to be disposed of

The Group has not disposed of any material property during the last three years and is not currently contemplating any material disposals.

12.8 Working capital

The Directors are of the opinion that the working capital available to the Group is adequate for the present requirements of the Group, that is, for a period of 12 months from the date of issue of this Pre-listing Statement.

12.9 Promoters' and other interests

- 12.9.1 No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which a promoter is or was a member.
- 12.9.2 Save for being a Shareholder of the Company, no Director or promoter has any material beneficial interest, direct or indirect, in the promotion of the Company or in any material property referred to in paragraph 12.4 of this Pre-listing Statement.
- 12.9.3 No commissions were paid, or accrued as payable, by the Company within the three years preceding the date of this Pre-listing Statement in respect of any underwriting.
- 12.9.4 No commissions, discounts, brokerages or other special terms have been granted by the Company within the three years preceding the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of the Company.

12.10 Royalties

No royalties are payable or items of a similar nature in respect of the Company or any of its Subsidiaries.

12.11 Authorisations

In preparation for the Listing, the following Shareholder resolutions were passed by La Concorde and HCI, as the sole Shareholders of the Company at the time of the adoption of such resolutions:

- 12.11.1 on Thursday, 1 March 2018, a special resolution was passed, in terms of section 16(1)(c) and section 16(5)(a) of the Companies Act, adopting the MOI;
- 12.11.2 on Thursday, 1 March 2018, a special resolution was passed, converting the Company from a private company to a public company;
- 12.11.3 following the change in the Company's name from "*Niveus Invest 17 Proprietary Limited*" to "*Hosken Passenger Logistics and Rail Proprietary Limited*", as filed with CIPC on 20 February 2018, a special resolution was passed, on Thursday, 1 March 2018, in terms of section 16(1)(c) and section 16(5)(b)(i) of the Companies Act, changing the name of the Company to "*Hosken Passenger Logistics and Rail Limited*";
- 12.11.4 on Thursday, 1 March 2018, a special resolution was passed, in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act, increasing the number of authorised and issued ordinary shares of the Company by the subdivision of each ordinary no par value share in the authorised and issued share capital of the Company into 1 000 000 ordinary shares of no par value, with the effect that after such subdivision the authorised ordinary share capital of the Company shall consist of 1 000 000 000 ordinary shares of no par value and the issued ordinary share capital of the Company shall consist of 290 000 000 ordinary shares of no par value;
- 12.11.5 on Tuesday, 6 March 2018, a special resolution was passed, in terms of section 66(9) of the Companies Act, approving the remuneration of non-executive directors as set out in paragraph 7.7.6 above, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company;
- 12.11.6 on Tuesday, 6 March 2018, a special resolution was passed, in terms section 45 of the Companies Act, authorising the Company, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any related or inter-related company or corporation, on the terms and conditions and for amounts which the Board may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company;

- 12.11.7 on Tuesday, 6 March 2018, a special resolution was passed in terms section 44 of the Companies Act was passed, authorising the Company, as a general approval, to provide any direct or indirect financial assistance which the Board may deem fit to any company or corporation that is related or inter-related to the Company and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts which the Board may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company;
- 12.11.8 on Tuesday, 6 March 2018, a special resolution was passed, authorising the Company and its Subsidiaries, as a general approval, to repurchase a maximum number of Shares equal to 20% in the aggregate in any one financial year of the Company's issued share capital, at a price of no more than 10% above the weighted average of the market value of the Shares for the five Business Days immediately preceding the date that the transaction is effected, upon such terms and conditions as the Board may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of the Company; and
- 12.11.9 on Tuesday, 6 March 2018, an ordinary resolution was passed by a 75% majority of the Shareholders, authorising the Board, by way of a general authority, to allot and issue any of the Company's unissued Shares, in the aggregate equal to not more than 15% of the Company's issued share capital as at the Listing Date, for cash, at a maximum discount of 10% of the weighted average traded price of such Shares, as determined over the 30 Business Days prior to the date that the price of the issue is agreed, as they in their discretion may deem fit, without restriction, subject to the provisions of the MOI, the Companies Act and the JSE Listings Requirements and provided that the general authority shall only be valid until the next annual general meeting of the Company.

12.12 Dividends

- 12.12.1 The Company aims to declare and pay 50% of its annual profit after tax as a dividend to Shareholders, subject to working capital requirements and capital expenditure required for expansion and maintenance. The Company envisages paying interim and final dividends.
- 12.12.2 In terms of the MOI, all distributions and monies due to Shareholders and unclaimed must be held by the Company in trust for a period of three years (or such longer period as the law may prescribe for the prescription of a claim) from the date on which they were declared. All distributions and monies due to Shareholders which remain unclaimed after the aforementioned period, may be declared forfeited by the Directors for the benefit of the Company and may be invested or otherwise made use of by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.
- 12.12.3 No arrangements exist under which future dividends are waived or are agreed to be waived.

SECTION FIVE – ADDITIONAL MATERIAL INFORMATION

13. KING CODE AND CORPORATE GOVERNANCE

13.1 Approach to corporate governance

- 13.1.1 The Board endorses the King Code and is committed to the principles of transparency, integrity, fairness and accountability by the Company in the conduct of its business and affairs.
- 13.1.2 The Board is responsible for ensuring that the Company complies with all of its statutory and regulatory obligations. It oversees and ensures an effective compliance framework, the integrity of the Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders.
- 13.1.3 A full analysis of the steps taken by the Company to comply with the principles of King Code is available on the Company's website at www.hplr.co.za.

13.2 The Board

- 13.2.1 The Board consists of seven Directors, two of whom are executive Directors and five of whom are non-executive Directors. Of the five non-executive Directors, three are independent non-executive Directors. The profiles of the Directors appear in **Annexure 17**.
- 13.2.2 The appointment of Directors is a matter for the Board as a whole.
- 13.2.3 There is a policy evidencing a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision making.
- 13.2.4 The Board has adopted a policy on the promotion of gender and race diversity and will, in identifying suitable candidates for appointment as Directors, consider candidates on merit against objective criteria and with due regard for the potential benefits of gender and racial diversity at Board level.
- 13.2.5 The key roles and responsibilities of the Board include acting as the focal point for, and custodian of, corporate governance, determining the strategies and strategic objectives of the Group and monitoring the implementation of the Board's strategies, decisions, values and policies.
- 13.2.6 Directors disclose their personal financial interests at the start of every Board or committee meeting.

- 13.2.7 The Company's remuneration policy and the implementation report will be tabled at each annual general meeting of the Company for a separate non-binding advisory vote by Shareholders. Such policy will record the measures that the Board will adopt should either the remuneration policy or the implementation report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such policy or report, the Company will in its voting results announcement include an invitation to dissenting Shareholders to engage with the Company and the Board, as well as the manner and timing of such engagement.
- 13.2.8 The Board has as its Non-executive Chairman Yunis Shaik, while Loganathan Govender serves as Lead Independent Director. Francois Meyer is the Company's Chief Executive Officer and Mark Wilkin the Chief Financial Officer.

13.3 **Company secretary**

- 13.3.1 HCI Managerial Services Proprietary Limited has been appointed as the company secretary of the Company. Having considered the individuals who perform the company secretary role within HCI Managerial Services Proprietary Limited, the Board is satisfied as to the competence, qualifications and experience of the company secretary and its employees and that an arm's length relationship exists between the company secretary and the Board.
- 13.3.2 All Board members have access to the advice and services of the company secretary, who is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.
- 13.3.3 The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out its duties as stipulated under section 84 of the Companies Act and the King Code.
- 13.3.4 The Board will annually, through discussion and assessment, review the qualifications, experience and competence of the company secretary.

13.4 **Board committees**

13.4.1 **Audit and risk committee**

- 13.4.1.1 the Company's audit and risk committee has the following members:
- 13.4.1.1.1 L Govender (chairperson of the audit and risk committee);
 - 13.4.1.1.2 KF Mahloma; and
 - 13.4.1.1.3 NB Jappie,
- all of whom are independent non-executive Directors.
- 13.4.1.2 The audit and risk committee assists the Board by providing an objective and independent view on the Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:
- 13.4.1.2.1 the accounting policies of the Group and any proposed revisions thereto;
 - 13.4.1.2.2 the effectiveness of the Group's information systems and internal controls;
 - 13.4.1.2.3 the appointment and monitoring of the effectiveness of the external auditors;
 - 13.4.1.2.4 the appropriateness, expertise and experience of the Chief Financial Officer;
 - 13.4.1.2.5 setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
 - 13.4.1.2.6 the annual report and specifically the annual financial statements included therein;
 - 13.4.1.2.7 the reports of the external auditors;
 - 13.4.1.2.8 the Group's going concern status; and
 - 13.4.1.2.9 compliance with applicable legislation and requirements of regulatory authorities.
- 13.4.1.3 The audit and risk committee has considered and satisfied itself, and will do so annually, of the appropriateness of the expertise and experience of Mark Wilkin for the position of Chief Financial Officer.
- 13.4.1.4 The audit and risk committee shall request from the external auditors (and if necessary consult with the external auditors on) the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in their assessment of the suitability for appointment of their current or a prospective external auditor and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment.
- 13.4.1.5 In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.
- 13.4.1.6 This committee will hold at least two meetings per financial year.

13.4.2 **Remuneration committee**

13.4.2.1 The Company's remuneration committee has the following members:

13.4.2.1.1 Y Shaik (chairperson of the remuneration committee);

13.4.2.1.2 L Govender; and

13.4.2.1.3 NB Jappie.

13.4.2.2 All of the members of the remuneration committee are non-executive Directors, with a majority of such non-executive Directors being independent.

13.4.2.3 The remuneration committee is primarily responsible for reviewing and approving executive Directors' remuneration. Further, the remuneration committee assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and the Company. This committee will hold two meetings per financial year.

13.4.2.4 Fees payable to Directors are recommended by the Board to the Shareholders at annual general meetings for approval.

13.4.3 **Social and ethics committee**

13.4.3.1 The Company's social and ethics committee comprises of the following members:

13.4.3.1.1 Y Shaik (chairperson of the social and ethics committee);

13.4.3.1.2 NB Jappie;

13.4.3.1.3 KF Mahloma; and

13.4.3.1.4 FE Meyer.

13.4.3.2 The members of the social and ethics committee are executive and non-executive Directors, with a majority being non-executive Directors.

13.4.3.3 The social and ethics committee monitors the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

13.4.3.4 The social and ethics committee draws to the attention of the Board, matters within its mandate as occasion requires and reports to the Shareholders at the Company's annual general meeting on such matters.

13.4.3.5 In order to carry out its functions, the social and ethics committee will be entitled to request information from any Directors or employees of the Company, attend and be heard at general Shareholders' meetings, and receive notices in respect of such meetings.

13.4.3.6 This committee will hold at least one meeting per financial year.

13.5 **Internal controls**

13.5.1 The Company maintains financial and operational systems of internal control to ensure the reliability of financial information. These controls aim to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

13.5.2 The internal control systems are monitored on a continuous basis, with a view to correcting any control deficiencies as they are identified.

13.5.3 The Board, operating through the audit and risk committee, oversees the financial reporting process and internal control systems.

13.6 **Information technology**

The risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed by the Company. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have an impact on continuing operations.

13.7 **Share dealing policy and guidelines**

13.7.1 No employee of the Company in possession of material non-public information in respect of the Company or any of its Subsidiaries or any of their associates, may buy or sell securities/shares of the Company or its Subsidiaries, or engage in any other action to take advantage of such information.

13.7.2 To avoid even the appearance of an improper transaction, the directors of the Company and its Major Subsidiary, as well as head office employees must clear any proposed transaction by obtaining the necessary clearance before carrying out the transaction. This requirement applies to dealings in securities of the Company outside of any closed periods. During closed periods, transactions in securities of the Company by such directors and employees are prohibited.

13.7.3 **Insider trading prohibitions**

Securities law provides for severe penalties for insider trading (i.e. individuals who trade in securities on the basis of material non-public information or tip such information to others), including civil penalties, criminal fines (regardless of the amount of profit), and imprisonment. Material information includes any information which could reasonably be expected to affect the price of securities (e.g. reports of earnings or losses, news of a pending or proposed merger, acquisition or tender offer, irrespective of whether it is negative or positive information). In this regard:

13.7.3.1 If an employee of any Group Company has material non-public price sensitive information with respect to the Group, neither that person nor any associate may buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, that information, or make any recommendation with respect to the purchase or sale of securities of the Company.

13.7.3.2 This also applies to non-public price sensitive information relating to third party companies obtained in the course of employment with the Group.

13.7.3.3 No employee in possession of material non-public information may purchase securities of the Company on margin, make short sales of securities or buy or sell puts or calls on the securities.

13.7.3.4 Transactions that are required for independent, non-investment reasons (such as the need to raise money) are no exception.

13.7.4 **Rules for officers, directors and employees who have access to unpublished price sensitive information**

13.7.4.1 These persons are precluded from trading in securities of the Company during "closed periods" as defined from time to time by the Board, which apply during the collation of results relating to financial periods ending in March and September respectively, until the release of the results or for any period during which the Company is trading under a cautionary.

13.7.4.2 Prior to dealing in securities of the Company (even outside closed periods), prior clearance must be obtained.

14. **EXCHANGE CONTROL**

14.1 The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt hereto, please consult your attorney, accountant or professional advisor.

14.2 In terms of the Exchange Control Regulations:

14.2.1 a former resident of the Common Monetary Area who has emigrated, may use emigrant blocked funds to acquire Shares detailed in this Pre-listing Statement;

14.2.2 all payments in respect of the acquisition of Shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlling the blocked assets;

14.2.3 any Shares acquired pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;

14.2.4 Shares subsequently re-materialised and in certificated form, will be endorsed "Non-Resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and

14.3 Shareholders resident outside the Common Monetary Area should note that, where Shares are subsequently re-materialised and in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.

14.4 **Emigrants from the Common Monetary Area**

14.4.1 A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand to acquire Shares.

14.4.2 All payments in respect of the acquisition of Shares by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.

14.4.3 Statements issued to Dematerialised Shareholders will be restrictively endorsed as "NON-RESIDENT".

14.4.4 No residents of the Common Monetary Area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore Subsidiaries.

14.5 **Applicants resident outside the Common Monetary Area**

14.5.1 In terms of the Exchange Control Regulations of South Africa, non-residents of the Common Monetary Area to whom this Pre-listing Statement is addressed, may acquire Shares, provided that payment is received in foreign currency or in Rand from a non-resident account. All acquisitions by non-residents in respect of the above must be made through an authorised dealer in foreign exchange. Shares subsequently re-materialised and in certificated form, will be endorsed "Non-Resident".

14.5.2 A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable receipt of the Pre-listing Statement.

14.5.3 This Pre-listing Statement is accordingly not an offer in any area or jurisdiction. In such circumstances, this Pre-listing Statement is provided for information purposes only.

15. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no Governmental protection or investment encouragement law affecting the Company or its Subsidiaries.

16. **LITIGATION**

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the Group.

17. **MATERIAL CONTRACTS**

Save for the Material Acquisition Agreements, details of which are set out in paragraphs 8 of this Pre-listing Statement, and as otherwise provided herein, no material contracts (including restrictive funding arrangements) have been entered into by any Group Companies, other than in the ordinary course of business, (i) within the two years prior to the date of this Pre-listing Statement or, (ii) at any other time where such agreement contains an obligation or settlement that is material to the Company as at the date of this Pre-listing Statement.

18. **EXPERTS' CONSENTS**

The Independent Reporting Accountant and each of the advisors, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, in this Pre-listing Statement.

19. **EXPENSES**

The Company's preliminary and issue expenses relating to the Listing, which have been incurred or which are expected to be incurred, including the fees payable to professional advisers, are anticipated to amount to approximately R3 350 000, excluding VAT, and include the following:

| Nature of Expense | Payable to | R'000 |
|--|--------------------|--------------|
| Transaction Advisor and Sponsor fees | PSG Capital | 2 250 |
| Independent Reporting Accountant fees | Grant Thornton | 85 |
| Independent Reporting Accountant fees | BDO | 25 |
| Documentation inspection fees | JSE | 92 |
| Listing fees | JSE | 413 |
| Transfer Secretaries fees | Computershare | 50 |
| Strate fees | Strate | 35 |
| Printing, publication and distribution | Greymatter & Finch | 150 |
| Contingency | | 250 |
| Estimated Total | | 3 350 |

20. **RESPONSIBILITY STATEMENT**

The Directors, whose names are set out in the "Corporate Information" section of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to the Company and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

21. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of the Company and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the "Corporate Information" section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement until the Listing Date:

- 21.1 the MOI of the Company and the memorandum of incorporation of its Major Subsidiary;
- 21.2 the historical financial information of the Company for the financial years ended 31 March 2016 and 31 March 2017, as reproduced in **Annexure 1** of this Pre-listing Statement;
- 21.3 the reviewed interim financial information of the Company for the six months ended 30 September 2017, as reproduced in **Annexure 3** of this Pre-listing Statement;
- 21.4 the historical financial information of Subco for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, as reproduced in **Annexure 5** of this Pre-listing Statement;
- 21.5 reviewed interim financial information of Subco for the six months ended 30 September 2017, as reproduced in **Annexure 7** of this Pre-listing Statement;

- 21.6 the historical financial information of GABS for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, as reproduced in **Annexure 9** of this Pre-listing Statement;
- 21.7 the Reviewed interim financial information of GABS for the six months ended 30 September 2017, as reproduced in **Annexure 11** of this Pre-listing Statement;
- 21.8 the following reports by the Independent Reporting Accountants:
 - 21.8.1 the Independent Reporting Accountant's report on the historical financial information of the Company, as reproduced in **Annexure 2** of this Pre-listing Statement;
 - 21.8.2 Independent Reporting Accountant's report on the reviewed interim financial information of the Company for the six months ended 30 September 2017, as reproduced in **Annexure 4** of this Pre-listing Statement
 - 21.8.3 the Independent Reporting Accountant's report on historical financial information of Subco for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, as reproduced in **Annexure 6** of this Pre-listing Statement;
 - 21.8.4 the Independent Reporting Accountant's report on reviewed interim financial information of Subco for the six months ended 30 September 2017, as reproduced in **Annexure 8** of this Pre-listing Statement;
 - 21.8.5 the Independent Reporting Accountant's report on historical financial information of GABS for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, as reproduced in **Annexure 10** of this Pre-listing Statement;
 - 21.8.6 the Independent Reporting Accountant's report on reviewed interim financial information of GABS for the six months ended 30 September 2017, as reproduced in **Annexure 12** of this Pre-listing Statement;
 - 21.8.7 the Independent Reporting Accountant's report on the *pro forma* financial information of the Company, as reproduced in **Annexure 14** of this Pre-listing Statement; and
- 21.9 the employment agreements of the executive Directors;
- 21.10 the Material Acquisition Agreements;
- 21.11 the Share incentive Scheme Rules;
- 21.12 the Niveus Unbundling Circular;
- 21.13 written consent letters by experts and advisers, as referred to in paragraph 18 above; and
- 21.14 a copy of this Pre-listing Statement and all other annexures hereto.

SIGNED AT CAPE TOWN ON 15 MARCH 2018 BY FRANCOIS ECKHARD MEYER ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS



FRANCOIS ECKHARD MEYER
Chief Executive Officer

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 31 MARCH 2017

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED (FORMERLY NIVEUS INVEST 17 PROPRIETARY LIMITED) (REGISTRATION NUMBER 2015/250356/07) HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 MARCH 2016 AND 31 MARCH 2017

INTRODUCTION

The historical financial information of Hosken Passenger Logistics and Rail Limited set out below has been extracted from the audited annual financial statements of Hosken Passenger Logistics and Rail Limited for the years ended 31 March 2016 and 31 March 2017. The annual financial statements were audited by Grant Thornton Johannesburg and reported on without qualification.

The historical financial information of Hosken Passenger Logistics and Rail Limited is the responsibility of the Directors of Hosken Passenger Logistics and Rail Limited.

The historical financial information of Hosken Passenger Logistics and Rail Limited for the years ended 31 March 2016 and 31 March 2017 were authorised for issue on 19 January 2018 by the Board of Directors.

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | The company has been dormant since incorporation, until the acquisition by the company of Subco from Hosken Consolidated Investments Limited, as detailed under the paragraph "Events after the reporting period" set out below. |
| Directors | A van der Veen MM Loftie-Eaton |
| Registered office | 103 Bofors Circle Epping Industria Cape Town, 7460 |
| Business address | 103 Bofors Circle Epping Industria Cape Town, 7460 |
| Holding company | La Concorde South Africa Proprietary Limited incorporated in South Africa |
| Ultimate holding company | Hosken Consolidated Investments Limited incorporated in South Africa |
| Auditors | Grant Thornton Registered Auditors Chartered Accountants (SA) |
| Level of assurance | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa. |
| Preparer | These annual financial statements have been prepared under the supervision of MM Loftie-Eaton, CA(SA) |

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2017.

1. Incorporation

The company was incorporated on 16 July 2015 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The company has been dormant since incorporation, until the acquisition by the company of Subco from Hosken Consolidated Investments Limited, as detailed under the paragraph "Events after the reporting period" set out below.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Events after the reporting period

At a general meeting of shareholders of Niveus Investments Limited held on 18 January 2018, shareholders approved the acquisition by the company of Subco from Hosken Consolidated Investments Limited, for R1.8 billion to be settled by way of the issue of shares in the company.

The directors are not aware of any other material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to the annual financial statements.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

5. Dividends

No dividends were declared or paid during the year.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

- A van der Veen
- MM Loftie-Eaton

7. Holding companies

The company's holding company is La Concorde South Africa Proprietary Limited incorporated in South Africa, which holds 100% of the shares in issue. Niveus Investments Limited holds 58% of the shares in issue in La Concorde South Africa Proprietary Limited.

8. Ultimate holding company

The company's ultimate holding company is Hosken Consolidated Investments Limited incorporated in South Africa, which holds 52% of Niveus Investments Limited.

9. Auditors

Grant Thornton continued in office as the auditors during the year under review.

STATEMENT OF FINANCIAL POSITION

| | Notes | 31 March 2017 | 31 March 2016 |
|-------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 1 | 1 |
| Total assets | | 1 | 1 |
| Equity and Liabilities | | | |
| Equity | | | |
| Stated capital | 3 | 1 | 1 |
| Total equity and liabilities | | 1 | 1 |

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

2. New Standards and Interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the Company's stand-alone annual financial statements.

3. Stated capital

| | 31 March 2017 | 31 March 2016 |
|---------------------------------------|------------------|------------------|
| Authorised | | |
| 1,000 ordinary shares of no par value | | |
| Issued | | |
| 100 ordinary shares of no par value | 1 | 1 |

4. Taxation

No provision has been made for 2017 taxation as the company has no taxable income. The estimated taxation loss available for set off against future taxable income is R Nil (2016: R Nil).

5. Statement of profit and loss and other comprehensive income and statement of cash flows

No statement of profit and loss and other comprehensive income and statement of cash flows have been prepared as the company did not earn any income or incur any expenditure during either the current or comparative period presented. In addition, the company did not operate a bank account.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 31 MARCH 2017

The Directors

Hosken Passenger Logistics and Rail Limited

103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED ("HPL&R" OR "THE COMPANY") INCLUDED IN THE PRE-LISTING STATEMENT

Opinion

We have audited the financial information of the Company for the two years ended 31 March 2016 and 2017 as set out in **Annexure 1** of the Pre-Listing Statement to be issued on or about Thursday, 15 March 2018 ("the PLS") in compliance with the JSE Limited ("JSE") Listings Requirements.

The financial information comprises the statement of financial position for the two years ended 31 March 2016 and 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial information of the Company presents fairly, in all material respects, for the purposes of the PLS, the financial position of the Company for the two years ended 31 March 2016 and 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial information in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial information of the current period. These matters were addressed in the context of our audit of the financial information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters in respect of the financial information given the Company has been dormant since incorporation until the acquisition of HPL and R Investments Proprietary Limited ("Subco") effective 1 February 2018.

Consent

We consent to the inclusion of this report, which will form part of the PLS to the shareholders of HPL&R in the form and context in which it appears.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial information does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial information

The directors are responsible for the preparation and fair presentation of the financial information in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRANT THORNTON

Registered Auditors

Practice Number: 903485E

M A da Costa

Partner

Registered Auditor

Chartered Accountant (SA)

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

AUDITED INTERIM FINANCIAL INFORMATION OF THE COMPANY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED (FORMERLY NIVEUS INVEST 17 PROPRIETARY LIMITED) (REGISTRATION NUMBER 2015/250356/07) INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017
INTRODUCTION

The interim financial information for the six months ended 30 September 2017 of Hosken Passenger Logistics and Rail Limited set out below has been audited by Grant Thornton Johannesburg and should be read in conjunction with the audited annual financial statements of Hosken Passenger Logistics and Rail Limited for the periods ended 31 March 2016 and 31 March 2017.

The interim financial information for the six months ended 30 September 2017 of Hosken Passenger Logistics and Rail Limited is the responsibility of the Directors of Hosken Passenger Logistics and Rail Limited.

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | The company has been dormant since incorporation, until the acquisition by the company of Subco from Hosken Consolidated Investments Limited, as detailed under the paragraph "Events after the reporting period" set out below. |
| Directors | A van der Veen MM Loftie-Eaton |
| Registered office | 103 Bofors Circle Epping Industria Cape Town, 7460 |
| Business address | 103 Bofors Circle Epping Industria Cape Town, 7460 |
| Holding company | La Concorde South Africa Proprietary Limited incorporated in South Africa |
| Ultimate holding company | Hosken Consolidated Investments Limited incorporated in South Africa |
| Auditors | Grant Thornton Registered Auditors Chartered Accountants (SA) |
| Level of assurance | These interim financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa |
| Preparer | These annual financial statements have been prepared under the supervision of MM Loftie-Eaton, CA(SA) |

DIRECTORS' REPORT

The directors submit their report for the 6 months ended 30 September 2017.

1. Incorporation

The company has been dormant since incorporation, until the acquisition by the company of Subco from Hosken Consolidated Investments Limited, as detailed under the paragraph "Events after the reporting period" set out below.

2. Review of activities

Main business and operations

The company has been dormant since incorporation, until the acquisition by the company of Subco from Hosken Consolidated Investments Limited, as detailed under the paragraph "Events after the reporting period" set out below.

The operating results and state of affairs of the company are fully set out in the attached interim financial statements and do not in our opinion require any further comment.

3. Events after the reporting period

At a general meeting of shareholders of Niveus Investments Limited held on 18 January 2018, shareholders approved the acquisition by the company of Subco from Hosken Consolidated Investments Limited, for R 1.8 billion to be settled by way of the issue of shares in the company.

The directors are not aware of any other material fact or circumstance arising between the end of the financial period and the date of this report that would require adjustments to the annual financial statements.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the 6 months under review.

5. Dividends

No dividends were declared or paid during the 6 months.

6. Directors

The directors of the company during the 6 months and to the date of this report are as follows:

- A van der Veen
- MM Loftie-Eaton

7. Holding companies

The company's holding company is La Concorde South Africa Proprietary Limited incorporated in South Africa, which holds 100% of the shares in issue. Niveus Investments Limited holds 58% of the shares in issue in La Concorde South Africa Proprietary Limited.

8. Ultimate holding company

The company's ultimate holding company is Hosken Consolidated Investments Limited incorporated in South Africa, which holds 52% of Niveus Investments Limited.

9. Auditors

Grant Thornton continued in office as the auditors during the year under review.

STATEMENT OF FINANCIAL POSITION

| | Notes | 30 September 2017 | 31 March 2017 |
|-------------------------------------|-------|----------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 1 | 1 |
| Total assets | | 1 | 1 |
| Equity and Liabilities | | | |
| Equity | | | |
| Stated capital | 3 | 1 | 1 |
| Total equity and liabilities | | 1 | 1 |

1. Presentation of Interim Financial Statements

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and the Companies Act of South Africa. The interim financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

2. New Standards and Interpretations

At the date of approval of these interim financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. The new standards and interpretations are not expected to have a material impact on the entity's stand-alone interim financial statements.

3. Stated capital

| | 30 September 2017 | 31 March 2017 |
|---------------------------------------|----------------------|------------------|
| Authorised | | |
| 1,000 ordinary shares of no par value | | |
| Issued | | |
| 100 ordinary shares of no par value | 1 | 1 |

4. Taxation

No provision has been made for 2017 taxation as the company has no taxable income. The estimated taxation loss available for set off against future taxable income is R Nil (2017: R Nil).

5. Statement of profit and loss and other comprehensive income and statement of cash flows

No statement of profit and loss and other comprehensive income and statement of cash flows have been prepared as the company did not earn any income or incur any expenditure during either the current or comparative period presented. In addition, the company did not operate a bank account.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE AUDITED INTERIM FINANCIAL INFORMATION OF THE COMPANY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The Directors

Hosken Passenger Logistics and Rail Limited

103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE INTERIM FINANCIAL INFORMATION OF HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED ("HPL&R" OR "THE COMPANY") INCLUDED IN THE PRE-LISTING STATEMENT

Opinion

We have audited the financial information of the Company at 30 September 2017 set out in **Annexure 3** of the Pre-Listing Statement to be issued on or about Thursday, 15 March 2018 ("the PLS"), in compliance with the JSE Limited ("JSE") Listings Requirements.

The financial information comprises the statement of financial position for the 6 months ended 30 September 2017, and notes thereto, including a summary of significant accounting policies,

In our opinion, the financial information of the Company at 30 September 2017 presents fairly, in all material respects, for the purposes of the PLS, the financial position of the Company at that date and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial information in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial information of the current period. These matters were addressed in the context of our audit of the financial information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters in respect of the financial information given the Company has been dormant since incorporation until the acquisition of HPL and R Investments Proprietary Limited ("Subco") effective 1 February 2018.

Consent

We consent to the inclusion of this report, which will form part of the PLS to the shareholders of HPL&R in the form and context in which it appears.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial information and our auditor's report thereon.

Our opinion on the financial information does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial information

The directors are responsible for the preparation and fair presentation of the financial information in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Yours faithfully

GRANT THORNTON

Registered Auditors

Practice Number: 903485E

M A da Costa

Partner

Registered Auditor

Chartered Accountant (SA)

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

HISTORICAL FINANCIAL INFORMATION OF SUBCO FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF SUBCO AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

INTRODUCTION

The historical financial information of Subco and its subsidiaries set out below has been extracted from the audited annual financial statements of Subco and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017. The annual financial statements were audited by Grant Thornton Cape Inc. and reported on without qualification.

The historical financial information of Subco and its subsidiaries is the responsibility of the Directors of Subco and its subsidiaries.

The historical financial information of Subco and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 were authorised for issue on 8 September 2017 by the Board of Directors.

The accounting policies of Subco and its subsidiaries are consistent with that of the Company.

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2017

1. Nature of business

Subco was sold by its previous holding company, HCI, to its current holding company, being the Company, during the current financial year.

The company serves as a holding company to Eljosa, which operates in the luxury and semi-luxury coach markets in Cape Town and the Winelands.

2. Going concern

The consolidated historical financial information has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Financial results

The operating results and the state of affairs of the group are fully set out in the consolidated statement of financial position, consolidated statement of comprehensive income, and consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

Net profit of the group was R687 915, after taxation expense of R823 359.

Subco acquired the assets and business of Eljosa with effect from 1 October 2016.

4. Dividends

No dividends were declared or paid to the shareholder during the current financial year.

5. Events after the reporting period

Effective 30 January 2018, in terms of the GABS Asset for Share Agreement, Subco acquired 100% of the shares in GABS from HCI in exchange for the issue of new shares in Subco. Further, effective 1 February 2018 in terms of the GABS Acquisition Agreement, the Company acquired all the issued share capital in Subco from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of Shares, constituting approximately 62% of the issued share capital of the Company. Following the completion of these agreements, the Company owns 100% of the issued share capital in Subco, and HCI via its various shareholdings owns an effective 73.5% of the Company and in effect Subco.

The Company intends to pursue a listing on the Johannesburg Stock Exchange.

6. Directors

The directors of Subco during the year and to the date of this report are as follows:

| Name | Date appointed |
|-------------|----------------|
| TG Govender | 01/09/2016 |
| FE Meyer | 01/11/2015 |
| Y Shaik | 01/09/2016 |
| ML Wilkin | 02/08/2000 |

7. Ultimate holding company

The company's ultimate holding company is HCI.

8. Auditors

Grant Thornton Cape Inc. will continue in office as the auditors, in accordance with Section 90 of the Companies Act of South Africa 71 of 2008 until 22 February 2018. Thereafter BDO Cape Incorporated have been duly appointed as auditors for the remainder of the financial year ending 31 March 2018 in accordance with Section 90 of the Companies Act of South Africa 71 of 2008. This change in appointment of the registered auditors of the entity is the result of a merger transaction, concluded between Grant Thornton Cape Inc. and BDO South Africa Incorporated.

HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of Subco and its subsidiaries occurred, and no material fact or circumstance has occurred between the end of the latest financial year of Subco and its subsidiaries and the date of this Historical Financial Information Report. The historical financial information was audited by Grant Thornton Cape Inc. and should be read in conjunction with their Independent Reporting Accountants Report.

Consolidated Statement of Financial Position as at 31 March 2017

| | Notes | 2017 | 2016 | 2015 |
|---|-------|---------------------|-----------|-----------|
| Assets | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 3 | 33 671 945 | - | - |
| Investment in subsidiary | 4 | - | - | - |
| Goodwill | 5 | 8 450 668 | - | - |
| | | 42 122 613 | - | - |
| Current Assets | | | | |
| Inventories | 6 | 433 585 | - | - |
| Loans to related parties | 7 | - | - | - |
| Trade and other receivables | 8 | 1 774 237 | - | - |
| Cash and cash equivalents | 9 | 877 132 | - | - |
| | | 3 084 954 | - | - |
| Total Assets | | 45 207 567 | - | - |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Share capital | 10 | 10 | 10 | 10 |
| Retained income | | 522 805 | (10) | (10) |
| | | 522 815 | - | - |
| Non-controlling interest | | 143 449 | - | - |
| | | 666 264 | - | - |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Loans from related parties | 7 | 26 144 959 | - | - |
| Deferred tax | 11 | 3 010 949 | - | - |
| | | 29 155 908 | - | - |
| Current Liabilities | | | | |
| Loans from related parties | 7 | 12 948 954 | - | - |
| Trade and other payables | 12 | 2 436 441 | - | - |
| | | 15 385 395 | - | - |
| Total Liabilities | | 44 541 303 | - | - |
| Total Equity and Liabilities | | 45 207 567 | - | - |
| Net Asset Value per share (cents) | | 5 228 150 | - | - |
| Net Tangible Asset Value per share (cents) | | (79 278 530) | - | - |
| Shares in issue | | 10 | 10 | 10 |

Consolidated Statement of Comprehensive Income for the year ended 31 March 2017

| | Notes | 2017 | 2016 | 2015 |
|---|-------|------------------|------|------|
| Revenue | 13 | 16 222 323 | - | - |
| Cost of sales | | (7 279 608) | - | - |
| Gross profit | | 8 942 715 | - | - |
| Other income | | 80 768 | - | - |
| Operating expenses | | (6 687 326) | - | - |
| Operating profit | 14 | 2 336 157 | - | - |
| Interest income | | 22 791 | - | - |
| Finance costs | 15 | (847 674) | - | - |
| Profit before taxation | | 1 511 274 | - | - |
| Taxation | 16 | (823 359) | - | - |
| Profit (loss) for the year | | 687 915 | - | - |
| Other comprehensive income | | - | - | - |
| Total comprehensive income (loss) | | 687 915 | - | - |
| Total profit (loss) attributable to: | | | | |
| Owners of the parent | | 522 815 | - | - |
| Non-controlling interest | | 165 100 | - | - |
| | | 687 915 | - | - |
| Total comprehensive income (loss) attributable to: | | | | |
| Owners of the parent | | 522 815 | - | - |
| Non-controlling interest | | 165 100 | - | - |
| | | 687 915 | - | - |
| Earnings per share (cents) | | | | |
| Basic earnings per share (cents) | | 5 228 154 | - | - |
| Diluted earnings per share (cents) | | 5 228 154 | - | - |

Consolidated Statement of Changes in Equity for the year ended 31 March 2017

| | Share Capital | Retained income | Total attributable to equity holders of the group | Non-controlling interest | Total equity |
|---|---------------|-----------------|---|--------------------------|----------------|
| Balance at 1 April 2016 | 10 | (10) | - | - | - |
| Changes in equity | | | | | |
| Total comprehensive income for the year | - | 522 815 | 522 815 | 165 100 | 687 915 |
| Acquisition of subsidiary | - | - | - | (21 651) | (21 651) |
| Total changes | - | 522 815 | 522 815 | 143 449 | 666 264 |
| Balance at 31 March 2017 | 10 | 522 805 | 522 815 | 143 449 | 666 264 |

Consolidated Statement of Cash Flows for the year ended 31 March 2017

| | Notes | 2017 | 2016 | 2015 |
|---|----------|------------------|------|------|
| Cash flows from operating activities | | | | |
| Cash used in operations | 17 | 2 331 021 | - | - |
| Interest income | | 22 791 | - | - |
| Finance costs | | (847 674) | - | - |
| Net cash from operating activities | | 1 506 138 | - | - |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | 3 | (14 223 433) | - | - |
| Proceeds from the sale of property, plant and equipment | | 378 195 | - | - |
| Business combination | 23 | (9 635 883) | - | - |
| Acquisition of investment in subsidiary | | - | - | - |
| Net movement in related party loans | | 39 093 913 | - | - |
| Liabilities settled at acquisition via business combination | | (16 241 798) | - | - |
| Net cash used in investing activities | | (629 006) | - | - |
| Total cash movement for the year | | 877 132 | - | - |
| Cash and cash equivalents at the beginning of the year | | - | - | - |
| Total cash and cash equivalents at the end of the year | 9 | 877 132 | - | - |

ACCOUNTING POLICIES

1. Presentation of Consolidated and Separate Annual Financial Statements

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and the Companies Act of South Africa. The consolidated and separate annual financial statements have been prepared on the historical cost basis, except where otherwise noted, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate annual financial statements. Significant judgements include:

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Residual values and useful lives of items of property, plant and equipment

Due to the nature of the group's property, plant and equipment, the residual values attached to these assets are reviewed annually. Buses are expected to have an initial operational life of 15 years. The residual value of a bus after 15 years is R500 000.

1.2 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the specific asset will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Depreciation of property, plant and equipment is provided to write off the gross carrying value, less residual value, on a straight-line basis over their estimated useful lives. The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation rate |
|------------------------|-------------------|
| Computer equipment | 33% |
| Computer software | 50% |
| Furniture and fixtures | 16.7% – 33.3% |
| Motor vehicles | |
| • Busses | 6.67% – 12.5% |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial Instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs where applicable). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each reporting date. Financial assets are recognised when the company has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. Interest costs are charged against income in the year in which they accrue.

Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net interest payable over the life of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses.

When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans from related parties

These include loans from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently this loan is measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the loan's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Borrowings

Borrowings are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost using the effective interest rate method and includes accrued interest.

1.4 **Tax**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.5 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Fuel and tyres are measured at the lower of cost and net realisable value. Cost is calculated on a first-in, first-out (FIFO) basis.

1.7 Impairment of Assets

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit.

1.8 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Provisions and Contingencies

Provisions are recognised when:

- The group has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the services provided in the normal course of business, net of trade discounts and value added tax.

Revenue from chartered hire is recognised when the service has been rendered.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. New standards and interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standard and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|--|---|-----------------|
| IFRS 7: Financial Instruments Disclosure – Annual improvements 2012 – 2014 | 1 January 2016 | Not material |
| IFRS 10: Consolidated Financial Statements – Amendments | 1 January 2016 | Not material |
| IAS 1: Presentation of Financial Statements – Amendments | 1 January 2016 | Not material |
| IAS 16 Property, plant and equipment – Amendments | 1 January 2016 | Not material |
| IAS 27: Consolidated and Separate Financial Statements – Amendments | 1 January 2016 | Not material |
| IAS 38 Intangible Assets – Amendments | 1 January 2016 | Not material |

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2017 or later periods:

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|---|---|-----------------------|
| IFRS 16: Leases | 1 January 2019 | Not yet been assessed |
| IAS 12: Income taxes – Amendments | 1 January 2017 | Not yet been assessed |
| IAS 7: Cash flow statements – Amendments | 1 January 2017 | Not yet been assessed |
| IFRS 9: Financial Instruments | 1 January 2018 | Not yet been assessed |
| IFRS 15: Revenue from contract with customers Amendment | 1 January 2018 | Not yet been assessed |

3. Property, plant and equipment

| | 2017 | | |
|------------------------|-------------------|-----------------------------|-------------------|
| | Cost | Accumulated depreciation | Carrying value |
| IT equipment | 219 448 | (219 448) | – |
| Leasehold improvements | 10 950 | (10 950) | – |
| Motor vehicles | 44 298 857 | (10 632 698) | 33 666 159 |
| Office equipment | 173 981 | (168 195) | 5 786 |
| Plant and machinery | 102 201 | (102 201) | – |
| Total | 44 805 437 | (11 133 492) | 33 671 945 |
| | 2016 | | |
| | Cost | Accumulated depreciation | Carrying value |
| IT equipment | – | – | – |
| Leasehold improvements | – | – | – |
| Motor vehicles | – | – | – |
| Office equipment | – | – | – |
| Plant and machinery | – | – | – |
| Total | – | – | – |
| | 2015 | | |
| | Cost | Accumulated depreciation | Carrying value |
| IT equipment | – | – | – |
| Leasehold improvements | – | – | – |
| Motor vehicles | – | – | – |
| Office equipment | – | – | – |
| Plant and machinery | – | – | – |
| Total | – | – | – |

Reconciliation of property, plant and equipment – 2017

| | Opening balance | Additions | Additions through business combinations | Disposals | Depreciation | Total |
|---------------------|-----------------|-------------------|---|------------------|--------------------|-------------------|
| IT equipment | – | – | 7 938 | – | (7 938) | – |
| Busses | – | 14 223 433 | 20 983 736 | – | (1 541 010) | 33 666 159 |
| Office equipment | – | – | 7 017 | – | (1 231) | 5 786 |
| Motor vehicles | – | – | 297 427 | (297 427) | – | – |
| Plant and machinery | – | – | 8 634 | – | (8 634) | – |
| Total | – | 14 223 433 | 21 304 752 | (297 427) | (1 558 813) | 33 671 945 |

Reconciliation of property, plant and equipment – 2016

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---------------------|-----------------|-----------|-----------|--------------|----------|
| IT equipment | – | – | – | – | – |
| Busses | – | – | – | – | – |
| Office equipment | – | – | – | – | – |
| Motor vehicles | – | – | – | – | – |
| Plant and machinery | – | – | – | – | – |
| Total | – | – | – | – | – |

Reconciliation of property, plant and equipment – 2015

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---------------------|-----------------|-----------|-----------|--------------|----------|
| IT equipment | – | – | – | – | – |
| Busses | – | – | – | – | – |
| Office equipment | – | – | – | – | – |
| Motor vehicles | – | – | – | – | – |
| Plant and machinery | – | – | – | – | – |
| Total | – | – | – | – | – |

4. Investment in subsidiary

| Name of company | % holding 2017 | % holding 2016 | % holding 2015 |
|---|----------------|----------------|----------------|
| Eljosa Travel and Tours Proprietary Limited | 76.00% | - % | - % |

The carrying amounts of the subsidiary is shown net of impairment losses.

5. Goodwill

| | 2017 Cost | 2017 Accumulated impairment | Carrying value |
|----------|--------------|--------------------------------|----------------|
| Goodwill | 8 450 668 | – | 8 450 668 |

Reconciliation of goodwill – Group 2017

| | 2017 Opening balance | 2017 Additions through business combinations | Closing balance |
|----------|-------------------------|---|-----------------|
| Goodwill | – | 8 450 668 | 8 450 668 |

Calculation of goodwill through business combinations

| | GROUP 2017 |
|----------------------------|------------|
| Consideration transferred | 8 382 108 |
| Non-controlling interest | (21 650) |
| | 8 360 458 |
| Equity at acquisition date | 90 210 |
| | 8 450 668 |

6. Inventories

| | 2017 | 2016 | 2015 |
|----------------|---------|------|------|
| Fuel and tyres | 433 585 | - | - |

7. Loans to (from) related parties

| Fellow subsidiary | 2017 | 2016 | 2015 |
|--|---------------------|------|------|
| Golden Arrow Bus Services Proprietary Limited The loan is unsecured, non-interest bearing and is repayable on demand. | (9 027 753) | - | - |
| Golden Arrow Bus Services Proprietary Limited The loan is unsecured, bears interest at prime rate and is payable in 2020. | (12 144 097) | - | - |
| Golden Arrow Bus Services Proprietary Limited The loan is unsecured, bears interest at prime rate and is payable in 2021. | (14 000 862) | - | - |
| Golden Arrow Bus Services Proprietary Limited The loan is unsecured, bears interest at prime rate and is repayable on demand. | (3 921 201) | - | - |
| | (39 093 913) | - | - |
| Non-current liabilities | (26 144 959) | - | - |
| Current liabilities | (12 948 954) | - | - |
| | (39 093 913) | - | - |

8. Trade and other receivables

| | 2017 | 2016 | 2015 |
|-------------------|-----------|------|------|
| Trade receivables | 1 774 237 | - | - |

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

Fair Value of trade and other receivables

The directors consider the carrying amounts of trade and other receivables to approximate its fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R379 652 (2016: R -; 2015: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | | |
|-------------------|----------------|---|---|
| 1 month past due | 175 150 | - | - |
| 2 months past due | 204 502 | - | - |
| Total | 379 652 | - | - |

Trade and receivables impaired

As of 31 March 2017, trade and other receivables of R103 804 (2016: R -; 2015: R -) were impaired and provided for.

The amount of the provision was R103 804 as of 31 March 2017 (2016: R -; 2015: R -).

The ageing of these loans is as follows:

| | | | |
|---------------|---------|---|---|
| 3 to 6 months | 103 804 | - | - |
|---------------|---------|---|---|

9. Cash and cash equivalents

Cash and cash equivalents consists of:

| | 2017 | 2016 | 2015 |
|-----------------|----------------|------|------|
| Cash on hand | 10 804 | - | - |
| Current account | 801 990 | - | - |
| Rental deposit | 64 338 | - | - |
| | 877 132 | - | - |

10. Share capital

| Authorised | 2017 | 2016 | 2015 |
|----------------------------------|-------|-------|-------|
| 1 000 Ordinary shares of R1 each | 1 000 | 1 000 | 1 000 |
| Issued | | | |
| 10 Ordinary shares of R1 each | 10 | 10 | 10 |

11. Deferred tax**Deferred tax liability**

| | 2017 | 2016 | 2015 |
|-------------------------------|--------------------|------|------|
| Property, plant and equipment | (3 364 973) | - | - |
| Income received in advance | 323 872 | - | - |
| Provision for doubtful debts | 21 799 | - | - |
| Payroll accrual | 8 353 | - | - |
| | (3 010 949) | - | - |

Reconciliation of deferred tax liability

| | | | |
|---|--------------------|---|---|
| At acquisition date | (2 187 591) | - | - |
| Originating temporary difference on provision for doubtful debts | 21 799 | - | - |
| Originating temporary difference payroll accruals | 8 353 | - | - |
| Originating temporary difference on property, plant and equipment | (1 177 382) | - | - |
| Originating temporary difference on income received in advance | 323 872 | - | - |
| | (3 010 949) | - | - |

12. Trade and other payables

| | 2017 | 2016 | 2015 |
|-----------------------------|------------------|------|------|
| Amounts received in advance | 1 156 687 | - | - |
| Payroll liabilities | 29 832 | - | - |
| Trade payables | 1 249 922 | - | - |
| Total | 2 436 441 | - | - |

Fair value of trade and other payables

The carrying amounts of trade and other payables approximates its fair value.

13. Revenue

| | 2017 | 2016 | 2015 |
|-----------------------|------------|------|------|
| Rendering of services | 16 222 323 | - | - |

14. Operating profit

Operating profit (loss) for the year is stated after accounting for the following:

| | 2017 | 2016 | 2015 |
|---|----------------|----------|----------|
| Operating lease charges | | | |
| Premises | | | |
| Contractual amounts | 499 839 | - | - |
| Motor vehicles | | | |
| • Contractual amounts | 250 133 | - | - |
| Lease rentals on operating lease – Other | | | |
| • Contractual amounts | 240 740 | - | - |
| | 990 712 | - | - |
| Profit on sale of property, plant and equipment | 80 768 | - | - |
| Depreciation on plant and equipment | 1 558 813 | - | - |
| Employee costs | 3 961 815 | - | - |

15. Finance costs

| | 2017 | 2016 | 2015 |
|--|----------------|----------|----------|
| Bank overdraft and instalment sale liabilities | 489 460 | - | - |
| Interest paid to related party | 358 214 | - | - |
| Total | 847 674 | - | - |

16. Taxation

Major components of the tax expense

| Deferred | 2017 | 2016 | 2015 |
|---|---------|------|------|
| Originating and reversing temporary differences | 823 359 | - | - |

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R95 929 (2016: R -; 2015: R -).

17. Cash generated from (used in) operations

| | 2017 | 2016 | 2015 |
|------------------------------------|------------------|----------|----------|
| Profit (loss) before tax | 1 511 274 | - | - |
| Adjustments for: | | | |
| Depreciation | 1 558 813 | - | - |
| Loss (profit) on sale of assets | (80 768) | - | - |
| Interest received | (22 791) | - | - |
| Finance costs | 847 674 | - | - |
| Changes in working capital: | | | |
| Inventories | (393 848) | - | - |
| Trade and other receivables | (1 774 237) | - | - |
| Trade and other payables | 684 904 | - | - |
| Total | 2 331 021 | - | - |

17. Related parties

Relationships

| | |
|--------------------------|---|
| Ultimate holding company | Hosken Consolidated Investments Limited |
| Subsidiary | Eljosa Travel and Tours Proprietary Limited |
| Joint ventures | Golden Arrow Bus Services Proprietary Limited |
| Directors | Refer to commentary for the year ended 31 March 2017 note 6 |

Related party balances

Loan accounts – Owing to related parties

| | | | |
|---|---------------------|----------|----------|
| Golden Arrow Bus Services Proprietary Limited | (9 027 753) | - | - |
| Golden Arrow Bus Services Proprietary Limited | (3 921 201) | - | - |
| Golden Arrow Bus Services Proprietary Limited | (12 144 097) | - | - |
| Golden Arrow Bus Services Proprietary Limited | (14 000 862) | - | - |
| | (39 093 913) | - | - |

Related party transactions

| | | | |
|---|---------|---|---|
| Interest paid to related parties | | | |
| Golden Arrow Bus Services Proprietary Limited | 358 214 | - | - |

18. Directors' emoluments

Executive 2017

| | Emoluments | Total |
|---------------------------|------------|-----------|
| For services as directors | 2 675 825 | 2 675 825 |

The directors' emoluments for services as directors of a subsidiary in respect of the 12 months ended 28 February 2016, was R1 614 709.

19. Financial assets by category

The accounting policies for the financial instruments have been applied to the line items below:

Group – 2017

| | Loans and receivables | Total |
|-----------------------------|-----------------------|------------------|
| Cash and cash equivalents | 877 132 | 877 132 |
| Trade and other receivables | 1 774 237 | 1 774 237 |
| | 2 651 369 | 2 651 369 |

20. Financial liabilities by category

The accounting policies for the financial instruments have been applied to the line items below:

Group – 2017

| | Financial liabilities at amortised cost | Total |
|----------------------------|---|-------------------|
| Loans from related parties | 39 093 912 | 39 093 912 |
| Trade and other payables | 2 436 438 | 2 436 438 |
| | 41 530 350 | 41 530 350 |

21. Risk Management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 7, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Group

| At 31 March 2017 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------|------------------|-----------------------|-----------------------|--------------|
| Loans from related parties | 12 948 954 | – | 26 144 959 | – |
| Trade and other payables | 2 436 438 | – | – | – |

Credit risk

Credit risk consists mainly of cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

| | 2017 | 2016 | 2015 |
|---------------------------|-----------|------|------|
| Trade receivables | 1 774 237 | - | - |
| Cash and cash equivalents | 866 328 | - | - |

22. Business combinations

Aggregated business combinations

| | 2017 |
|--|--------------------|
| Property, plant and equipment | 21 304 752 |
| Inventories | 39 737 |
| Cash and cash equivalents | 67 676 |
| Deferred tax | (2 187 591) |
| Loans and financial liabilities | (16 241 798) |
| Trade and other payables | (1 751 535) |
| Bank overdraft | (1 321 451) |
| Total identifiable net assets | (90 210) |
| Non-controlling interest | 21 650 |
| Goodwill | 8 450 668 |
| | 8 382 108 |
| Consideration paid | |
| Cash | (8 382 108) |
| Net cash outflow on acquisition | |
| Cash consideration paid | (8 382 108) |
| Cash acquired | (1 253 775) |
| | (9 635 883) |

23. Headline earnings per share

| | 2017 | 2016 | 2015 |
|--|------------------|------|------|
| Reconciliation between earnings and headline earnings | | - | - |
| Earnings attributable to equity holders of the parent | 522 815 | - | - |
| Adjusted for: | | - | - |
| (Gains) on disposal of fixed assets | (61 384) | - | - |
| Headline earnings | 461 431 | - | - |
| Weighted average number of ordinary shares at the end of the year for the purpose of basic/diluted earnings per share and headline earnings per share | 10 | - | - |
| Headline earnings per share (cents) | 4 614 317 | - | - |
| Diluted headline earnings per share (cents) | 4 614 317 | - | - |

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF SUBCO FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

The Directors

Hosken Passenger Logistics and Rail Limited ("HPL&R")

103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF HPL AND R INVESTMENTS PROPRIETARY LIMITED ("SUBCO" OR THE "SUBCO GROUP") INCLUDED IN THE PRE-LISTING STATEMENT

Opinion

We have audited the consolidated financial information of Subco for the three years ended 31 March 2015, 2016 and 2017, as set out in **Annexure 5** of the Pre-listing Statement to be issued on or about Thursday, 15 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The consolidated financial information comprises the statement of financial position as at 31 March 2015, 2016 and 2017, the statement of comprehensive income and statement of changes in equity for the 12 month periods ended 31 March 2015, 2016 and 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial information of Subco for the three years ended 31 March 2015, 2016 and 2017 presents fairly, in all material respects, the consolidated financial position of Subco at those dates and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance to our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| Useful lives, residual values and depreciation method of buses (Consolidated financial statements) | |
| <p>The useful lives, residual values and depreciation method are reviewed annually by management.</p> <p>In determining the useful lives, residual values and depreciation method, management applies judgement as follows:</p> <ol style="list-style-type: none"> In determining the useful lives, management applies judgement in determining the period over which the asset is expected to be available for use. In determining the residual value, management applies judgement in determining the estimated amount that entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. In determining the depreciation method, management applies judgement in determining the systematic allocation of the depreciable amount over the useful life of the asset. <p>Accordingly, the useful lives, residual values and depreciation method of buses was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management.</p> <p>The disclosures relating to buses are contained in note 1 (accounting policies) and note 3.</p> | <p>Our audit procedures included an assessment of the reasonability of the useful lives, residual values and depreciation method, namely:</p> <ul style="list-style-type: none"> We have inspected a management resolution to confirm that management have reviewed the useful lives, residual values and depreciation method; We have recalculated the depreciation charge and compared this to the amount recorded in the accounting records; and We have assessed managements' judgements and estimates for the reasonableness of the useful lives, residual values and depreciation method with management, as well as with managements' expert. |

Independence

We are independent of the Subco Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Responsibilities of the directors for the consolidated historical financial information

The directors of HPL&R are responsible for the preparation, contents and presentation of the Pre-listing Statement and are responsible for ensuring that HPL&R complies with the JSE Listings Requirements. The directors of Subco are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated historical financial information, the directors of Subco are responsible for assessing the Subco Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Subco Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountants' responsibilities for the audit of the consolidated historical financial information

Our objectives are to obtain reasonable assurance about whether the consolidated historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated historical financial information.

- As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Subco Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Subco Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Subco Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated historical financial information, including the disclosures, and whether the consolidated historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated historical financial information of the entities or business activities within the Subco Group to express an opinion on the consolidated historical financial information. We are responsible for the direction, supervision and performance of the Subco Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of HPL&R in the form and context in which it appears.

BDO CAPE INCORPORATED

Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Imtiaaz Hashim

Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

REVIEWED INTERIM FINANCIAL INFORMATION OF SUBCO FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

SUBCO AND ITS SUBSIDIARIES INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

INTRODUCTION

The interim financial information for the six months ended 30 September 2017 of Subco and its subsidiaries, including comparative information for the six months ended 30 September 2016, set out below has been reviewed by Grant Thornton Cape Inc. and should be read in conjunction with the audited annual financial statements of Subco and its subsidiary for the periods ended 31 March 2015, 31 March 2016 and 31 March 2017.

The interim financial information for the six months ended 30 September 2016 and 2017 of Subco and its subsidiaries is the responsibility of the Directors of Subco and its subsidiaries.

The accounting policies of Subco and its subsidiaries are consistent with that of the Company.

Directors

The directors of Subco during the period and to the date of this report are as follows:

| Name | Date appointed |
|-------------|-----------------------|
| TG Govender | 01/09/2016 |
| FE Meyer | 01/11/2015 |
| Y Shaik | 01/09/2016 |
| ML Wilkin | 02/08/2000 |

FINANCIAL INFORMATION

No material change in the nature of the business of the group occurred, and no material fact or circumstance has occurred between the end of the latest financial period of the group and the date of this Interim Report. The interim results were reviewed by Grant Thornton Cape Inc. and should be read in conjunction with their Independent Reporting Accountants Report and the Historical Financial Information Report.

Condensed Consolidated Statement of Financial Position

| | Reviewed 30 September 2017 | Reviewed 30 September 2016 | Audited 31 March 2017 |
|--|----------------------------------|----------------------------------|-----------------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 39 422 325 | – | 33 671 945 |
| Goodwill | 8 450 668 | – | 8 450 668 |
| | 47 872 993 | – | 42 122 613 |
| Current Assets | | | |
| Inventories | 100 934 | – | 433 585 |
| Trade and other receivables | 2 628 291 | – | 1 774 237 |
| Cash and cash equivalents | 803 689 | – | 877 132 |
| | 3 532 914 | – | 3 084 954 |
| Total Assets | 51 405 907 | – | 45 207 567 |
| Equity and Liabilities | | | |
| Equity | | | |
| Equity Attributable to Equity Holders of Parent | | | |
| Share capital | 10 | 10 | 10 |
| Retained income/(Accumulated loss) | 52 487 | (10) | 522 805 |
| | 52 497 | – | 522 815 |
| Non-controlling interest | 578 212 | – | 143 449 |
| | 630 709 | – | 666 264 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Loans from related parties | 30 940 444 | – | 26 144 959 |
| Deferred tax | 3 347 927 | – | 3 010 949 |
| | 34 288 371 | – | 29 155 908 |
| Current Liabilities | | | |
| Loans from related parties | 14 815 653 | – | 12 948 954 |
| Trade and other payables | 947 243 | – | 1 279 754 |
| Other current liabilities | 723 931 | – | 1 156 687 |
| | 16 486 827 | – | 15 385 395 |
| Total Liabilities | 50 775 198 | – | 44 541 303 |
| Total Equity and Liabilities | 51 405 907 | – | 45 207 567 |
| Net Asset Value per share (cents) | 524 970 | – | 5 228 150 |
| Net Tangible Asset Value per share (cents) | (83 981 710) | – | (79 278 530) |
| Shares in issue | 10 | 10 | 10 |

Condensed Consolidated Statement of Comprehensive Income

| | Reviewed 30 September 2017 | Reviewed 30 September 2016 |
|---|----------------------------------|----------------------------------|
| Revenue | 19 435 814 | – |
| Cost of sales | (8 747 459) | – |
| Gross Profit | 10 688 355 | – |
| Other income | 124 991 | – |
| Operating expenses | (8 933 551) | – |
| Operating profit | 1 879 795 | – |
| Interest income | 15 185 | – |
| Finance costs | (1 593 559) | – |
| Profit before taxation | 301 421 | – |
| Taxation | (336 976) | – |
| Loss for the period | (35 555) | – |
| Other comprehensive income | – | – |
| Total comprehensive loss | (35 555) | – |
| Total comprehensive (loss)/income attributable to: | | |
| Owners of the parent | (470 318) | – |
| Non-controlling interest | 434 763 | – |
| | (35 555) | – |
| (Loss)/Profit attributable to: | | |
| Owners of the parent | (470 318) | – |
| Non-controlling interest | 434 763 | – |
| | (35 555) | – |
| Earnings/(loss) per share (cents) | | |
| Basic loss per share (cents) | (4 703 181) | |
| Diluted loss per share (cents) | (4 703 181) | |

Condensed Consolidated Statement of Changes in Equity

| | Share Capital | Retained income (accumulate loss) | Total Attributable to equity holders of the group | Non- controlling interest | Total Equity |
|---|------------------|--------------------------------------|---|---------------------------------|-----------------|
| Balance at 01 April 2016 | 10 | (10) | – | – | – |
| Balance at 30 September 2016 | 10 | (10) | – | – | – |
| Balance at 01 April 2017 | 10 | 522 805 | 522 815 | 143 449 | 666 264 |
| Changes in equity | | | | | |
| Total comprehensive (loss)/income for the period | – | (470 318) | (470 318) | 434 763 | (35 555) |
| Total changes | – | (470 318) | (470 318) | 434 763 | (35 555) |
| Balance at 30 September 2017 | 10 | 52 487 | 52 497 | 578 212 | 630 709 |

Condensed Consolidated Statement of Cash Flows

| | Reviewed 30 September 2017 | Reviewed 30 September 2016 |
|--|----------------------------------|----------------------------------|
| Cash flows from operating activities | | |
| Cash used in operations | 2 047 787 | – |
| Interest income | 15 185 | – |
| Finance costs | (1 593 559) | – |
| Net cash from operating activities | 469 413 | – |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (7 665 515) | – |
| Net movement in related party loans | 7 122 659 | – |
| Net cash (used in) investing activities | (542 856) | – |
| Cash flows from financing activities | | |
| Total cash movement for the period | (73 443) | – |
| Total cash at beginning of the period | 877 132 | – |
| Total cash at end of the period | 803 689 | – |

Notes to the Condensed Consolidated Financial Statements

Basis of preparation and accounting policies

The results for the six months ended 30 September 2017 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, and the requirements of the South African Companies Act, 2008. The accounting policies applied by the group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the group in its consolidated financial statements for the period ended 31 March 2017. They are presented in South African Rands.

These financial statements were prepared under the supervision of the financial director, Mr ML Wilkin CA (SA) and have been independently reviewed by the group’s auditors.

| | Reviewed 30 September 2017 | | |
|--------------------------------------|----------------------------|-----------------------------|-------------------|
| | Cost | Accumulated Depreciation | Carrying Value |
| Property, plant and equipment | | | |
| IT Equipment | 312 287 | (228 024) | 84 263 |
| Leasehold Improvements | 10 950 | (10 950) | – |
| Motor Vehicles | 51 758 003 | (12 524 609) | 39 233 394 |
| Office equipment | 214 770 | (171 664) | 43 106 |
| Plant and Machinery | 102 201 | (102 201) | – |
| Computer Software | 72 743 | (11 181) | 61 562 |
| | 52 470 953 | (13 048 628) | 39 422 325 |

| | Reviewed 30 September 2017 | | | |
|--|----------------------------|------------------|--------------------|--------------------|
| | Opening Balance | Additions | Depreciation | Closing balance |
| Reconciliation of property, plant and equipment | | | | |
| IT Equipment | – | 92 840 | (8 577) | 84 263 |
| Leasehold Improvements | – | – | – | – |
| Motor Vehicles | 33 666 159 | 7 459 145 | (1 891 910) | 39 233 394 |
| Office equipment | 5 786 | 40 787 | (3 467) | 43 106 |
| Plant and Machinery | – | – | – | – |
| Computer Software | – | 72 743 | (11 181) | 61 562 |
| | 33 671 945 | 7 665 515 | (1 915 135) | 39 422 325 |

Related parties**Relationships**

| | |
|--------------------------|---|
| Ultimate holding company | Hosken Consolidated Investments Limited |
| Subsidiary | Eljosa Travel and Tours (Pty) Ltd |
| Fellow subsidiary | Golden Arrow Bus Services (Pty) Ltd |

Reviewed
30 September
2017

Related party balances**Loan accounts – Owing to related parties**

| | |
|---|------------|
| Golden Arrow Bus Services Proprietary Limited | 45 756 097 |
|---|------------|

Related party transactions**Interest paid to related parties**

| | |
|---|-----------|
| Golden Arrow Bus Services Proprietary Limited | 1 593 559 |
|---|-----------|

Reviewed
30 September
2017

Commitments**Authorised capital expenditure****Already contracted for but not provided for**

| | |
|---------------------------------|------------|
| • Property, plant and equipment | 12 528 600 |
|---------------------------------|------------|

This committed expenditure will be financed through loans from Golden Arrow bus Services Proprietary Limited.

Reviewed
30 September
2017

Headline earnings/(loss) per share**Reconciliation between earnings and headline earnings**

| | |
|---|-----------|
| Earnings attributable to equity holders of the parent | (470 318) |
|---|-----------|

| | |
|-----------------------|---|
| After tax adjustments | - |
|-----------------------|---|

| | |
|----------------------|------------------|
| Headline loss | (470 318) |
|----------------------|------------------|

| | |
|---|----|
| Weighted average number of ordinary shares at the end of the year for the purpose of basic/diluted earnings per share and headline earnings per share | 10 |
|---|----|

| | |
|--|--------------------|
| Headline loss per share (cents) | (4 703 181) |
|--|--------------------|

| | |
|--|--------------------|
| Diluted headline loss per share (cents) | (4 703 181) |
|--|--------------------|

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

Subco serves as a holding company to Eljosa, which operates in the luxury and semi luxury coach markets in Cape Town and the Winelands.

The operating results and the state of affairs of the group are set out in the consolidated interim statement of financial position, consolidated statement of comprehensive income, and consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

Net profit of the group was R301 421 and net loss after taxation expense of R35 555. Included in the group loss for the period is R1 767 760 consulting and legal fees paid by Subco for due diligence work on proposed acquisitions.

CHANGES TO THE BOARD

There were no changes to the board during the 6 months ended 30 September 2017.

SUBSEQUENT EVENTS

Effective 30 January 2018, in terms of the GABS Asset for Share Agreement, Subco acquired 100% of the shares in GABS from HCI in exchange for the issue of new shares in Subco. Further, effective 1 February 2018 in terms of the GABS Acquisition Agreement, the Company acquired all the issued share capital in Subco from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of Shares, constituting approximately 62% of the issued share capital of the Company. Following the completion of these agreements, the Company owns 100% of the issued share capital in Subco, and HCI via its various shareholdings owns an effective 73.5% of the Company and in effect Subco.

The Company intends to pursue a listing on the Johannesburg Stock Exchange

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The consolidated group interim results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

DIVIDEND TO SHAREHOLDER

No dividends were declared or paid to the shareholder during the period under review.

AUDITORS

Grant Thornton Cape Inc. will continue in office as the auditors, in accordance with Section 90 of the Companies Act of South Africa 71 of 2008 until 22 February 2018. Thereafter BDO Cape Incorporated have been duly appointed as auditors for the remainder of the financial year ending 31 March 2018 in accordance with Section 90 of the Companies Act of South Africa 71 of 2008. This change in appointment of the registered auditors of the entity is the result of a merger transaction, concluded between Grant Thornton Cape Inc. and BDO South Africa Inc.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REVIEWED INTERIM FINANCIAL INFORMATION OF SUBCO FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The Directors

Hosken Passenger Logistics and Rail Limited ("HPL&R")

103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED INTERIM FINANCIAL INFORMATION OF HPL AND R INVESTMENTS PROPRIETARY LIMITED ("SUBCO" OR THE "SUBCO GROUP") INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have reviewed the consolidated interim financial information of Subco for the six months ended 30 September 2017, including comparative information, for the six months ended 30 September 2016, as set out in **Annexure 7** of the Pre-listing Statement to be issued on or about Thursday, 15 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The consolidated financial information comprises the statement of financial position as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 month period ended 30 September 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the consolidated historical financial information

The directors of HPL&R are responsible for the preparation, contents and presentation of the Pre-listing Statement and the fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards ("**IFRS**"). The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion or conclusion on the consolidated interim financial information of Subco, included in the Pre-listing Statement, based on our review of the consolidated interim financial information of Subco for the six months ended 30 September 2017.

This report of consolidated interim financial information has been prepared in accordance with and by applying (i) IFRS; (ii) the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and (iii) the accounting policies of the Subco Group.

We conducted our review of the consolidated interim financial information of Subco for the period ended 30 September 2017 in accordance with International Standards on Review Engagements (ISRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free from material misstatement. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Subco for the six months ended 30 September 2017, including comparative information for the six months ended 30 September 2016 is not fairly presented, in all material respects, for the purposes of the Pre-listing Statement, in accordance with IFRS and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of HPL&R in the form and context in which it appears.

BDO CAPE INCORPORATED

Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Imtiaaz Hashim

Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

HISTORICAL FINANCIAL INFORMATION OF GABS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF GABS AND ITS SUBSIDIARIES (“GABS GROUP”) FOR THE YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

INTRODUCTION

The historical financial information of GABS and its subsidiaries set out below has been extracted from the audited annual financial statements of GABS and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017. The annual financial statements were audited by Grant Thornton Cape Inc. and reported on without qualification.

The historical financial information of GABS and its subsidiaries is the responsibility of the Directors of GABS and its subsidiaries.

The historical financial information of GABS and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 were authorised for issue on 7 July 2017 by the Board of Directors.

The accounting policies of GABS and its subsidiaries are consistent with the Company. .

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2017

1. Nature of business

GABS is the largest scheduled commuter bus operator in the Cape Metropole, providing service throughout a large part of the City of Cape Town.

2. Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Financial results

The operating results and the state of affairs of the group are fully set out in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the group during the year under review.

5. Dividends

The dividends already declared and paid to shareholders during the year are as reflected in the attached consolidated statement of changes in equity, once the appropriate approval was granted by the board.

6. Events after the reporting period

The contract related to The N2 Express Joint Venture has been extended on the same terms to 28 February 2018.

Effective 30 January 2018, in terms of the GABS Asset for Share Agreement, Subco acquired 100% of the shares in GABS from HCI in exchange for the issue of new shares in Subco. Further, effective 1 February 2018 in terms of the GABS Acquisition Agreement, the Company acquired all the issued share capital in Subco from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of Shares, constituting approximately 62% of the issued share capital of the Company. Following the completion of these agreements, the Company owns 100% of the issued share capital in Subco, and HCI via its various shareholdings owns an effective 73.5% of the Company and in effect has control of GABS.

The Company intends to pursue a listing on the Johannesburg Stock Exchange.

7. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

8. Directors

The directors of GABS during the year and to the date of this report are as follows:

| Name | Nationality |
|---------------------------------------|--------------------|
| Mr Y Shaik (Chairman) | South African |
| Mr FE Meyer (Chief Executive Officer) | South African |
| Mr TG Govender (Non-Executive) | South African |
| Ms NB Jappie (Non-Executive) | South African |
| Mr ML Wilkin | South African |

9. Secretary

The company secretary is HCI Managerial Services of:

| | |
|------------------|--|
| Postal address | PO Box 5251 Cape Town 8000 |
| Business address | 5 th Floor 4 Stirling Street (cnr De Villiers Road and Stirling Street) Zonnebloem Cape Town 7925 |

10. Holding company

The group's holding company is Hosken Consolidated Investment Limited incorporated in South Africa.

11. Auditors

Grant Thornton Cape Inc. will continue in office as the auditors, in accordance with Section 90 of the Companies Act of South Africa 71 of 2008 until 22 February 2018. Thereafter BDO Cape Incorporated have been duly appointed as auditors for the remainder of the financial year ending 31 March 2018 in accordance with Section 90 of the Companies Act of South Africa 71 of 2008. This change in appointment of the registered auditors of the entity is the result of a merger transaction, concluded between Grant Thornton Cape Inc. and BDO South Africa Inc.

HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of the GABS group occurred, and no material fact or circumstance has occurred between the end of the latest financial year of the GABS group and the date of this Historical Financial Information Report. The historical financial information was audited by Grant Thornton Cape Inc. and should be read in conjunction with their Independent Reporting Accountants Report.

Consolidated Statement of Financial Position as at 31 March 2017

| | Notes | 2017 | 2016 | 2015 |
|--|-------|----------------------|----------------------|----------------------|
| Assets | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 3 | 1 285 459 167 | 1 178 833 986 | 1 125 291 586 |
| Intangible Assets | 4 | 57 000 | 57 000 | 57 000 |
| Investments in subsidiaries | 5 | – | – | – |
| Investment in associates | 6 | 16 757 248 | 19 449 661 | 22 674 714 |
| Loans to related parties | 7 | 26 144 959 | – | – |
| Deferred tax | 8 | 397 390 | 310 841 | – |
| | | 1 328 815 764 | 1 198 651 488 | 1 148 023 300 |
| Current Assets | | | | |
| Spares, fuel and oil inventories | 9 | 16 947 939 | 16 999 450 | 17 725 732 |
| Loans to related parties | 7 | 12 954 162 | – | – |
| Current tax receivable | 10 | 3 668 681 | 2 627 277 | 4 191 |
| Trade and other receivables | 11 | 55 631 199 | 53 528 660 | 60 044 942 |
| Cash and cash equivalents | 12 | 287 520 490 | 242 800 110 | 175 697 672 |
| | | 376 722 471 | 315 955 497 | 253 472 537 |
| Total Assets | | 1 705 538 235 | 1 514 606 985 | 1 401 495 837 |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Share capital | 13 | 254 | 254 | 254 |
| Reinvestment reserves | 14 | 98 294 594 | 98 294 594 | 98 294 594 |
| Foreign exchange cash flow hedge reserve | 15 | (4 528 493) | – | – |
| Maintenance reserves | 16 | 24 927 770 | 14 240 312 | 6 992 516 |
| Retained income | | 675 199 227 | 580 452 790 | 489 301 874 |
| | | 793 893 352 | 692 987 950 | 594 589 238 |
| Non-controlling interest | | 35 010 891 | 21 774 051 | 11 224 776 |
| | | 828 904 243 | 714 762 001 | 605 814 014 |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Loans from related parties | 7 | 14 981 366 | 14 981 366 | 14 981 366 |
| Instalment sale obligations | 17 | 278 025 171 | 247 018 774 | 256 693 465 |
| Retirement benefit obligation | 18 | 68 880 000 | 59 588 000 | 82 173 000 |
| Deferred tax | 8 | 172 173 024 | 166 475 599 | 145 749 083 |
| | | 534 059 561 | 488 063 739 | 499 596 914 |
| Current Liabilities | | | | |
| Loans from related parties | 7 | – | – | – |
| Current tax payable | 10 | 171 972 | 2 699 852 | 3 618 559 |
| Other financial liabilities | 15 | 6 289 574 | – | – |
| Instalment sale obligations | 17 | 130 670 477 | 132 407 838 | 124 926 118 |
| Retirement benefit obligation | 18 | 3 536 000 | 3 127 000 | – |
| Trade and other payables | 19 | 89 086 522 | 69 893 971 | 69 506 750 |
| Provisions | 20 | 112 819 886 | 103 652 584 | 98 033 482 |
| | | 342 574 431 | 311 781 245 | 296 084 909 |
| Total Liabilities | | 876 633 992 | 799 844 984 | 795 681 823 |
| Total Equity and Liabilities | | 1 705 538 235 | 1 514 606 985 | 1 401 495 837 |
| Net Asset Value per share (cents) | | 312 433 | 272 723 | 233 998 |
| Net Tangible Asset Value per share (cents) | | 312 411 | 272 700 | 233 976 |
| Shares in issue | | 254 100 | 254 100 | 254 100 |

Consolidated Statement of Comprehensive Income for the year ended 31 March 2017

| | Notes | 2017 | 2016 | 2015 |
|---|-------|--------------------|--------------------|--------------------|
| Revenue | 21 | 1 666 742 323 | 1 509 918 721 | 1 418 676 101 |
| Cost of sales | | (1 019 777 214) | (897 223 910) | (884 950 995) |
| Gross profit | | 646 965 109 | 612 694 811 | 533 726 106 |
| Other income | | 2 858 160 | 3 519 652 | 4 331 574 |
| Operating expenses | | (305 434 780) | (330 463 456) | (291 169 213) |
| Operating profit | 22 | 344 388 489 | 285 751 007 | 246 887 467 |
| Investment revenue | 23 | 14 976 385 | 7 906 710 | 4 793 054 |
| Income from equity accounted investments | 24 | 6 837 304 | 7 085 685 | 9 644 519 |
| Finance costs | 25 | (37 568 900) | (33 956 459) | (29 208 109) |
| Profit before taxation | | 328 633 278 | 266 786 943 | 232 116 931 |
| Taxation | 26 | (87 583 663) | (73 859 364) | (64 114 190) |
| Profit for the year | | 241 049 615 | 192 927 579 | 168 002 741 |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Actuarial gain and (losses) on defined benefit plans | 18 | (3 304 000) | 29 261 000 | (11 130 000) |
| Tax on items that cannot be subsequently reclassified | | 925 120 | (8 193 080) | 3 116 400 |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Cash flow hedging – current year gains (losses) | 15 | (6 315 093) | – | – |
| Cash flow hedging – amounts capitalised to property, plant and equipment | 15 | 25 518 | – | – |
| Taxation relating to cash flow hedging | | 1 761 081 | – | – |
| Other comprehensive (loss) income for the year net of taxation | | (6 907 374) | 21 067 920 | (8 013 600) |
| Total comprehensive income | 27 | 234 142 241 | 213 995 499 | 159 989 141 |
| Total profit and loss attributable to: | | | | |
| Owners of the parent | | 227 812 776 | 182 378 304 | 160 067 414 |
| Non-controlling interest | | 13 236 840 | 10 549 275 | 7 935 327 |
| | | 241 049 616 | 192 927 579 | 168 002 741 |
| Total other comprehensive income attributable to: | | | | |
| Owners of the parent | | (6 907 374) | 21 067 920 | (8 013 600) |
| Non-controlling interest | | – | – | – |
| | | (6 907 374) | 21 067 920 | (8 013 600) |
| Earnings per share (cents) | | | | |
| Basic earnings per share (cents) | | 89 654 | 71 774 | 62 993 |
| Diluted earnings per share (cents) | | 89 654 | 71 774 | 62 993 |

Consolidated Statement of Changes in Equity for the year ended 31 March 2017

| | Share Capital | Foreign exchange cash flow hedge reserve | Reinvestment reserve | Maintenance reserve | Total reserves | Retained income | Total attributable to equity holders of the group | Non-controlling interest | Total equity |
|---|---------------|--|----------------------|---------------------|--------------------|--------------------|---|--------------------------|--------------------|
| Balance at 1 April 2014 | 254 | - | 98 294 594 | 1 210 582 | 99 506 176 | 483 029 994 | 582 535 424 | 3 289 449 | 585 824 873 |
| Changes in equity | | | | | | | | | |
| Total comprehensive income for the year | - | - | - | - | - | 152 053 814 | 152 053 814 | 7 935 327 | 159 989 141 |
| Transfer between reserves | - | - | - | 5 781 934 | 5 781 934 | (5 781 934) | - | - | - |
| Dividends | - | - | - | - | - | (140 000 000) | (140 000 000) | - | (140 000 000) |
| Total changes | - | - | - | 5 781 934 | 5 781 934 | 6 271 880 | 12 053 814 | 7 935 327 | 19 989 141 |
| Balance at 1 April 2015 | 254 | - | 98 294 594 | 6 992 516 | 105 287 110 | 489 301 874 | 594 589 238 | 11 224 776 | 605 814 014 |
| Changes in equity | | | | | | | | | |
| Total comprehensive income for the year | - | - | - | - | - | 203 446 224 | 203 446 224 | 10 549 275 | 213 995 499 |
| Transfer between reserves | - | - | - | 7 247 796 | 7 247 796 | (7 247 796) | - | - | - |
| Dividends | - | - | - | - | - | (105 047 512) | (105 047 512) | - | (105 047 512) |
| Total changes | - | - | - | 7 247 796 | 7 247 796 | 91 150 916 | 98 398 712 | 10 549 275 | 108 947 987 |
| Balance at 1 April 2016 | 254 | - | 98 294 594 | 14 240 312 | 112 534 906 | 580 452 790 | 692 987 950 | 21 774 051 | 714 762 001 |
| Changes in equity | | | | | | | | | |
| Total comprehensive income for the year | - | (4 528 493) | - | - | (4 528 493) | 225 433 895 | 220 905 402 | 13 236 840 | 234 142 242 |
| Transfer between reserves | - | - | - | 10 687 458 | 10 687 458 | (10 687 458) | - | - | - |
| Dividends | - | - | - | - | - | (120 000 000) | (120 000 000) | - | (120 000 000) |
| Total changes | - | (4 528 493) | - | 10 687 458 | 6 158 965 | 94 746 437 | 100 905 402 | 13 236 840 | 114 142 242 |
| Balance at 31 March 2017 | 254 | (4 528 493) | 98 294 594 | 24 927 770 | 118 693 871 | 675 199 227 | 793 893 352 | 35 010 891 | 828 904 243 |

Consolidated Statement of Cash Flows for the year ended 31 March 2017

| | Notes | 2017 | 2016 | 2015 |
|---|-------|----------------------|----------------------|----------------------|
| Cash flows from operating activities | | | | |
| Cash generated from operations | 28 | 485 431 192 | 402 565 960 | 313 170 726 |
| Interest income | | 14 976 385 | 7 906 710 | 4 793 054 |
| Finance costs | 25 | (37 568 900) | (33 956 459) | (29 208 109) |
| Tax paid | 29 | (82 855 871) | (56 985 483) | (51 377 421) |
| Net cash from operating activities | | 379 982 806 | 319 530 728 | 237 378 250 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | 3 | (208 814 922) | (149 218 503) | (160 121 855) |
| Proceeds from the sale of property, plant and equipment | | 3 382 572 | 3 685 957 | 11 962 146 |
| Proceeds on the sale of investment property | | – | 344 739 | – |
| Net cash used in investing activities | | (205 432 350) | (145 187 807) | (148 159 709) |
| Cash flows from financing activities | | | | |
| Instalment sale payments | | (141 158 995) | (136 159 284) | (115 426 971) |
| Instalment sale advances | | 170 428 031 | 133 966 313 | 147 623 958 |
| Dividends paid | 30 | (120 000 000) | (105 047 512) | (140 000 000) |
| Net payment of related party loan | 7 | (39 099 112) | – | (7 490 684) |
| Net cash used in financing activities | | (129 830 076) | (107 240 483) | (115 293 697) |
| Total cash movement for the year | | 44 720 380 | 67 102 438 | (26 075 166) |
| Cash and cash equivalents at the beginning of the year | | 242 800 110 | 175 697 672 | 201 772 828 |
| Total cash and cash equivalents at the end of the year | 12 | 287 520 490 | 242 800 110 | 175 697 672 |

ACCOUNTING POLICIES

1. Presentation of Consolidated and Separate Annual Financial Statements

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices committee and Financial Pronouncements as issued by Financial Reporting Standards Council, s, and the Companies Act of South Africa. The consolidated and separate annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate annual financial statements. Significant judgements include:

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete inventory

Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

All parts for legacy buses (those older than 18 years – Leyland, ERF and AAD) older than 3 months have been provided for in full.

All MAN, Scania and Volvo parts that are older than 6 months have been provided for at 50% of the value and all parts older than 1 year have been provided for in full.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 – Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Residual values and useful lives of items of property, plant and equipment

Due to the specialised nature of the group's property, plant and equipment, the residual values attached to these assets are reviewed annually. Buses are expected to have an initial operational life of 15 years. The residual value of a bus after 15 years is R100 000. Buses that will not be re-bodied or have already been re-bodied have been written down to R20 000, the scrap metal value. Buses that can be re-bodied are written down to R40 000, the component value of an operational bus.

Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries and associated entity.

Subsidiaries:

Subsidiaries are entities controlled by the group, where control is when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Where the group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in minority interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates:

The group recognises its share of the associate's results in profit or loss, after accounting for interest, tax and minority interests. The investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The group's share of its associate's post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition reserve movements is recognised in other comprehensive income. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group's associate has an accounting reference date other than 31 March, thus is equity accounted using management prepared information on a basis coterminous with the group's reporting date. Unrealised gains on transactions between the group and its associate are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The associate's accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue comprises ticket sales from bus operations, claims in respect of operational contracts with the Department of Transport and the City of Cape Town and automotive repair services.

The operational contracts with Department of Transport and The City of Cape Town are in terms of contracts for the operation of kilometres. Revenue is recognised when the kilometres have been travelled.

Revenue from ticket sales is recognised when the tickets are sold.

Revenue from automotive services is recognised as services are rendered.

Revenue from charter hire is recognised when the service has been rendered.

Interest is recognised, in profit or loss, using the effective interest rate method. Advertising revenue is recognised over the period of the advertising contract.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.3 **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the specific asset will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Assets held under instalment sale agreements which result in the group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Instalment sale assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum payments at inception of the agreement, then depreciated over their useful lives.

Property, plant and equipment classified as Asset under construction consists of assets under construction. These assets are non-current assets, which include expenditure capitalised for Asset under construction in respect of activities to develop items of property, plant and equipment. The cost includes costs incurred initially to acquire or construct an item of property, plant and equipment. Cost also includes gains or losses on qualifying cash flow hedges attributable to that asset.

Depreciation of property, plant and equipment is provided to write off the gross carrying value, less residual value, on a straight-line basis over their estimated useful lives. Land is not depreciated. The depreciation rates applicable to each category of property, plant and equipment are as follows:

| Item | Depreciation rate |
|------------------------|--------------------------|
| Buildings | 2% |
| Buses | |
| • New buses | 6.67% |
| • Refurbished buses | 8.3% |
| Computer hardware | 33% |
| Computer software | 50% |
| Furniture and fixtures | 16.7%- 33.3% |
| Motor vehicles | |
| • Cars | 20% |
| • Vans | 25% |
| Plant and machinery | 20% |
| Radio equipment | 20% |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss. Depreciation ceases once the asset is depreciated to its residual value or the asset is disposed of.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 **Intangible assets**

Trademarks

Trademarks are recognised initially at cost. Trademarks have indefinite useful lives and are carried at cost less impairment.

1.5 **Investment in Subsidiaries**

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- Any costs directly attributable to the purchase of the subsidiary.

1.6 **Investments in Associates**

Company annual financial statements and group annual financial statements

In the company's separate annual financial statements, the investment in an associate is carried at cost less any accumulated impairment.

In the group's annual financial statements, the investment in an associate is accounted for using the equity method of accounting and is initially recognised at cost. The group's share of its associate's post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition reserve movements is recognised in other comprehensive income.

1.7 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases — lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases — lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Any contingent rents are expensed in the period they are incurred.

1.8 Spares, fuel and oil inventories

Spares inventories are measured at the lower of cost and net realisable value. Cost is calculated on a weighted average basis. Net realisable value is the higher of value in use and the estimated selling price less in the ordinary course of the business less selling expenses. Provision is made for slow-moving inventories and obsolete materials are written off.

Fuel and oil are measured at the lower of cost and net realisable value. Cost is calculated on a first-in, first-out (FIFO) basis.

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred taxation is provided for using the statement of financial position liability method. Full provision is made for all temporary differences between the tax base of an asset or liability and its statement of financial position carrying amount.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.10 Provisions and Contingencies

Provisions are recognised when:

- The group has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.11 Financial Instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs where applicable). For those financial instruments that are not subsequently held at fair value, the company assesses whether there is any objective evidence of impairment at each reporting date. Financial assets are recognised when the company has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. Interest costs are charged against income in the year in which they accrue.

Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net interest payable over the life of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include a loan from a subsidiary and is recognised initially at fair value plus direct transaction costs.

Subsequently this loan is measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the loan's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Borrowings

Borrowings are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method and includes accrued interest.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at fair value through profit and loss except for derivatives designated hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding purchase orders denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a classification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

1.12 **Employee Benefits**

Post- retirement medical benefits

The group pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund which the Fund uses to cover outgoings not financed by member contributions. The group makes monthly payments to Discovery Health in respect of certain employees and pensioners.

The cost of providing benefits in respect of retirement health care is determined separately for each plan using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Past service cost is recognised immediately to the extent that the benefits have already vested, or otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation.

1.13 **Impairment of Assets**

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.14 **Share Capital and Equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.15 **Dividend Distribution**

Dividend distributions to the shareholder is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholder. Dividends declared after the reporting date are not recognised, as there is no present obligation at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

2. New standards and interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standard and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|---|--|----------------------------|
| IFRS 7 Financial Instruments Disclosure – Annual improvements 2012 – 2014 | 1 January 2016 | Not material |
| IFRS 10 Consolidated Financial Statements – Amendments | 1 January 2016 | Not material |
| IAS 1 Presentation of Financial Statements – Amendments | 1 January 2016 | Not material |
| IAS 16 Property, plant and equipment – Amendments | 1 January 2016 | Not material |
| IFRS 10 Consolidated and Separate Financial Statements – Amendments | 1 January 2016 | Not material |
| IAS 38 Intangible Assets – Amendments | 1 January 2016 | Not material |
| IAS 19 Employees Benefits – Amendments | 1 January 2016 | Not material |

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2017 or later periods:

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|--|--|----------------------------|
| IFRS 16 Leases | 1 January 2019 | Not yet been assessed |
| IAS 12 Income taxes – Amendments | 1 January 2017 | Not yet been assessed |
| IAS 7 Cash flow statements – Amendments | 1 January 2017 | Not yet been assessed |
| IFRS 9 Financial Instruments | 1 January 2018 | Not yet been assessed |
| IFRS 15 Revenue from contract with customers Amendment | 1 January 2018 | Not yet been assessed |

3. Property, plant and equipment

| | 2017 | | |
|---------------------------|----------------------|--------------------------|----------------------|
| | Cost | Accumulated depreciation | Carrying value |
| Buses | 1 540 186 908 | (579 185 910) | 961 000 998 |
| Computer hardware | 20 784 886 | (16 943 494) | 3 841 392 |
| Computer software | 10 878 819 | (10 809 268) | 69 551 |
| Fare collection equipment | 5 221 915 | (5 221 882) | 33 |
| Furniture and fixtures | 4 956 975 | (4 596 568) | 360 407 |
| Land and buildings | 283 676 656 | – | 283 676 656 |
| Motor vehicles | 22 629 539 | (15 780 587) | 6 848 952 |
| Plant and machinery | 27 629 567 | (20 869 518) | 6 760 049 |
| Radio equipment | 1 900 353 | (1 010 579) | 889 774 |
| Assets under construction | 22 011 355 | – | 22 011 355 |
| Total | 1 939 876 973 | (654 417 806) | 1 285 459 167 |

| | 2016 | | |
|---------------------------|----------------------|--------------------------|----------------------|
| | Cost | Accumulated depreciation | Carrying value |
| Buses | 1 385 855 679 | (503 298 968) | 882 556 711 |
| Computer hardware | 19 408 426 | (14 828 528) | 4 579 898 |
| Computer software | 10 812 944 | (10 754 208) | 58 736 |
| Fare collection equipment | 5 221 915 | (5 221 882) | 33 |
| Furniture and fixtures | 4 920 526 | (4 515 854) | 404 672 |
| Land and buildings | 278 650 569 | – | 278 650 569 |
| Motor vehicles | 21 604 957 | (13 720 849) | 7 884 108 |
| Plant and machinery | 23 065 249 | (18 862 433) | 4 202 816 |
| Radio equipment | 1 270 762 | (774 319) | 496 443 |
| Assets under construction | – | – | – |
| Total | 1 750 811 027 | (571 977 041) | 1 178 833 986 |

| | 2015 | | |
|---------------------------|----------------------|--------------------------|----------------------|
| | Cost | Accumulated depreciation | Carrying value |
| Buses | 1 278 100 551 | (443 523 409) | 834 577 142 |
| Computer hardware | 16 923 401 | (12 900 386) | 4 023 015 |
| Computer software | 10 781 662 | (10 657 014) | 124 648 |
| Fare collection equipment | 5 221 915 | (5 221 879) | 36 |
| Furniture and fixtures | 4 658 669 | (4 470 574) | 188 095 |
| Land and buildings | 272 275 109 | – | 272 275 109 |
| Motor vehicles | 21 334 514 | (12 695 054) | 8 639 460 |
| Plant and machinery | 21 773 603 | (16 937 424) | 4 836 179 |
| Radio equipment | 1 270 771 | (642 869) | 627 902 |
| Assets under construction | – | – | – |
| Total | 1 632 340 195 | (507 048 609) | 1 125 291 586 |

Reconciliation of property, plant and equipment – 2017

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---------------------------|----------------------|--------------------|--------------------|---------------------|----------------------|
| Buses | 882 556 711 | 172 705 171 | (4 179 341) | (90 081 543) | 961 000 998 |
| Computer hardware | 4 579 898 | 1 376 460 | – | (2 114 966) | 3 841 392 |
| Computer software | 58 736 | 65 875 | – | (55 060) | 69 551 |
| Fare collection equipment | 33 | – | – | – | 33 |
| Furniture and fixtures | 404 672 | 36 449 | – | (80 714) | 360 407 |
| Land and buildings | 278 650 569 | 5 026 087 | – | – | 283 676 656 |
| Motor vehicles | 7 884 108 | 2 399 614 | (6) | (3 434 764) | 6 848 952 |
| Plant and machinery | 4 202 816 | 4 564 320 | – | (2 007 087) | 6 760 049 |
| Radio equipment | 496 433 | 629 591 | – | (236 260) | 889 774 |
| Assets under construction | – | 22 011 355 | – | – | 22 011 355 |
| Total | 1 178 833 986 | 208 814 922 | (4 179 347) | (98 010 394) | 1 285 459 167 |

Reconciliation of property, plant and equipment – 2016

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---------------------------|----------------------|--------------------|--------------------|---------------------|----------------------|
| Buses | 834 577 142 | 135 834 743 | (6 574 527) | (81 280 647) | 882 556 711 |
| Computer hardware | 4 023 015 | 2 485 028 | – | (1 928 142) | 4 579 898 |
| Computer software | 124 648 | 31 282 | – | (97 194) | 58 736 |
| Fare collection equipment | 36 | – | (3) | – | 33 |
| Furniture and fixtures | 188 095 | 263 248 | (1) | (46 670) | 404 672 |
| Land and buildings | 272 275 109 | 6 475 767 | (100 307) | – | 278 650 569 |
| Motor vehicles | 8 639 460 | 2 836 781 | (236 682) | (3 355 451) | 7 884 108 |
| Plant and machinery | 4 836 179 | 1 291 657 | – | (1 925 020) | 4 202 816 |
| Radio equipment | 627 902 | – | – | (131 459) | 496 443 |
| Total | 1 125 291 586 | 149 218 503 | (6 911 520) | (88 764 583) | 1 178 833 986 |

Reconciliation of property, plant and equipment – 2015

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---------------------------|----------------------|--------------------|---------------------|---------------------|----------------------|
| Buses | 766 929 050 | 150 912 634 | (11 270 696) | (71 993 846) | 834 577 142 |
| Computer hardware | 3 184 397 | 2 114 996 | – | (1 276 378) | 4 023 015 |
| Computer software | 178 413 | 73 142 | – | (126 907) | 124 648 |
| Fare collection equipment | 36 | – | – | – | 36 |
| Furniture and fixtures | 122 835 | 189 203 | – | (123 943) | 188 095 |
| Land and buildings | 272 375 370 | – | (100 261) | – | 272 275 109 |
| Motor vehicles | 7 341 708 | 4 079 663 | (9) | (2 781 902) | 8 639 460 |
| Plant and machinery | 4 270 747 | 2 103 638 | – | (1 538 206) | 4 836 179 |
| Radio equipment | 8 754 | 648 579 | – | (29 431) | 627 902 |
| Total | 1 054 411 310 | 160 121 855 | (11 370 966) | (77 870 613) | 1 125 291 586 |

Reconciliation of Asset under construction

| | 2017 |
|-----------------------------------|-------------------|
| Opening balance | 21 985 837 |
| Additions | 25 518 |
| Cash flow hedge accounting | 22 011 355 |

The company hedges its exposure in South Africa to foreign currency risk in respect of its acquisition and construction of significant property, plant and equipment. Cash flow hedge accounting is applied to these hedging transactions and accordingly, the effective portion of any gains or losses on these contracts is adjusted against the underlying hedge item, Asset under construction. This is done by means of forward exchange contracts.

Detail of properties

The company applies a fair value model to its land and buildings at the subsidiary level, but applies the cost model at the group level in accordance with IAS 16. The revaluations are performed every 3 years.

Pledged as security

Extent of liability still raised:

| | Number of buses – 2017 | R 2017 | Number of buses – 2016 | R 2016 | Number of buses – 2015 | R 2015 |
|---------------|------------------------|-------------|------------------------|-------------|------------------------|-------------|
| Busses | 426 | 408 695 648 | 431 | 379 426 612 | 437 | 381 619 593 |

The above buses are financed through instalment sale agreements. For the terms and conditions of the instalment sale liabilities, refer to note 17.

During the period a total of R4 042 379 (2016: R9 125 090) was received from third parties as compensations under insurance claims and sale of scrap metal. A profit of R796 775 (2016: R3 215 826) is recognised in other income relating to receipts.

4. Intangible Assets

| Trademarks | 2017 | 2016 | 2015 |
|--------------------------------------|---------------|---------------|---------------|
| Cost | 57 000 | 57 000 | 57 000 |
| Accumulated amortisation | – | – | – |
| Carrying Value at end of year | 57 000 | 57 000 | 57 000 |

5. Investments in subsidiaries

| Name of company | Nature | % holding 2017 | % holding 2016 | % holding 2015 |
|--|-------------------|----------------|----------------|----------------|
| Penlink Proprietary Limited | Dormant | 100.00% | 100.00% | 100.00% |
| Hollyberry Props 12 Proprietary Limited | Property Holdings | 100.00% | 100.00% | 100.00% |
| Table Bay Area Rapid Transit Proprietary Limited | MyCiti Franchise | 50.06% | 50.06% | 50.06% |
| Transit Research and Management Services Proprietary Limited | Dormant | 100.00% | 100.00% | 100.00% |
| Baakens Property Holdings Proprietary Limited | Dormant | 100.00% | 100.00% | 100.00% |
| Hosken Passengers Logistics and Rail Proprietary Limited (previously Beekay 261 Proprietary Limited) | Dormant | – | 100.00% | 100.00% |
| Atlantic Bus Company Proprietary Limited (previously Beekay 263 Proprietary Limited) | Dormant | 100.00% | 100.00% | 100.00% |
| City Xplore Proprietary Limited (previously Beekay 264 Proprietary Limited) | Dormant | 100.00% | 100.00% | 100.00% |
| Coachways Proprietary Limited (previously Beekay 265 Proprietary Limited) | Dormant | 100.00% | 100.00% | 100.00% |

During the year, the dormant subsidiary Hosken Passengers Logistics and Rail Proprietary Limited (previously Beekay 261 Proprietary Limited), was disposed of to Hosken Consolidated Investments Limited at its carrying amount.

6. Investments in associates

| Name of company | % holding 2017 | % holding 2016 | % holding 2015 | Carrying amount 2017 | Carrying amount 2016 | Carrying amount 2015 |
|--|----------------|----------------|----------------|----------------------|----------------------|----------------------|
| Sibanye Bus Services Proprietary Limited | 33.33% | 33.33% | 33.33% | 16 757 248 | 19 449 661 | 22 674 714 |
| The N2 Express Joint Venture Proprietary Limited | 33.33% | 33.33% | 33.33% | – | – | – |

The carrying amounts of the associates are shown net of impairment losses. The shareholding in the associates 33.33% has not changed since the prior year.

Summary of groups' interest in associate – Sibanye Bus Services Proprietary Limited

| | 2017 | 2016 | 2015 |
|---------------------------------------|--------------|--------------|--------------|
| Non-current assets | 50 331 395 | 28 014 550 | 31 585 987 |
| Current assets | 45 747 747 | 46 943 975 | 51 338 620 |
| Non-current liabilities | (21 881 017) | (3 811 376) | (4 727 968) |
| Current liabilities | (6 222 964) | (12 545 038) | (10 055 865) |
| Equity and reserves | (67 975 161) | (74 958 525) | (68 140 774) |
| Turnover | 92 196 912 | 143 275 228 | 147 504 693 |
| Net profit from continuing operations | 18 622 759 | 23 743 271 | 28 933 857 |
| Other comprehensive income | – | – | – |

Associates with different reporting dates

The reporting date of Sibanye Bus Services Proprietary Limited is 31 December and the N2 Express Joint Venture Proprietary Limited is 30 June.

Reconciliation of carrying value of investment in associate – Sibanye Bus Services Proprietary Limited

| | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|
| Opening balance | 19 449 661 | 22 674 714 | 21 793 850 |
| Add: Profit for the year | 18 622 759 | 19 882 233 | 28 933 757 |
| Less: Profit attributable to outside shareholders (66.67%) | (12 415 172) | (13 254 822) | (19 289 238) |
| Less: Dividends received | (8 900 000) | (9 852 464) | (8 763 655) |
| | 16 757 248 | 19 449 661 | 22 674 714 |

Unrecognised share of losses of associates

The investment in The N2 Express Joint Venture Proprietary Limited is held at Rnil as the group has no obligation for any losses of the associate. The total unrecognised losses for the current period amount to R1 627 (2016: R1 479; 2015: R3 476). The accumulated unrecognised losses to date amount to R6 717 (2016: R4 955; 2015: R3 476).

7. Loans to (from) related parties

| Loan to shareholder | 2017 | 2016 | 2015 |
|---|-------|------|------|
| Hosken Consolidated Investments Limited | 5 199 | – | – |

The loan is unsecured, interest free and is repayable on demand.

| Associate | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|
| Sibanye Bus Services Proprietary Limited | (14 981 336) | (14 981 366) | (14 981 366) |

The loan is unsecured and payable in 2025. The loan bears interest at the prime interest rate of the call guarantee account included in cash and cash equivalents.

| Other related parties | 2017 | 2016 | 2015 |
|---|-------------------|---------------------|---------------------|
| Hosken Passengers Logistics and Rail Proprietary Limited Loan Account | 9 027 753 | – | – |
| The loan is unsecured, interest free and is repayable on demand. | | | |
| Eljosa Travel & Tours Proprietary Limited – Working Capital | 3 921 201 | – | – |
| The loan is unsecured, bears interest at prime rate and is payable on demand. | | | |
| Eljosa Travel & Tours Proprietary Limited – Old Buses | 12 144 097 | – | – |
| The loan is unsecured, bears interest at prime rate and is repayable by 2020. | | | |
| Eljosa Travel & Tours Proprietary Limited – New Buses | 14 000 862 | – | – |
| The loan is unsecured, bears interest at prime rate and is repayable by 2021. | | | |
| | 39 093 913 | – | – |
| Non-current assets | 26 144 959 | – | – |
| Current assets | 12 954 162 | – | – |
| Non-current liabilities | (14 981 366) | (14 981 366) | (14 981 366) |
| Current liabilities | – | – | – |
| Net | 24 117 755 | (14 981 366) | (14 981 366) |

Fair value of loans to and from related parties

| | | | |
|----------------------------|--------------|--------------|--------------|
| Loans to related parties | 39 099 121 | – | – |
| Loans from related parties | (14 981 366) | (14 981 366) | (14 981 366) |

The fair value of the loans has been determined by taking into account the fair value of the loan owed to the subsidiary by the company at the date of acquisition less any loan amounts owed by the subsidiary to the company.

Cash movement reconciliation

| | | | |
|------------------------------------|---------------------|----------|----------|
| Loans advances to related parties | (39 093 913) | – | – |
| Loan proceeds from related parties | – | – | – |
| Non-cashflow items | (5 199) | – | – |
| | (39 099 112) | – | – |

8. **Deferred tax**

| Deferred tax liability | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| Accelerated depreciation for tax purposes | (222 244 761) | (209 315 177) | (192 834 627) |
| Doubtful debts | 791 710 | 98 383 | 98 383 |
| Assets under construction | (7 913) | – | – |
| Prepayments | (3 158 734) | (3 590 613) | (3 528 051) |
| Provisions | 52 184 457 | 47 744 123 | 51 616 686 |
| Reimbursement asset | (1 101 474) | (1 101 474) | (1 101 474) |
| Fair value adjustment on cash flow hedge | 1 761 081 | – | – |
| Total net deferred tax liability | (171 775 634) | (166 164 758) | (145 749 083) |
| Reconciliation of deferred tax liability | | | |
| At beginning of the year | (166 164 758) | (145 749 083) | (136 324 359) |
| Accelerated depreciation for tax purposes | (12 929 584) | (16 480 550) | (16 926 383) |
| Doubtful debts | 693 327 | – | (3 903) |
| Assets under construction | (7 913) | – | – |
| Fair value adjustment on cash flow hedge | 1 761 081 | – | – |
| Prepayments | 431 879 | (62 562) | (624 204) |
| Provisions | 4 440 334 | (3 872 563) | 8 129 766 |
| Balance at the end of the year | (171 775 634) | (166 164 758) | (145 749 083) |
| Reconciliation in deferred tax note | | | |
| Deferred tax asset | 397 390 | 310 841 | – |
| Deferred tax liability | (172 173 024) | (166 475 599) | (145 749 083) |
| | (171 775 634) | (166 164 758) | (145 749 083) |

9. **Spares, fuel and oil inventories**

| | 2017 | 2016 | 2015 |
|--|---------------------|---------------------|--------------------|
| Fuel | 3 787 680 | 2 945 715 | 2 999 806 |
| Oil | 2 577 134 | 3 124 810 | 1 488 444 |
| Reconditioned spare | 2 180 538 | 2 361 635 | 4 037 052 |
| Spares | 10 348 375 | 11 304 035 | 12 062 786 |
| Work in progress | 3 712 432 | 2 644 727 | 2 618 603 |
| | 22 606 158 | 22 380 922 | 23 206 691 |
| Provision for obsolete and slow moving stock | (5 658 220) | (5 381 472) | (5 480 959) |
| Total | (16 947 939) | (16 999 450) | 17 726 732 |

10. **Current tax payable (receivable)**

| | | | |
|-----------------------------------|--------------------|------------------|------------------|
| Opening balance | 72 575 | 3 614 368 | 3 418 723 |
| Amount payable in respect of 2015 | – | (3 541 793) | 195 645 |
| Amount payable in respect of 2016 | (3 569 284) | – | – |
| Amount payable in respect of 2017 | – | – | – |
| Total | (3 496 709) | 72 575 | 3 614 368 |

| 11. Trade and other receivables | 2017 | 2016 | 2015 |
|---|-------------------|-------------------|-------------------|
| Deposits | 665 340 | 309 090 | 309 090 |
| Other receivables | – | – | 35 831 280 |
| Bus licence prepayments | 11 202 066 | 9 713 202 | – |
| Insurance prepayments | 2 387 475 | 2 046 058 | – |
| Other prepayments | 804 349 | 1 128 793 | 12 704 679 |
| Sibanye Bus Services Proprietary Limited receivable | 3 793 862 | 5 406 806 | 6 922 750 |
| Table Bay Area Rapid Transit Proprietary Limited | – | – | – |
| The N2 Express JV Proprietary Limited | 14 053 913 | 11 297 261 | – |
| Bulk agent sales debtors | 4 153 408 | 2 711 992 | – |
| Multimedia and Multisupplier debtors | 3 504 085 | 3 377 332 | – |
| Charter hire debtors | 583 194 | 406 227 | – |
| City of Cape Town | 9 534 596 | 9 029 914 | – |
| Provision for Bad debts | (3 770 048) | (468 490) | – |
| TETA learnerships receivable | 886 249 | 270 000 | – |
| Sundry Debtors | 1 744 991 | 3 605 968 | – |
| Chevron fuel rebate accrual | 1 227 432 | – | – |
| SASRIA claims | 3 114 645 | – | – |
| Nedbank interest income accrual | 340 174 | – | – |
| Sundry Accruals | 464 117 | 3 877 614 | – |
| Staff loans | 434 130 | 496 090 | – |
| Trade receivables | – | – | 3 889 205 |
| VAT | 507 221 | 320 803 | 387 938 |
| Total | 55 631 199 | 53 528 660 | 60 044 942 |

The Sibanye Bus Services Proprietary Limited receivable is a trading loan as a result of the flow of goods and services between the two companies and the standard company policy with regard to trade payables and receivables is applicable.

Fair Value of trade and other receivables

| | 2017 | 2016 | 2015 |
|-----------------------------|------------|------------|------------|
| Trade and other receivables | 55 631 199 | 53 582 660 | 60 044 942 |

The carrying amount of trade and other receivables approximates its fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R4 204 613 (2016: R11 382 682; 2015: R5 286 683) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | | |
|-------------------|------------------|-------------------|------------------|
| 1 month past due | 448 832 | 5 891 689 | 3 537 879 |
| 2 months past due | 30 973 | 5 488 203 | 186 529 |
| 3 months past due | 3 724 808 | 2 790 | 1 562 278 |
| Total | 4 204 613 | 11 382 682 | 5 286 683 |

Trade and receivables impaired

As of 31 March 2017, trade and other receivables of R3 358 955 (2016: R –; 2015: R68 491) were impaired and provided for.

The amount of the provision was R3 770 048 as of 31 March 2017 (2016: R468 491; 2015: R468 491).

The ageing of these loans is as follows:

| | | | |
|----------------|-----------|---------|---------|
| Over 12 months | 3 770 048 | 468 491 | 468 491 |
|----------------|-----------|---------|---------|

Reconciliation of provision for impairment of trade and other receivables

| | | | |
|--------------------------|------------------|----------------|----------------|
| Opening balance | 468 491 | 468 491 | 487 076 |
| Provision for impairment | 3 301 557 | – | (18 585) |
| | 3 770 048 | 468 491 | 468 491 |

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. No income statement movement for the year. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

12. Cash and cash equivalents

Cash and cash equivalents consists of:

| | 2017 | 2016 | 2015 |
|---------------|--------------------|--------------------|--------------------|
| Cash on hand | 3 319 724 | 2 165 995 | 4 148 857 |
| Bank balances | 284 200 766 | 240 634 115 | 171 548 815 |
| | 287 520 490 | 242 800 110 | 175 697 672 |

13. Share capital**Authorised**

5 000 000 Ordinary shares of no par value
5 000 000 Ordinary Type A shares of no par value

Issued

| | 2017 | 2016 | 2015 |
|--|------------|------------|------------|
| 127 050 Ordinary shares of no par value | 127 | 127 | 127 |
| 127 050 Ordinary Type A shares of no par value | 127 | 127 | 127 |
| | 254 | 254 | 254 |

14. Reinvestment reserve

The reinvestment reserve is the portion that is attributable to the company as a result of a surplus on the liquidation of The Golden Arrow Retirement Plan (GARP) in 1998.

| | 2017 | 2016 | 2015 |
|------------------------------------|------------|------------|------------|
| Surplus on liquidation of the GARP | 98 294 594 | 98 294 594 | 98 294 594 |

15. Other financial liabilities**Derivative financial liabilities**

| | 2017 | 2016 | 2015 |
|--|-----------|------|------|
| Pound Sterling forward contracts – cash flow hedge | 6 289 574 | – | – |

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from firm commitment purchase of equipment in Pound Sterling. All Pound Sterling forward exchange contracts have been designated as hedging instruments in cash flow hedges in accordance with IAS 39.

The forward contracts relate to cash flows that have been forecasted for May 2017 – March 2018. All forecast transactions for which hedge accounting has been used are expected to occur.

During 2017 a loss of R6 315 093 (2016 & 2015: Rnil) was recognised in other comprehensive income. During 2017 a loss of R25 518 (2016 & 2015: nil) was reclassified from equity and capitalised to Asset under construction in Property, plant and equipment. The cumulative loss, gross of tax, recorded in equity is R6 289 574 (2016 & 2015: nil).

| | | | |
|----------------------------------|-----------|---|---|
| Current liabilities | | | |
| Derivative financial liabilities | 6 289 574 | – | – |

16. Maintenance reserve

In terms of the contract with the City of Cape Town, the buses have to be maintained and returned in a reasonable condition after the initial contract period of 12 years. The payment for the maintenance is by way of the estimated life time cost averaged over the period of the contract. The difference between the actual cost incurred and the amount received is transferred to the reserve.

| | 2017 | 2016 | 2015 |
|---------------------------------|-------------------|-------------------|------------------|
| Opening balance | 14 240 312 | 6 992 516 | 1 210 582 |
| Transfer from retained earnings | 10 687 458 | 7 247 796 | 5 781 934 |
| | 24 927 770 | 14 240 312 | 6 992 516 |

| 17. Instalment sale obligations | 2017 | 2016 | 2015 |
|--|--------------------|--------------------|--------------------|
| Minimum payments due | | | |
| • Within a year | 163 461 697 | 159 783 392 | 152 847 196 |
| • In second to fifth year inclusive | 317 844 307 | 295 800 134 | 281 906 994 |
| | 481 306 004 | 455 583 526 | 434 754 190 |
| Less: future finance changes | (72 580 356) | (76 156 914) | (53 134 607) |
| Present value of minimum lease | 408 725 648 | 379 426 612 | 381 619 583 |
| Present value of minimum payments due | | | |
| • Within a year | 130 670 477 | 132 407 838 | 124 926 118 |
| • In second to fifth year inclusive | 278 025 171 | 247 018 774 | 256 693 465 |
| | 408 695 648 | 379 426 612 | 381 619 583 |
| Non-current liabilities | 278 025 171 | 247 018 774 | 256 693 465 |
| Current liabilities | 130 670 477 | 132 407 838 | 124 926 118 |
| | 408 695 648 | 379 426 612 | 381 619 583 |

The present value of instalment sale liabilities due per financial institution are as follows:

| | | | |
|--|--------------------|--------------------|--------------------|
| Wesbank | 19 198 502 | 43 363 502 | 67 804 433 |
| Repayable in monthly instalments of R1 023 286 (2016: R2 443 194; 2015: R3 107 829) | | | |
| Nedbank Limited | 123 149 117 | 122 304 109 | 125 752 253 |
| Repayable in monthly instalments of R4 803 929 (2016: R5 198 136; 2015: R4 730 104) | | | |
| MAN Financial services | 140 464 441 | 136 160 458 | 130 142 243 |
| Repayable in monthly instalments of R5 529 766 (2016: R4 704 218; 2015: R3 846 356) | | | |
| The Standard Bank of South Africa Limited | 83 730 020 | 77 598 543 | 57 920 654 |
| Repayable in monthly instalments of R2 892 580 (2016: R2 438 007; 2015: R1 793 565) | | | |
| ABSA Bank Limited | 42 153 568 | - | - |
| Repayable in monthly instalments of R955 614 | | | |
| | 408 695 648 | 379 426 612 | 381 619 583 |

Interest is charged at rates between prime minus 1% and 2% and are repayable in monthly instalments over a period of five years.

Instalment sales are secured by vehicles with a cost of R742 491 612 (2016: R598 838 523; 2015: R588 785 067) as described in note 3, however the amount is limited to R408 695 648 (2016: R379 426 616; 2015: R381 619 583).

18. Post-employment medical costs

Defined benefit plan

The group pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF). The Fund uses the grant to cover outgoings not financed from member contributions. The administrators of the MBF are the Metropolitan Health Group.

The group also pays monthly contributions to Discovery Health.

The calculation of the accrued service liability in respect of post-retirement health care was performed by Willis Towers Watson Actuaries and Consultants as at 31 March 2017 and amounted to R72 416 000 (2016: R62 716 000; 2015: R82 173 000).

| Carrying value | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|
| Present value of the defined benefit obligation – wholly unfunded | (72 416 000) | (62 715 000) | (82 173 000) |
| Non-current liabilities | (68 880 000) | (59 588 000) | (82 173 000) |
| Current liabilities | (3 536 000) | (3 127 000) | - |
| | (72 416 000) | (62 715 000) | (82 173 000) |
| Movements for the year | | | |
| Opening balance | 62 716 000 | 82 173 000 | 63 762 000 |
| Expenses recognised in profit or loss | 9 700 000 | (19 457 000) | 18 411 000 |
| | 72 416 000 | 62 716 000 | 82 173 000 |

| Net expense recognised in total comprehensive income | 2017 | 2016 | 2015 |
|---|------------------|---------------------|-------------------|
| Expense recognised in profit and loss | | | |
| Current service cost | 2 923 000 | 5 469 000 | 3 780 000 |
| Interest cost | 6 600 000 | 7 240 000 | 6 284 000 |
| Pensioner subsidy | (3 127 000) | (2 905 000) | (2 783 000) |
| | 6 396 000 | 9 804 000 | 7 281 000 |
| Expense recognised in other comprehensive income | | | |
| Actuarial (gains) losses | 3 304 000 | (29 261 000) | 11 130 000 |
| | 3 304 000 | (29 261 000) | 11 130 000 |
| | 9 700 000 | (19 457 000) | 18 411 000 |

Key assumptions used

Assumptions used on last valuation on 31 March 2017

| | | | |
|---|--------|--------|--------|
| Normal retirement age | 65 | 65 | 65 |
| Discount rate used | 9.80% | 10.30% | 8.40% |
| Continuation of membership at retirement | 55.00% | 55.00% | 55.00% |
| Discovery Health expected long term medical aid subsidy increase rate | 8.90% | 8.90% | 7.70% |
| Medical Benefit Fund expected long term medical aid subsidy increase rate | 8.40% | 8.40% | 7.20% |

The projected unit credit method has been used to value the post-retirement medical liabilities. Under this method the liability for employee members is allocated based on the service accrued to the date of valuation and the service expected to arise up to retirement age.

Sensitivity analysis

The valuation as at 31 March 2017 is sensitive to a change in the assumptions used, particularly in the discount rate and the subsidy increase rate. In fact, the results are more sensitive to the relative levels of these two assumptions, compared with a change in their absolute levels.

| Accrued liability | Group change in Rands | Group change in % |
|---|------------------------------|--------------------------|
| Assumptions as per above note: | 72 416 000 | – |
| *discount rate increased by 1% p.a. | 64 226 000 | 2 |
| *discount rate reduced by 1% p.a. | 81 450 000 | 30 |
| *subsidy increase rate increased by 1% p.a. | 81 771 000 | 30 |
| * subsidy increase rate reduced by 1% p.a. | 64 601 000 | 3 |

| 19. Trade and other payables | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|
| Pension fund accruals | 6 583 503 | 6 116 935 | |
| Insurance accruals | 2 198 743 | 1 365 514 | – |
| Audit fee accrual | 1 055 079 | 451 686 | – |
| Wage accrual | 6 893 399 | 4 899 052 | – |
| Interest accrual | 2 359 753 | 2 359 753 | – |
| Rent accrual | 3 476 846 | 2 476 846 | – |
| SED accrual | 4 578 000 | – | – |
| Sundry accruals | 2 755 291 | 3 465 820 | 15 922 176 |
| Table Bay Area Rapid Transit Proprietary Limited | – | – | – |
| Baakens Holdings Proprietary Limited | – | – | – |
| Other payables | 6 418 111 | 5 392 171 | 17 502 690 |
| Sibanye Bus Services Proprietary Limited | 377 783 | 2 422 580 | – |
| Trade payables | 52 099 747 | 40 533 819 | 35 451 536 |
| VAT | 290 967 | 409 795 | 630 348 |
| Total | 89 086 522 | 69 893 971 | 69 506 750 |

Fair value of trade and other payables

| | | | |
|----------------|------------|------------|------------|
| Trade payables | 52 099 747 | 40 533 819 | 35 451 538 |
| Other payables | 36 986 775 | 29 360 152 | 34 055 213 |

20. Provisions

| | Opening balance | Additions | Utilised during the year | Total |
|--|--------------------|-------------------|--------------------------|--------------------|
| Reconciliation of provisions – 2017 | | | | |
| Bonus Provision | 33 259 085 | 26 851 626 | (23 208 664) | 36 902 047 |
| Repurchase of service provision | 37 642 377 | – | – | 37 642 377 |
| Third party claims provision | 14 232 030 | 12 126 416 | (7 656 274) | 18 702 172 |
| Leave pay provision | 18 519 092 | 3 733 273 | (2 679 075) | 19 573 290 |
| Total | 103 652 584 | 42 711 315 | (33 544 013) | 112 819 886 |

| | Opening balance | Additions | Utilised during the year | Total |
|--|-------------------|-------------------|--------------------------|--------------------|
| Reconciliation of provisions – 2016 | | | | |
| Bonus Provision | 26 790 704 | 27 682 288 | (21 213 907) | 33 259 085 |
| Repurchase of service provision | 37 642 377 | – | – | 37 642 377 |
| Third party claims provision | 15 551 130 | 7 333 973 | (8 653 073) | 14 232 030 |
| Leave pay provision | 18 049 271 | 469 821 | – | 18 519 092 |
| Total | 98 033 482 | 35 486 082 | (29 866 980) | 103 652 584 |

| | Opening balance | Additions | Utilised during the year | Total |
|--|-------------------|-------------------|--------------------------|-------------------|
| Reconciliation of provisions – 2015 | | | | |
| Bonus Provision | 20 376 485 | 35 319 840 | (28 905 621) | 26 790 704 |
| Repurchase of service provision | 37 642 377 | – | – | 37 642 377 |
| Third party claims provision | 13 000 810 | 6 209 491 | (3 659 171) | 15 551 130 |
| Leave pay provision | 18 049 271 | – | – | 18 049 271 |
| Total | 89 068 943 | 41 529 331 | (32 564 792) | 98 033 482 |

The Bonus provision:

Union employee bonuses are dependent on the rate negotiated with the respective bargaining councils. Other employee bonuses are paid at the discretion of the company. Senior management receive an incentive bonus based on the results of the company. In all cases, payment of a bonus is dependent upon the employee being in the company's service at the date of payment.

Repurchase of service provision:

The provision is raised in respect of costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport. For all eligible employees, the entity provides for 50% of one week's pay for each completed year of service. The remaining 50% is provided for by the Bus Industry Restructuring fund.

Third party claims provision:

Third party claims are legal claims resulting from traffic accidents. Claims that are insured are excluded from this provision. Where the company expects to be reimbursed under an insurance contract, the reimbursement is recognised as a separate asset.

| | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| 21. Revenue | | | |
| Passenger fares | 607 697 573 | 567 235 167 | 548 336 963 |
| Charter and lease hire revenue | 23 138 536 | 24 007 078 | 26 067 658 |
| Contract revenue – City of Cape Town | 108 000 152 | 96 175 632 | 83 978 761 |
| Contract revenue – The N2 Express Joint Venture Proprietary Limited | 73 628 227 | 49 457 945 | 27 245 576 |
| Contract revenue – Provincial Department of Transport | 820 869 532 | 743 092 470 | 703 957 338 |
| Other income | 17 371 197 | 11 784 952 | 13 493 430 |
| Third party sales revenue | 9 145 231 | 10 633 504 | 9 091 630 |
| Sale of scrap | 1 272 894 | 2 719 525 | 1 783 260 |
| Concession fares | 5 618 981 | 4 812 448 | 4 721 485 |
| Total | 1 666 742 323 | 1 509 918 721 | 1 418 676 101 |

22. Operating profit

Operating profit for the year is stated after accounting for the following:

| Operating lease charges | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|
| Premises | | | |
| • Contractual amounts | 5 670 688 | 6 670 967 | 3 799 830 |
| Equipment | | | |
| • Contractual amounts | 369 696 | 308 002 | 252 527 |
| | 6 040 364 | 6 978 969 | 4 052 367 |
| Loss (profit) on sale of property, plant and equipment | 796 775 | 3 225 563 | (376 441) |
| Profit on sale of investment property | – | (344 739) | 214 739 |
| Depreciation on property, plant and equipment | 98 010 394 | 88 764 583 | 77 870 611 |
| Employee costs | 697 748 944 | 648 114 999 | 594 073 277 |
| Impairment of trade receivables | – | – | (18 585) |

23. Investment revenue

| Interest revenue | 2017 | 2016 | 2015 |
|-------------------------|-------------------|------------------|------------------|
| Bank | 14 044 571 | 7 906 710 | 4 793 064 |
| Other interest | 931 814 | – | – |
| Total | 14 976 385 | 7 906 710 | 4 793 064 |

24. Income from equity accounted investment

The company own 33.33% in Sibanye Bus Services Proprietary Limited. The income from this investment is calculated as follow:

| | 2017 | 2016 | 2015 |
|---|------------------|------------------|------------------|
| Profit for the year of the associate | 18 622 759 | 19 882 233 | 28 933 757 |
| Less: Profit attributable to outside shareholders | (12 415 173) | (13 254 822) | (19 289 238) |
| Less: Interest received | (429 036) | (365 679) | – |
| Add: Sundry expenses | 1 058 754 | 823 953 | – |
| Total | 6 837 304 | 7 085 685 | 9 644 619 |

25. Finance costs

| | 2017 | 2016 | 2015 |
|-----------------------------|-------------------|-------------------|-------------------|
| Bank | 868 555 | 770 253 | 1 080 729 |
| Instalment sale liabilities | 36 696 845 | 33 186 206 | 28 447 567 |
| Other interest paid | 3 500 | – | (320 187) |
| Total | 37 568 900 | 33 956 459 | 29 208 109 |

26. Taxation

Major components of the tax expense

| | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|
| Current | | | |
| Local income tax – current period | 82 261 887 | 53 443 690 | 55 797 184 |
| Local income tax – recognised in current tax for prior periods | (2 975 300) | – | (4 224 118) |
| Total current tax expense | 79 286 587 | 53 443 690 | 51 573 066 |
| Deferred | | | |
| Originating and reversing temporary differences | 8 297 076 | 20 415 674 | 12 541 124 |
| Total tax expense | 87 583 663 | 73 859 364 | 64 114 190 |

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate:

| | | | |
|---|---------------|---------------|---------------|
| Applicable tax rate | 28.00% | 28.00% | 28.00% |
| Exempt income | (0.01)% | – | – |
| Disallowable expenditure | 0.10% | 0.04% | 0.15% |
| Prior period tax overprovision | – | – | – |
| Classified through other comprehensive income | 0.89% | – | – |
| Recoupment of allowances previously granted | – | 0.34% | 0.83% |
| Prior period over provision of current tax | (0.25)% | – | – |
| Items taxed at capital gains rate | – | 0.03% | (0.05)% |
| Non-taxable (already taxed by associate) | (2.08)% | (0.74)% | (1.31)% |
| Average effective tax rate | 26.65% | 27.67% | 27.62% |

| | | | |
|---|---------------------|---------------------|---------------------|
| 27. Other comprehensive income | 2017 | 2016 | 2015 |
| Actuarial gains (losses) on defined benefit plans | (3 304 000) | 29 261 000 | (11 130 000) |
| Taxation on actuarial gains (losses) on the defined benefit plans | 925 120 | (8 193 080) | 3 116 400 |
| Foreign exchange cash flow revaluation | (6 289 575) | – | – |
| Taxation on foreign exchange cash flow revaluation | 1 761 081 | – | – |
| | (6 907 374) | 21 067 920 | (8 013 600) |
| 28. Cash generated from operations | 2017 | 2016 | 2015 |
| Profit before tax | 328 633 278 | 266 786 943 | 232 116 931 |
| Adjustments for: | | | |
| Depreciation | 98 010 394 | 88 764 583 | 77 870 611 |
| Loss (profit) on sale of assets | 796 775 | 2 880 824 | (591 180) |
| Income from equity accounted investments | (6 837 304) | (7 085 685) | (9 644 519) |
| Dividends received from and interest paid to associate | 8 900 000 | 10 310 739 | 8 763 655 |
| Interest received | (14 976 385) | (7 906 710) | (4 793 054) |
| Finance costs | 37 568 900 | 33 956 459 | 29 208 109 |
| Movements in retirement benefit assets and liabilities | 6 397 000 | 1 609 920 | 7 281 000 |
| Movements in provisions | 9 167 302 | 5 619 102 | 8 964 539 |
| Other non-cash items | 629 734 | – | – |
| Non-cash movements of related party loan | 5 199 | – | – |
| Changes in working capital: | | | |
| Spares, fuel and oil inventories | 51 511 | 726 282 | 2 120 183 |
| Trade and other receivables | (2 107 763) | 6 516 282 | (24 469 004) |
| Trade and other payables | 19 192 551 | 387 271 | (13 656 545) |
| Total | 485 431 192 | 402 565 960 | 313 170 726 |
| 29. Tax paid | 2017 | 2016 | 2015 |
| Balance at the beginning of the year | (72 575) | (3 614 368) | (3 418 723) |
| Current tax for the year recognised in profit or loss | (79 286 587) | (53 443 690) | (51 573 066) |
| Balance at the end of the year | (3 496 709) | 72 575 | 3 614 368 |
| Tax paid | (82 855 871) | (56 985 483) | (51 377 421) |
| 30. Dividends paid | 2017 | 2016 | 2015 |
| Dividends | (120 000 000) | (105 047 512) | (140 000 000) |
| 31. Commitments | | | |
| Authorised capital expenditure | | | |
| Already contracted for but not provided for | 2017 | 2016 | 2015 |
| Property, plant and equipment | 204 366 466 | 172 050 146 | 149 365 600 |

This committed expenditure will be financed through instalment sale agreements with registered financial institutions.

32. Related parties

| | |
|-------------------------------|---|
| Holding company | Hosken Consolidated Investments Limited |
| Subsidiaries | Refer to note 5 |
| Joint ventures | Refer to note 6 |
| Fellow subsidiary companies | HCI Treasury Proprietary Limited Hosken Passengers Logistics and Rail Proprietary Limited Eljosa Travel and Tours Proprietary Limited |
| Entities under common control | Golden Arrow Employee's Medical Benefit Fund HCI Foundation |

| Related party balances | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|
| Loan accounts – Owning (to) from related parties | | | |
| Hosken Passengers Logistics and Rail Proprietary Limited | 9 027 753 | – | – |
| Eljosa Travel and Tours Proprietary Limited | 30 066 160 | – | – |
| Sibanye Bus Services Proprietary Limited | (14 981 366) | (14 981 366) | (14 981 366) |
| | 24 112 547 | (14 981 366) | (14 981 366) |
| Amounts included in Trade receivables (Trade payables) regarding related parties | | | |
| Golden Arrow Employees Benefit Fund | 14 332 | – | (31 524) |
| Golden Arrow Medical Aid Benefit | – | 24 326 | (4 476 198) |
| HCI Foundation | 509 210 | 350 662 | 271 995 |
| The N2 Express JV Proprietary Limited | 14 053 913 | 11 297 261 | – |
| Sibanye Bus Services Proprietary Limited | (377 783) | (2 422 580) | (902 271) |
| Sibanye Bus Services Proprietary Limited | 3 529 256 | 5 133 743 | 6 498 361 |
| | 17 728 928 | 14 383 412 | 1 360 363 |
| Related party transactions | | | |
| Interest paid to (received from) related parties | | | |
| Eljosa Travel and Tours Proprietary Limited | (358 214) | – | – |
| Sales to related parties | | | |
| HCI Foundation | (2 790 370) | (2 675 859) | (2 286 612) |
| The N2 Express JV Proprietary Limited | (73 628 227) | (49 455 812) | (27 245 576) |
| | (76 418 597) | (52 131 671) | (29 532 188) |
| Rent paid to (received from) related parties | | | |
| Sibanye Bus Services Proprietary Limited | (520 547) | (940 645) | (4 020 000) |
| Administration fees paid to (received from) related parties | | | |
| Hosken Consolidated Investments Limited | 1 710 000 | 1 710 000 | 1 710 000 |
| Sibanye Bus Services Proprietary Limited | (2 778 855) | (3 701 398) | (3 740 394) |
| | (1 068 855) | (1 991 398) | (2 030 394) |
| Grant paid to related party | | | |
| Golden Arrow Employee's Medical Benefit Fund | 27 786 000 | 25 809 990 | 22 420 285 |
| Dividends paid to (received from) related party | | | |
| Hosken Consolidated Investments Limited | 120 000 000 | 100 000 000 | 140 000 000 |
| Contract revenue paid to related party | | | |
| Sibanye Bus Services Proprietary Limited | 49 957 516 | 44 821 203 | 75 793 909 |
| Management has estimated that transactions with related parties are at arm's length. | | | |
| Compensation to directors and other key management | | | |
| Employee benefits | 47 232 228 | 34 358 388 | 8 336 598 |

33. Directors' emoluments

Executive

| | Emoluments | Fringe benefits including medical aid | Contribution to post retirement scheme | Total |
|---------------------------------------|------------------|---------------------------------------|--|-------------------|
| 2017 | | | | |
| Mr ML Wilkin | 3 930 535 | 432 211 | 185 612 | 4 548 358 |
| Mr Y Shaik (Chairman) | – | – | – | – |
| Mr FE Meyer (Chief Executive Officer) | 4 869 941 | 672 955 | 238 603 | 5 781 539 |
| | 8 800 476 | 1 105 206 | 424 215 | 10 329 897 |

| | Emoluments | Fringe benefits including medical aid | Contribution to post retirement schemes | Group share options exercised | Total |
|--|------------------|---------------------------------------|---|-------------------------------|-------------------|
| 2016 | | | | | |
| Mr NS Cronje (Chief Executive Officer) | 3 810 626 | 307 675 | 144 155 | 443 094 | 4 705 510 |
| Mr ML Wilkin | 3 452 417 | 299 416 | 167 106 | – | 3 918 939 |
| Mr Y Shaik (Chairman) | – | – | – | – | – |
| Mr FE Meyer (Chief Executive Officer) | 1 200 000 | 171 724 | 93 460 | – | 1 465 184 |
| | 8 463 043 | 778 815 | 404 681 | 443 094 | 10 089 633 |

| | Emoluments | Fringe benefits including medical aid | Contribution to post retirement schemes | Total |
|---------------------------|------------|---------------------------------------|---|-----------|
| 2015 | | | | |
| For services as directors | 6 961 886 | 767 064 | 435 660 | 8 164 610 |

Non-executive

| | Contribution to post retirement schemes | Total |
|--------------------------------|---|--------|
| 2017 | | |
| Mr TG Govender (Non-Executive) | – | – |
| Ms NB Jappie (Non-Executive) | 68 006 | 68 006 |

| | Contribution to post retirement schemes | Total |
|--------------------------------|---|--------|
| 2016 | | |
| Mr TG Govender (Non-Executive) | – | – |
| Ms NB Jappie (Non-Executive) | 60 006 | 60 006 |

| | Contribution to post retirement schemes | Total |
|---------------------------|---|--------|
| 2015 | | |
| For services as directors | 60 006 | 60 006 |

34. Financial assets by category

The accounting policies for the financial instruments have been applied to the line items below:

| Group – 2017 | Loans and receivables | Held to maturity investments | Non-financial instruments | Total |
|-----------------------------|------------------------------|-------------------------------------|----------------------------------|--------------------|
| Cash and cash equivalents | 287 520 490 | – | – | 287 520 490 |
| Loans from related parties | 37 929 508 | – | – | 37 929 508 |
| Investment in associates | – | 16 757 248 | – | 16 757 248 |
| Trade and other receivables | 40 730 095 | – | 14 901 111 | 55 631 206 |
| | 366 180 093 | 16 757 248 | 14 901 111 | 397 838 452 |

| Group – 2016 | Loans and receivables | Non-financial instruments | Total |
|-----------------------------|------------------------------|----------------------------------|--------------------|
| Cash and cash equivalents | 242 800 110 | – | 242 800 110 |
| Trade and other receivables | 40 010 714 | 13 517 946 | 53 528 660 |
| | 282 810 824 | 13 517 946 | 296 328 770 |

| Group – 2015 | Loans and receivables | Non-financial instruments | Total |
|-----------------------------|------------------------------|----------------------------------|--------------------|
| Cash and cash equivalents | 175 697 672 | – | 175 697 672 |
| Trade and other receivables | 56 359 000 | 7 619 778 | 63 978 778 |
| | 232 056 672 | 7 619 778 | 239 676 450 |

35. Financial liabilities by category

The accounting policies for the financial instruments have been applied to the line items below:

| Group – 2017 | Financial liabilities at amortised cost | Fair value through profit or loss | Non-financial instruments | Total |
|-----------------------------|--|--|----------------------------------|--------------------|
| Instalment sale obligation | 408 695 644 | – | – | 408 695 644 |
| Loans from related parties | 14 981 366 | – | – | 14 981 366 |
| Other financial liabilities | – | 6 289 574 | – | 6 289 574 |
| Trade and other payables | 87 626 649 | – | 290 267 | 87 916 916 |
| | 511 303 659 | 6 289 574 | 290 267 | 517 883 500 |

| Group – 2016 | Financial liabilities at amortised cost | Non-financial instruments | Total |
|----------------------------|--|----------------------------------|--------------------|
| Instalment sale obligation | 379 426 612 | – | 379 426 612 |
| Loans from related parties | 14 981 366 | – | 14 981 366 |
| Trade and other payables | 69 484 177 | 409 795 | 69 893 972 |
| | 463 892 155 | 409 795 | 464 301 950 |

| Group – 2015 | Financial liabilities at amortised cost | Non-financial instruments | Total |
|----------------------------|--|----------------------------------|--------------------|
| Instalment sale obligation | 381 619 583 | – | 381 619 583 |
| Loans from related parties | 14 981 366 | – | 14 981 366 |
| Trade and other payables | 68 876 403 | 630 348 | 69 506 751 |
| | 465 477 362 | 630 348 | 466 107 700 |

36. Risk Management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 7, 15 & 17, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

At 31 March 2017, if interest rates (based on average interest rate per note 17) on Rand-denominated borrowings had been 1% (2016: 1%) (2015: 1%) higher/lower with all other variables held constant, post-tax profit for the year would have been R2 942 609 (2016: R2 725 980) (2015: R3 070 844) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to customers on an ongoing basis. Financial assets exposed to credit risk at year end were as follows:

Financial instrument

| | 2017 | 2016 | 2015 |
|----------------------------|-------------|-------------|-------------|
| Trade receivables | 54 458 645 | 40 010 714 | 56 359 000 |
| Cash and cash equivalents | 284 200 766 | 240 634 115 | 171 548 815 |
| Loans from related parties | 39 099 121 | - | - |

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The commercially insolvent position of the Group and Company stems from the classification of retirement benefit obligations and provisions as current as opposed to non-current.

Group

| At 31 March 2017 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------|------------------|-----------------------|-----------------------|--------------|
| Instalment sale liability | 130 670 477 | 278 025 167 | - | - |
| Loans from related parties | - | 14 981 366 | - | - |
| Trade and other payables | 87 916 916 | - | - | - |
| At 31 March 2016 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Instalment sale liability | 13 407 838 | 104 975 974 | 142 042 800 | - |
| Loans from related parties | - | 14 981 366 | - | - |
| Trade and other payables | 69 484 177 | - | - | - |
| At 31 March 2015 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Instalment sale liability | 124 926 118 | 256 693 465 | - | - |
| Loans from related parties | - | 14 981 366 | - | - |
| Trade and other payables | 68 876 403 | - | - | - |

Foreign exchange risk

The group's transactions are predominantly entered into in the functional currency of South African Rands. However, the company utilised Pounds Sterling in the purchase of property, plant and equipment and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and investing activities. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The most significant exposure exists in relation to the UK Pound Sterling. Foreign currency risks are managed through the group's financing policies and the selective use of forward exchange contracts.

Forward exchange contracts (FECs) are utilised in the company to hedge the risk of currency depreciation on committed and highly probable forecast transactions.

Transactions hedged with FECs include capital goods purchases (imports).

A number of FECs were entered into during the year and are utilised in the company and group in cash flow hedge relationships.

Refer to Note 16 for full details.

Average forward exchange rates used for conversion of foreign items were:

GBP 17.4511

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the individual entities at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year-end, for which there is currency risk. The expected effect on the income statement and equity is calculated based on the net balance sheet exposure at the end of the reporting period, after taking into account forward exchange contracts which exist at that point in time. The effect on equity is calculated as the effect on profit and loss together with any effect on other comprehensive income. The effect of translation of results into presentation currency of the group is excluded from the information provided. This sensitivity represents the exposure of the group at a point in time, based only on recognised balances for which currency risk has been identified.

A 10% weakening in the group's significant exposure to the foreign currency at 31 March would have increased either the equity or the profit by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis for 2016.

| | Equity | Other Comprehensive Income |
|-------------------|-----------|----------------------------|
| UK Pound Sterling | 3 262 997 | 3 262 997 |

A 10% movement in the opposite direction in the group's exposure to foreign currency would have an equal and opposite effect to the amounts disclosed above.

37. Reclassification

Certain comparative figures have been reclassified to facilitate comparison with the current year Annual Financial Statements.

These changes were merely classification in nature.

38. Headline earnings per share

| | 2017 | 2016 | 2015 |
|--|--------------------|--------------------|--------------------|
| Reconciliation between earnings and headline earnings | | | |
| Earnings attributable to equity holders of the parent | 227 812 776 | 182 378 304 | 160 067 414 |
| Adjusted for: | | | |
| (Gains)/ on disposal of fixed assets | (1 019 871) | (4 541 034) | (525 653) |
| Headline earnings | 226 792 905 | 177 837 270 | 159 541 761 |
| Weighted average number of ordinary shares at the end of the year for the purpose of basic/diluted earnings per share and headline earnings per share | 254 100 | 254 100 | 254 100 |
| Headline earnings per share (cents) | 89 253 | 69 987 | 62 787 |
| Diluted headline earnings per share (cents) | 89 253 | 69 987 | 62 787 |

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF GABS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

The Directors

Hosken Passenger Logistics and Rail Limited ("HPL&R")

103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED AND ITS SUBSIDIARIES ("GABS" or the "GABS GROUP") INCLUDED IN THE PRE-LISTING STATEMENT

Opinion

We have audited the consolidated financial information of GABS for the three years ended 31 March 2015, 2016 and 2017, as set out in **Annexure 9** of the Pre-listing Statement to be issued on or about Thursday, 15 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The consolidated financial information comprises the statement of financial position as at 31 March 2015, 2016 and 2017, the statement of comprehensive income and statement of changes in equity for the 12 month periods ended 31 March 2015, 2016 and 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial information of GABS for the three years ended 31 March 2015, 2016 and 2017 presents fairly, in all material respects, the consolidated financial position of GABS at those dates and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated historical financial information* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance to our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| Useful lives, residual values and depreciation method of buses (Consolidated financial statements) | |
| <p>The useful lives, residual values and depreciation method are reviewed annually by management.</p> <p>In determining the useful lives, residual values and depreciation method, management applies judgement as follows:</p> <ol style="list-style-type: none"> In determining the useful lives, management applies judgement in determining the period over which the asset is expected to be available for use. In determining the residual value, management applies judgement in determining the estimated amount that entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. In determining the depreciation method, management applies judgement in determining the systematic allocation of the depreciable amount over the useful life of the asset. <p>Accordingly, the useful lives, residual values and depreciation method of buses was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management.</p> <p>The disclosures relating to buses are contained in note 1 (accounting policies) and note 3.</p> | <p>Our audit procedures included an assessment of the reasonability of the useful lives, residual values and depreciation method, namely:</p> <ul style="list-style-type: none"> We have inspected a management resolution to confirm that management have reviewed the useful lives, residual values and depreciation method; We have recalculated the depreciation charge and compared this to the amount recorded in the accounting records; We have assessed managements' judgements and estimates for the reasonableness of the useful lives, residual values and depreciation method with management, as well as with managements' expert, We have obtained an experts assessment confirming the reasonableness of the useful lives, residual values and depreciation method; and We have inspected the disclosure in order to confirm that the required disclosure has been made in accordance with International Financial Reporting Standards |

Repurchase of service provision (Consolidated financial statements)

In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, the repurchase of service provision has been recognised due to a present obligation, arising from a past event, resulting in a probable outflow of economic resources.

In estimating the expected outflow of economic resources, management applies judgement in determining a reliable estimate,

Accordingly, the repurchase of service provision was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management.

The disclosures relating to the repurchase of service provision are contained in note 1 (accounting policies) and note 20.

Our audit procedures included the following:

- We have assessed managements' judgements and estimates for the reasonableness of the provision with management and those charged with governance;
- We have confirmed that the repurchase of service provision meets the definition of a provision, in accordance with applicable financial reporting standards;
- Obtained a representation from management confirming that the amount has been estimated reliably;
- We have recalculated the provision and ensured the amount has been accurately recorded; and
- We have inspected the disclosure in order to confirm that the disclosure has been made in accordance with International Financial Reporting Standards.

Independence

We are independent of the GABS Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Responsibilities of the directors for the consolidated historical financial information

The directors of HPL&R are responsible for the preparation, contents and presentation of the Pre-listing Statement and are responsible for ensuring that HPL&R complies with the JSE Listings Requirements. The directors of GABS are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated historical financial information, the directors are of GABS responsible for assessing the GABS Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the GABS Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountants' responsibilities for the audit of the consolidated historical financial information

Our objectives are to obtain reasonable assurance about whether the consolidated historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GABS Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GABS Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the GABS Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated historical financial information, including the disclosures, and whether the consolidated historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated historical financial information of the entities or business activities within the GABS Group to express an opinion on the consolidated historical financial information. We are responsible for the direction, supervision and performance of the GABS Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of HPL&R in the form and context in which it appears.

BDO CAPE INCORPORATED

Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Imtiaaz Hashim

Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

**REVIEWED INTERIM FINANCIAL INFORMATION OF GABS AND ITS SUBSIDIARIES
("GABS GROUP") FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

GABS GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**INTRODUCTION**

The interim financial information for the six months ended 30 September 2017 of GABS and its subsidiaries set out below has been reviewed by Grant Thornton Cape Inc. and should be read in conjunction with the audited annual financial statements of GABS and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017.

The interim financial information for the six months ended 30 September 2017 of GABS and its subsidiaries is the responsibility of the Directors of GABS and its subsidiaries.

The accounting policies of GABS and its subsidiaries are consistent with that of the Company.

Directors

The directors of GABS during the period and to the date of this report are as follows:

| Name | Nationality |
|------------------------------------|--------------------|
| Y Shaik (Chairman) | South African |
| FE Meyer (Chief Executive Officer) | South African |
| TG Govender (Non-Executive) | South African |
| NB Jappie (Non-Executive) | South African |
| ML Wilkin | South African |

FINANCIAL INFORMATION

No material change in the nature of the business of the group occurred, and no material fact or circumstance has occurred between the end of the latest financial year of the group and the date of this Interim Report. The Interim Report was reviewed by Grant Thornton Cape Inc. and should be read in conjunction with their Independent Reporting Accountants Report and the Historical Financial Information Report.

Condensed Consolidated Statement of Financial Position

| | Notes | Group | |
|--|-------|----------------------------------|-----------------------------|
| | | Reviewed 30 September 2017 | Audited 31 March 2017 |
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 1 308 468 262 | 1 285 459 167 |
| Intangible assets | | 57 000 | 57 000 |
| Investments in associates | | 19 465 968 | 16 757 248 |
| Loans to related parties | | 30 940 482 | 26 144 959 |
| Deferred tax | | 397 390 | 397 390 |
| | | 1 359 329 102 | 1 328 815 764 |
| Current Assets | | | |
| Spares, fuel and oil inventories | | 17 118 808 | 16 947 939 |
| Loans to related parties | | 14 813 653 | 12 954 162 |
| Current tax receivable | | 1 256 345 | 3 668 681 |
| Trade and other receivables | 3 | 214 805 204 | 55 631 199 |
| Cash and cash equivalents | | 196 469 009 | 287 520 490 |
| | | 444 463 020 | 376 722 471 |
| Total Assets | | 1 803 792 122 | 1 705 538 235 |
| Equity and Liabilities | | | |
| Equity | | | |
| Equity Attributable to Equity Holders of Parent | | | |
| Share capital | | 254 | 254 |
| Reinvestment reserves | | 98 294 594 | 98 294 594 |
| Foreign exchange cash flow hedge reserve | | (1 428 113) | (4 528 493) |
| Maintenance reserve | | 26 863 462 | 24 927 770 |
| Retained income | | 761 997 958 | 675 199 227 |
| | | 885 728 156 | 793 893 352 |
| Non-controlling interest | | 36 366 758 | 35 010 891 |
| | | 922 094 914 | 828 904 243 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Loans from related parties | | 14 981 366 | 14 981 366 |
| Instalment sale obligations | | 259 694 913 | 278 025 171 |
| Retirement benefit obligation | | 77 958 200 | 68 880 000 |
| Deferred tax | | 173 378 728 | 172 173 024 |
| | | 526 013 207 | 534 059 561 |
| Current Liabilities | | | |
| Current tax payable | | 15 515 543 | 171 972 |
| Other financial liabilities | | 1 983 490 | 6 289 574 |
| Instalment sale obligations | | 148 319 748 | 130 670 477 |
| Retirement benefit obligation | | – | 3 536 000 |
| Trade and other payables | | 53 234 719 | 89 086 522 |
| Provisions | | 136 630 502 | 112 819 886 |
| | | 355 684 002 | 342 574 431 |
| Total Liabilities | | 881 697 208 | 876 633 992 |
| Total Equity and Liability | | 1 803 792 122 | 1 705 538 235 |
| Net Asset Value per share (cents) | | 348 575 | 312 433 |
| Net Tangible Asset Value per share (cents) | | 348 552 | 312 411 |
| Shares in issue | | 254 100 | 254 100 |

Condensed Consolidated Statement of Comprehensive Income

| | Notes | Group Reviewed 30 September 2017 |
|--|-------|---|
| Revenue | | 854 090 382 |
| Cost of sales | | (624 929 885) |
| Gross profit | | 229 160 497 |
| Other income | | 2 130 792 |
| Operating expenses | | (86 131 049) |
| Operating profit | | 145 160 240 |
| Investment revenue | | 8 971 822 |
| Income from equity accounted investment | | 3 020 048 |
| Finance costs | | (23 218 420) |
| Profit before taxation | | 133 933 691 |
| Taxation | | (38 300 060) |
| Profit for the period/year | | 95 633 631 |
| Other comprehensive income: | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Actuarial gains losses on defined benefit plans | | - |
| Tax on items that cannot be subsequently reclassified | | - |
| | | - |
| Items that will be reclassified subsequently to profit or loss | | |
| Cash flow hedging – current period/year gains (losses) | | 191 591 |
| Cash flow hedging – amounts capitalised to property, plant and equipment | | 4 114 493 |
| Taxation relating to cash flow hedging | | (1 205 704) |
| Other comprehensive (loss) income for the period/year net of taxation | | 3 100 380 |
| Total comprehensive income | | 98 734 011 |
| Total profit and loss attributable to: | | |
| Owners of the parent | | 88 734 423 |
| Non-controlling interest | | 6 899 208 |
| | | 95 633 631 |
| Total other comprehensive income attributable to : | | |
| Owners of the parent | | 3 100 380 |
| Non-controlling interest | | - |
| | | 3 100 380 |
| Earnings per share (cents) | | |
| Basic earnings per share (cents) | | 34 921 |
| Diluted earnings per share (cents) | | 34 921 |

Condensed Consolidated Statement of Changes in Equity

Group

| | Share capital | Foreign exchange cash flow hedge reserve | Reinvestment reserve | Maintenance reserve | Total reserves | Retained income | Total attributable to equity holders of the group/ company | Non-controlling interest | Total equity |
|---|---------------|--|----------------------|---------------------|----------------|-----------------|--|--------------------------|--------------|
| Balance at 01 April 2017 | 254 | (4 528 493) | 98 294 594 | 24 927 770 | 118 693 871 | 675 199 227 | 793 893 352 | 35 010 891 | 828 904 243 |
| Changes in equity | | | | | | | | | |
| Total comprehensive income for the year | - | 3 100 380 | - | - | 3 100 380 | 88 734 423 | 91 834 804 | 6 899 208 | 98 734 011 |
| Transfer between reserves | - | - | - | 1 935 692 | 1 935 692 | (1 935 692) | - | - | - |
| Dividends | - | - | - | - | - | - | - | (5 543 340) | (5 543 340) |
| Total changes | - | 3 100 380 | - | 1 935 692 | 5 036 072 | 86 798 731 | 91 834 804 | 1 355 868 | 93 190 671 |
| Balance at 30 September 2017 | 254 | (1 428 113) | 98 294 594 | 26 863 462 | 123 729 943 | 761 997 958 | 885 728 156 | 36 366 759 | 922 094 914 |

Condensed Consolidated Statement of Cash Flows

| | Notes | Group Reviewed 30 September 2017 |
|---|-------|---|
| Cash flows from operating activities | | |
| Cash generated from operations | | 33 440 683 |
| Interest income | | 8 971 822 |
| Dividends | | (5 543 340) |
| Finance costs | | (23 218 420) |
| Tax paid | | (19 338 450) |
| Net cash from operating activities | | (5 687 704) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | 2 | (77 986 108) |
| Proceeds from sale of property, plant and equipment | | 1 995 558 |
| Short term loans repaid | | - |
| Proceeds on sale of investment property | | - |
| Net cash used in investing activities | | (75 990 549) |
| Cash flows from financing activities | | |
| Instalment sale payments | | (90 212 054) |
| Instalment sale advances | | 60 000 849 |
| Long term borrowings repaid | | (3 812 027) |
| Long term borrowings raised | | 31 305 018 |
| Dividends paid | | - |
| Net movement of related party loan | | (6 655 015) |
| Net cash used in financing activities | | (9 373 228) |
| Total cash movement for the period | | (91 051 481) |
| Cash and cash equivalents at the beginning of the period | | 287 520 490 |
| Total cash and cash equivalents at the end of the period | | 196 469 009 |

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation and accounting policies

The results for the six months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, other than the inclusion of Interim Financial Information for the comparative interim period, being the 6 months ended 30 September 2016, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the requirements of the South African Companies Act, 2008. The accounting policies applied by the group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2017. They are presented in South African Rands.

These financial statements were prepared under the supervision of the financial director, Mr ML Wilkin CA (SA) and have been independently reviewed by the group's auditors.

| 2 | Property, plant and equipment | 30 September 2017 | | |
|---|-------------------------------|----------------------|--------------------------|----------------------|
| | | Cost | Accumulated depreciation | Carrying value |
| | Buses | 1 578 224 234 | (627 141 370) | 951 082 864 |
| | Computer hardware | 12 834 803 | (11 747 970) | 1 086 833 |
| | Computer software | 10 878 819 | (10 833 556) | 45 263 |
| | Fare collection equipment | 5 221 915 | (5 221 882) | 33 |
| | Furniture and fixtures | 13 549 050 | (10 926 498) | 2 622 552 |
| | Land and buildings | 298 223 368 | – | 298 223 368 |
| | Motor vehicles | 23 431 443 | (17 271 797) | 6 159 646 |
| | Plant and machinery | 27 674 220 | (21 954 543) | 5 719 677 |
| | Radio equipment | 1 945 925 | (1 143 311) | 802 614 |
| | Assets under construction | 42 725 412 | – | 42 725 412 |
| | | 2 014 709 189 | (706 240 927) | 1 308 468 262 |

Reconciliation of property, plant and equipment 30 September 2017

| | Opening balance | Additions | Disposals | Depreciation | Closing balance |
|---------------------------|----------------------|-------------------|------------------|---------------------|----------------------|
| Buses | 961 000 998 | 40 965 000 | (200 000) | (50 683 144) | 951 082 854 |
| Computer hardware | 3 841 392 | 368 564 | – | (531 553) | 3 678 403 |
| Computer software | 69 551 | – | – | (24 289) | 45 262 |
| Fare collection equipment | 33 | – | – | – | 33 |
| Furniture and fixtures | 360 407 | 273 429 | – | (602 842) | 30 994 |
| Land and buildings | 283 676 656 | 14 546 712 | – | – | 298 223 368 |
| Motor vehicles | 6 848 952 | 1 028 120 | (16 359) | (1 701 069) | 6 159 644 |
| Plant and machinery | 6 760 049 | 44 654 | – | (1 085 025) | 5 719 678 |
| Radio equipment | 889 774 | 45 572 | – | (132 732) | 802 614 |
| Assets under construction | 22 011 355 | 20 714 057 | – | – | 42 725 412 |
| | 1 285 459 167 | 77 986 108 | (216 359) | (54 760 654) | 1 308 468 262 |

| | | Group Reviewed 30 September 2017 |
|-----------|---|---|
| 3. | Trade and other receivables | |
| | Deposits | 568 627 |
| | Bus licence prepayments | 10 634 794 |
| | Other prepayments | 526 065 |
| | Sibanye Bus Services Proprietary Limited receivable | 5 674 510 |
| | Table Bay Area Rapid Transit Proprietary Limited | 7 864 698 |
| | The N2 Express JV Proprietary Limited | 49 219 |
| | Bulk agent sales debtors | 118 376 |
| | Multi-mech and Multi-supplier debtors | 159 813 |
| | Charter hire debtors | 838 044 |
| | City of Cape Town | 19 537 911 |
| | Provision for Bad debts | (1 201 557) |
| | TETA learner ships receivable | 141 660 |
| | Sundry Debtors | 166 246 884 |
| | Sundry Accruals | 317 730 |
| | Staff loans | 199 630 |
| | VAT | 3 128 800 |
| | | 214 805 204 |

| | | Group Reviewed 30 September 2017 |
|-----------|------------------------|---|
| 4. | Related parties | |

Relationships

| | |
|-------------------------------|---|
| Holding company | Hosken Consolidated Investments Limited |
| Fellow subsidiary | HCI Treasury Proprietary Limited Hosken Passengers Logistics and Rail Proprietary Limited Eljosa Travel and Tours Proprietary Limited |
| Subsidiaries | Penlink Proprietary Limited Hollyberry Props 12 Proprietary Limited Table Bay Area Rapid Transit Proprietary Limited Transit Research and Management Services Proprietary Limited Baakens Property Holdings Proprietary Limited Atlantic Bus Company Proprietary Limited (previously Beekay 263 Proprietary Limited) City Xplore Proprietary Limited (previously Beekay 264 Proprietary Limited) Coachways Proprietary Limited (previously Beekay 265 Proprietary Limited) |
| Associates | Sibanye Bus Services Proprietary Limited The N2 Express Joint Venture Proprietary Limited |
| Entities under common control | Golden Arrow Employee's Medical Benefit Fund HCI Foundation |

Related party balances

Loan accounts – Owing (to) from related parties

| | |
|--|-------------------|
| Hosken Passengers Logistics and Rail Proprietary Limited | 10 954 622 |
| Eljosa Travel and Tours Proprietary Limited | 34 801 476 |
| Sibanye Bus Services Proprietary Limited | (14 981 366) |
| Table Bay Area Rapid Transit Proprietary Limited | 5 018 634 |
| The N2 Express Joint Venture Proprietary Limited | 49 219 |
| | 34 842 585 |

| | | Group Reviewed 30 September 2017 |
|-----------|--|---|
| 4. | Related parties (continued) | |
| | Amounts included in Trade receivable (Trade Payable) regarding related parties | |
| | HCI Foundation | 1 245 755 |
| | Sibanye Bus Services Proprietary Limited | (9 863 935) |
| | Sibanye Bus Services Proprietary Limited | 5 053 850 |
| | The N2 Express Joint Venture Proprietary Limited | 17 305 526 |
| | Eljosa Travel and Tours Proprietary Limited | 99 064 |
| | | <u>13 840 260</u> |
| | Related party transactions | |
| | Sales to related party | |
| | HCI Foundation | (1 718 362) |
| | The N2 Express Joint Venture Proprietary Limited | 41 106 269 |
| | | <u>39 387 907</u> |
| | Rent paid to (received from) related parties | |
| | Sibanye Bus Services Proprietary Limited | (286 368) |
| | | <u>(286 368)</u> |
| | Administration fees paid to (received from) related parties | |
| | Hosken Consolidated Investments Limited | 855 000 |
| | Sibanye Bus Services Proprietary Limited | (1 441 190) |
| | | <u>(586 190)</u> |
| | Grant paid to related party | |
| | Golden Arrow Employee's Medical Benefit Fund | 14 712 000 |
| | | <u>14 712 000</u> |
| | Contract revenue paid to related party | |
| | Sibanye Bus Services Proprietary Limited | 28 310 256 |
| | | <u>28 310 256</u> |
| | Interest received from (paid to) related party | |
| | Eljosa Travel and Tours Proprietary Limited | 1 593 559 |
| | | <u>1 593 559</u> |
| 5. | Commitments | |
| | Authorised capital expenditure | |
| | | Group Reviewed 30 September 2017 |
| | Already contracted for but not provided for | |
| | • Property, plant and equipment | 150 616 283 |
| | | <u>150 616 283</u> |
| | This committed expenditure will be financed through instalment sale agreements with registered financial institutions. | |
| | | Group Reviewed 30 September 2017 |
| 6. | Headline earnings per share | |
| | Reconciliation between earnings and headline earnings | |
| | Earnings attributable to equity holders of the parent | 88 734 423 |
| | Adjusted for: | |
| | (Gains)/losses on disposal of fixed assets | (458 172) |
| | Headline earnings | <u>88 276 251</u> |
| | Weighted average number of ordinary shares at the end of the year for the purpose of basic/diluted earnings per share and headline earnings per share | <u>254 100</u> |
| | Headline earnings per share (cents) | 34 741 |
| | Diluted headline earnings per share (cents) | 34 741 |

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

The group is engaged in commuter transport and related services providing essential passenger transport to the communities it serves in the Cape Town Metropole.

The operating results and the state of affairs of the group are set out in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

Net profit of the group was R95 633 631 and total comprehensive income of R98 734 011.

CHANGES TO THE BOARD

There were no changes to the board during the 6 months ended 30 September 2017.

SUBSEQUENT EVENTS

Effective 30 January 2018, in terms of the GABS Asset for Share Agreement, Subco acquired 100% of the shares in GABS from HCI in exchange for the issue of new shares in Subco. Further, effective 1 February 2018 in terms of the GABS Acquisition Agreement, the Company acquired all the issued share capital in Subco from HCI for a consideration equal to R1 800 000 000, which was settled by the allotment and issue of Shares, constituting approximately 62% of the issued share capital of the Company. Following the completion of these agreements, the Company owns 100% of the issued share capital in Subco, and HCI via its various shareholdings owns an effective 73.5% of the Company and in effect has control of GABS.

The Company intends to pursue a listing on the Johannesburg Stock Exchange.

GABS declared and paid a dividend of R120 million in November 2017.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The consolidated group interim results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

DIVIDEND TO SHAREHOLDER

No dividends were declared or paid to the shareholder during the interim period.

AUDITORS

Grant Thornton Cape Inc. will continue in office as the auditors, in accordance with Section 90 of the Companies Act of South Africa 71 of 2008 until 22 February 2018. Thereafter BDO Cape Incorporated have been duly appointed as auditors for the remainder of the financial year ending 31 March 2018 in accordance with Section 90 of the Companies Act of South Africa 71 of 2008. This change in appointment of the registered auditors of the entity is the result of a merger transaction, concluded between Grant Thornton Cape Inc. and BDO South Africa Incorporated.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REVIEWED INTERIM FINANCIAL INFORMATION OF GABS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The Directors

Hosken Passenger Logistics and Rail Limited ("HPL&R")

103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED INTERIM FINANCIAL INFORMATION OF GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED ("GABS" OR THE "GABS GROUP") INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have reviewed the consolidated interim financial information of GABS for the six months ended 30 September 2017 as set out in **Annexure 11** of the Pre-listing Statement to be issued on or about Thursday, 15 March 2018 ("**the Pre-listing Statement**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

The consolidated interim financial information, specifically prepared for the purpose of the Pre-listing statement in order to comply with section 8.7 of the JSE Listing Requirements, comprises the statement of financial position as at 30 September 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 month period ended 30 September 2017, and the notes thereto, comprising a summary of significant accounting policies and other explanatory information.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Directors' responsibility for the consolidated historical financial information

The directors of HPL&R are responsible for the preparation, contents and presentation of the Pre-listing Statement and the fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards ("**IFRS**"). The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion or conclusion on the consolidated interim financial information of GABS, included in the Pre-listing Statement, based on our review of the consolidated interim financial information of GABS for the six months ended 30 September 2017.

This report of consolidated interim financial information has been prepared in accordance with and by applying (i) IFRS; (ii) the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council; and (iii) the accounting policies of GABS and the GABS Group.

We conducted our review of the consolidated interim financial information of GABS for the period ended 30 September 2017 in accordance with International Standards on Review Engagements (ISRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free from material misstatement. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

GABS Group prepared interim figures for the six months period ended 30 September 2017, specifically for the purpose of the pre-listing statement in order to comply with section 8.7 of the JSE Listing Requirements. GABS Group did not present comparative consolidated interim figures for the period 6 months ended 30 September 2016, which constitutes a departure from the requirements of the International Accounting Standard (IAS) 34 Interim Financial Reporting.

Qualified review conclusion

Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated historical financial information of GABS for the 6 month period ended 30 September 2017 is not fairly prepared, in all material respects, for the purposes of the Pre-listing Statement, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement to the shareholders of HPL&R in the form and context in which it appears.

BDO CAPE INCORPORATED

Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

Imtiaaz Hashim

Partner
Chartered Accountant (SA)
Registered Auditor
6th Floor
123 Hertzog Boulevard Foreshore
Cape Town
8001

PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED**PRO FORMA FINANCIAL INFORMATION OF THE COMPANY**

The *pro forma* financial information of the Company is set out below. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income of the Company have been prepared for illustrative purposes only to show the financial effects of the GABS Acquisition, the Listing and the Cash Distribution made by the Company. Due to the nature of the *pro forma* financial information, the *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows after the GABS Acquisition, the Listing and the Cash Distribution has been implemented.

The *pro forma* financial information as at 30 September 2017 is presented in a manner that is consistent with the accounting policies of the Company, IFRS and the basis on which the historical financial information has been prepared. The financial information has been prepared in accordance with the Listings Requirements and in compliance with the SAICA Guide on *pro forma* Financial Information. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income as set out below should be read in conjunction with the report of the independent reporting accountants which is included as **Annexure 14** to this Pre-listing statement.

The directors of the Company are responsible for the preparation of the *pro forma* financial information.

It has been assumed for the purposes of the *pro forma* financial effects that the GABS Acquisition, the Listing and the Cash Distribution took place with effect from 1 April 2017 for purposes of the *pro forma* consolidated statement of comprehensive income and on 30 September 2017 for purposes of the *pro forma* consolidated statement of financial position.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The *pro forma* consolidated statement of comprehensive income presented below was prepared on the assumption that the GABS Acquisition, the Listing and the Cash Distribution was implemented on 1 April 2017.

The Company *Pro Forma* Statement of Comprehensive Income

| | Audited 6 month interim financial statements at 30 September 2017 R'000 Note 1 | <i>Pro forma</i> adjustment – issue of shares by the Company R'000 Note 2 | <i>Pro forma</i> adjustment – acquisition of Subco by the Company R'000 Note 3 | <i>Pro forma</i> adjustment – acquisition of GABS by Subco R'000 Note 4 |
|---|---|--|--|--|
| Revenue | – | – | 19 435 | 854 090 |
| Cost of sales | – | – | (8 747) | (624 930) |
| Gross profit | – | – | 10 688 | 229 160 |
| Other Income | – | – | 125 | 2 131 |
| Operating expenses | – | – | (8 934) | (86 131) |
| Operating profit | – | – | 1 879 | 145 160 |
| Share of income of associates and joint ventures | – | – | – | 3 020 |
| Investment income | – | – | 15 | 8 972 |
| Finance costs | – | – | (1 593) | (23 218) |
| Profit/(loss) before taxation | – | – | 301 | 133 934 |
| Taxation | – | – | (337) | (38 300) |
| Profit for the year from continuing operations | – | – | (36) | 95 634 |
| Net result from discontinued operations | – | – | – | – |
| Profit/(loss) for the period | – | – | (36) | 95 634 |
| Items that will be reclassified subsequently to profit and loss | – | – | – | – |
| Cash flow hedging- current period | – | – | – | 192 |
| Cash flow hedging- amounts capitalised to property, plant and equipment | – | – | – | 4 114 |
| Taxation relating to cash flow hedging | – | – | – | (1 206) |
| Other comprehensive income for the period net of taxation | – | – | – | 3 100 |
| Total comprehensive income | – | – | (36) | 98 734 |
| Total profit and loss attributable to: | | | | |
| Equity holders of the parent | – | – | (470) | 88 734 |
| Non-controlling interest | – | – | 434 | 6 899 |
| | – | – | (36) | 95 633 |
| Total other comprehensive income attributable to: | | | | |
| Equity holders of the parent | – | – | – | 3 100 |
| Non-controlling interest | – | – | – | – |
| | – | – | – | 3 100 |

| <i>Pro forma</i> adjustment – consolidation adjustments GABS and Subco R'000 Note 5 | Subtotal of the Group R'000 Note 6 | Share Split R'000 Note 7 | <i>Pro forma</i> adjustment – Cash Distribution to shareholders R'000 Note 8 | <i>Pro forma</i> adjustments – listing costs R'000 Note 9 | Dividend declared by GABS subsequent to 30 September 2017 R'000 Note 10 | <i>Pro forma</i> financial information – Total Group R'000 Note 11 |
|--|---|-----------------------------------|--|---|--|---|
| - | 873 525 | - | - | - | - | 873 525 |
| - | (633 677) | - | - | - | - | (633 677) |
| - | 239 848 | - | - | - | - | 239 848 |
| - | 2 256 | - | - | - | - | 2 256 |
| - | (95 065) | - | - | - | - | (95 065) |
| - | 147 039 | - | - | - | - | 147 039 |
| - | 3 020 | - | - | - | - | 3 020 |
| (1 593) | 7 394 | - | - | - | (4 200) | 3 194 |
| 1 593 | (23 218) | - | - | - | - | (23 218) |
| - | 134 235 | - | - | - | (4 200) | 130 035 |
| - | (38 637) | - | - | - | - | (38 637) |
| - | 95 598 | - | - | - | (4 200) | 91 398 |
| - | - | - | - | - | - | - |
| - | 95 598 | - | - | - | (4 200) | 91 398 |
| - | - | - | - | - | - | - |
| - | 192 | - | - | - | - | 192 |
| - | 4 114 | - | - | - | - | 4 114 |
| - | (1 206) | - | - | - | - | (1 206) |
| - | 3 100 | - | - | - | - | 3 100 |
| - | 98 698 | - | - | - | (4 200) | 94 498 |
| - | 88 264 | - | - | - | (4 200) | 84 064 |
| - | 7 333 | - | - | - | - | 7 333 |
| - | 95 597 | - | - | - | (4 200) | 91 397 |
| - | 3 100 | - | - | - | - | 3 100 |
| - | - | - | - | - | - | - |
| - | 3 100 | - | - | - | - | 3 100 |

| | Audited 6 month interim financial statements at 30 September 2017 R'000 Note 1 | <i>Pro forma</i> adjustment – issue of shares by the Company R'000 Note 2 | <i>Pro forma</i> adjustment – acquisition of Subco by the Company R'000 Note 3 | <i>Pro forma</i> adjustment – acquisition of GABS by Subco R'000 Note 4 |
|---|---|--|--|--|
| Reconciliation of headline earnings | | | | |
| Earnings attributable to equity holders of the parent | – | – | (470) | 88 734 |
| IAS 16 Gains on disposal of plant and equipment | | | | (458) |
| Headline earnings attributable to the parent | – | – | (470) | 88 276 |
| Earnings per share (cents) | – | – | – | – |
| Headline earnings per share (cents) | – | – | – | – |
| Diluted earnings per share (cents) | – | – | – | – |
| Diluted headline earnings per share (cents) | – | – | – | – |
| Weighted average number of shares in issue ('000) | 0.1 | 0.01 | – | – |
| Actual number of share in issue ('000) | 0.1 | 0.01 | – | – |
| Weighted average number of shares in issue (diluted) ('000) | 0.1 | 0.01 | – | – |

Notes to the pro forma condensed consolidated statement of comprehensive income:

Note 1:

The Company's audited interim financial information has been extracted, without adjustment, from the Company's audited results for the 6-month period ended 30 September 2017.

Note 2:

Pro forma adjustment for the subscription for shares in the Company by La Concorde for R1.1bn, settled in cash of R653m and R447m loans receivable. There is no effect on the Statement of Comprehensive Income.

Note 3:

Pro forma adjustment for the acquisition of Subco by the Company. The Subco financial information reflected has been extracted from the interim reviewed financial statements of Subco for the 6 months ended 30 September 2017.

Note 4:

Pro forma adjustment for the acquisition of GABS by Subco. The GABS financial information reflected has been extracted from the interim reviewed financial statements of GABS for the 6 months ended 30 September 2017.

Note 5:

Pro forma adjustments for the effect of consolidation entries relating to the Company, the acquisition of Subco and the acquisition of GABS. In relation to the GABS acquisition, shares in the Company of R1.8bn are issued.

Intercompany loans and balances are eliminated. IFRS 3 is not applied due to common control, with HCI being the ultimate controlling shareholder of Subco and GABS pre and post the acquisitions of these companies.

The result of this is that assets and liabilities of both Subco and GABS are recognised at historical carrying values, no goodwill is recognised and therefore a common control reserve of R914m is reflected in equity.

Note 6:

Sub-total of the Group after the acquisitions of Subco and GABS.

Note 7:

Represents the share split of the Company, whereby the 290 shares in issue are converted into 290 million shares in issue.

Note 8:

Pro forma adjustment for Cash Distribution amounting to approximately R650m. There is no effect on the Statement of Comprehensive Income.

Note 9:

Pro forma adjustment for transaction costs which have been capitalised. There is no effect on the Statement of Comprehensive Income.

| <i>Pro forma</i> adjustment – consolidation adjustments GABS and Subco R'000 Note 5 | Subtotal of the Group R'000 Note 6 | Share Split R'000 Note 7 | <i>Pro forma</i> adjustment – Cash Distribution to shareholders R'000 Note 8 | <i>Pro forma</i> adjustments – listing costs R'000 Note 9 | Dividend declared by GABS subsequent to 30 September 2017 R'000 Note 10 | <i>Pro forma</i> financial information – Total Group R'000 Note 11 |
|--|---|-----------------------------------|--|---|--|---|
| - | 88 264 (458) | - | - | - | (4 200) (4 200) | 84 064 (458) |
| - | 87 806 | - | - | - | - | 83 606 |
| - | 30 435 862.07 | - | - | - | - | 28.99 |
| - | 30 277 871.72 | - | - | - | - | 28.83 |
| - | 30 435 862.07 | - | - | - | - | 28.99 |
| - | 30 277 871.72 | - | - | - | - | 28.83 |
| 0.18 | 0.29 | 290 000 | - | - | - | 290 000 |
| 0.18 | 0.29 | 290 000 | - | - | - | 290 000 |
| 0.18 | 0.29 | 290 000 | - | - | - | 290 000 |

Note 10:

Pro forma adjustment to reflect interest income of R4.2m in relation to the R120m dividend declared which has been removed from the statement of comprehensive income, at an estimated annual average effective interest rate of 7%, for a 6 month period.

A dividend amounting to R120m was declared and paid by GABS, post 30 September 2017, but prior to the acquisitions of Subco and GABS.

This is a subsequent event as the dividend was declared and paid post 30 September 2017, however materially affects the net asset value of the Company prior to the acquisitions of Subco and GABS.

Note 11:

Pro forma financial information of the Group post all *pro forma* adjustments.

It is considered that notes 3, 4, 5 and 7 will have a continuing effect.

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The *pro forma* consolidated statement of financial position presented below was prepared on the assumption that the GABS Acquisition, the Listing and the Cash Distribution was implemented on 30 September 2017

The Company *Pro Forma* Statement of Financial Position

| | Audited 6 month interim financial statements at 30 September 2017 R'000 Note 1 | <i>Pro forma</i> adjustment – issue of shares by the Company R'000 Note 2 | <i>Pro forma</i> adjustment - acquisition of Subco by the Company R'000 Note 3 | <i>Pro forma</i> adjustment - acquisition of GABS by Subco R'000 Note 4 |
|---|---|---|--|--|
| ASSETS | | | | |
| Non-current assets | – | 446 542 | 47 873 | 1 359 329 |
| Property, plant and equipment | – | – | 39 422 | 1 308 468 |
| Investment properties | – | – | – | – |
| Goodwill | – | – | 8 451 | – |
| Intangible assets | – | – | – | 57 |
| Investment held for sale | – | – | – | – |
| Interest in associates and joint ventures | – | – | – | 19 466 |
| Deferred taxation | – | – | – | 398 |
| Loans to related parties | – | – | – | 30 940 |
| Loans receivable | – | 446 542 | – | – |
| Current assets | – | 653 458 | 3 533 | 444 463 |
| Inventories | – | – | 101 | 17 119 |
| Trade and other receivables | – | – | 2 628 | 214 805 |
| Loans to related parties | – | – | – | 14 814 |
| Loans receivable | – | – | – | – |
| Taxation | – | – | – | 1 256 |
| Cash and cash equivalents | – | 653 458 | 804 | 196 469 |
| Assets of disposal group classified as held for sale | – | – | – | – |
| Total assets | – | 1 100 000 | 51 406 | 1 803 792 |
| EQUITY AND LIABILITIES | | | | |
| Equity | – | 1 100 000 | 630 | 922 094 |
| Stated capital | – | 1 100 000 | – | – |
| Common control reserves | – | – | – | – |
| Reinvestment reserve | – | – | – | 98 294 |
| Foreign exchange cash flow hedge reserve | – | – | – | (1 428) |
| Maintenance reserve | – | – | – | 26 863 |
| Retained Earnings | – | – | 52 | 761 998 |
| Equity attributable to equity holders of the parent | – | 1 100 000 | 52 | 885 727 |
| Non-controlling interest | – | – | 578 | 36 367 |
| Non-current liabilities | – | – | 34 288 | 526 013 |
| Loans from related parties | – | – | 30 940 | 14 981 |
| Instalment sale obligations | – | – | – | 259 695 |
| Retirement benefit obligation | – | – | – | 77 958 |
| Deferred taxation | – | – | 3 348 | 173 379 |
| Current liabilities | – | – | 16 488 | 355 685 |
| Loans from related parties | – | – | 14 816 | – |
| Instalment sale obligations | – | – | – | 148 320 |
| Trade and other payables | – | – | 948 | 53 235 |
| Provisions | – | – | – | 136 631 |
| Tax | – | – | – | 15 516 |
| Other current liabilities | – | – | 724 | 1 983 |
| Liabilities of disposal group classified as held for sale | – | – | – | – |
| Total equity and liabilities | – | 1 100 000 | 51 406 | 1 803 792 |
| Actual number of shares in issue ('000) | 0.1 | 0.01 | | |
| Net asset value per share (cents) | – | – | | – |
| Net tangible asset value per share (cents) | – | – | | – |

| <i>Pro forma</i> adjustment – consolidation adjustments GABS and Subco R'000 Note 5 | Subtotal of the Group R'000 Note 6 | Share Split Note 7 | <i>Pro forma</i> adjustment – Cash Distribution to shareholders R'000 Note 8 | <i>Pro forma</i> adjustments – listing costs R'000 Note 9 | Dividend declared by GABS subsequent to 30 September 2017 Note 10 | <i>Pro forma</i> financial information – Total Group R'000 Note 11 |
|--|---|--------------------------|--|---|---|---|
| (30 940) | 1 822 804 | | – | – | – | 1 822 804 |
| – | 1 347 890 | – | – | – | – | 1 347 890 |
| – | – | – | – | – | – | – |
| – | 8 451 | – | – | – | – | 8 451 |
| – | 57 | – | – | – | – | 57 |
| – | – | – | – | – | – | – |
| – | 19 466 | – | – | – | – | 19 466 |
| – | 398 | – | – | – | – | 398 |
| (30 940) | – | – | – | – | – | – |
| – | 446 542 | – | – | – | – | 446 542 |
| – | – | – | – | – | – | – |
| (14 913) | 1 086 541 | – | (650 108) | (3 350) | (120 000) | 313 083 |
| – | 17 220 | – | – | – | – | 17 220 |
| (99) | 217 334 | – | – | – | – | 217 334 |
| (14 814) | – | – | – | – | – | – |
| – | – | – | – | – | – | – |
| – | 1 256 | – | – | – | – | 1 256 |
| – | 850 731 | – | (650 108) | (3 350) | (120 000) | 77 273 |
| – | – | – | – | – | – | – |
| (45 853) | 2 909 345 | – | (650 108) | (3 350) | (120 000) | 2 135 887 |
| 2 | 2 022 726 | – | (650 108) | (3 350) | (120 000) | 1 249 268 |
| 1 800 000 | 2 900 000 | – | – | (3 350) | – | 2 896 650 |
| (914 219) | (914 219) | – | – | – | – | (914 219) |
| (98 294) | – | – | – | – | – | – |
| 1 428 | – | – | – | – | – | – |
| (26 863) | – | – | – | – | – | – |
| (762 050) | – | – | (650 108) | – | (120 000) | (770 108) |
| 2 | 1 985 781 | – | (650 108) | (3 350) | (120 000) | 1 212 323 |
| – | 36 945 | – | – | – | – | 36 945 |
| (30 940) | 529 361 | – | – | – | – | 529 361 |
| (30 940) | 14 981 | – | – | – | – | 14 981 |
| – | 259 695 | – | – | – | – | 259 695 |
| – | 77 958 | – | – | – | – | 77 958 |
| – | 176 727 | – | – | – | – | 176 727 |
| (14 915) | 357 258 | – | – | – | – | 357 258 |
| (14 816) | – | – | – | – | – | – |
| – | 148 320 | – | – | – | – | 148 320 |
| (99) | 54 084 | – | – | – | – | 54 084 |
| – | 136 631 | – | – | – | – | 136 631 |
| – | 15 516 | – | – | – | – | 15 516 |
| – | 2 707 | – | – | – | – | 2 707 |
| – | – | – | – | – | – | – |
| (45 853) | 2 909 345 | – | (650 108) | (3 350) | (120 000) | 2 135 887 |
| 0.18 | 0.29 | 290 000 | – | – | – | 290 000 |
| – | 684 752 069 | – | – | – | – | 418.04 |
| – | 681 837 931 | – | – | – | – | 415.13 |

Notes to the pro forma condensed consolidated statement of financial position:

Note 1:

The Company's audited interim financial information has been extracted, without adjustment, from the Company's audited results for the 6-month period ended 30 September 2017.

Note 2:

Pro forma adjustment for the subscription for shares in the Company by La Concorde for R1.1bn, settled in cash of R653m and R447m loans receivable.

Note 3:

Pro forma adjustment for the acquisition of Subco by the Company. The Subco financial information reflected has been extracted from the interim reviewed financial statements of Subco for the 6 months ended 30 September 2017.

Note 4:

Pro forma adjustment for the acquisition of GABS by Subco. The GABS financial information reflected has been extracted from the interim reviewed financial statements of GABS for the 6 months ended 30 September 2017.

Note 5:

Pro forma adjustments for the effect of consolidation entries relating to the Company, the acquisition of Subco and the acquisition of GABS. In relation to the GABS acquisition, shares in the Company of R1.8bn are issued.

Intercompany loans and balances are eliminated. IFRS 3 is not applied due to common control, with HCI being the ultimate controlling shareholder of Subco and GABS pre and post the acquisitions of these companies.

The result of this is that assets and liabilities of both Subco and GABS are recognised at historical carrying values, no goodwill is recognised and therefore a common control reserve of R914m is reflected in equity.

Note 6:

Sub-total of the Group after the acquisitions of Subco and GABS.

Note 7:

Represents the share split of the Company, whereby the 290 shares in issue are converted into 290 million shares in issue.

Note 8:

Pro forma adjustment for Cash Distribution amounting to approximately R650m.

Note 9:

Pro forma adjustment for transaction costs which have been capitalised.

Note 10:

Pro forma adjustment to reflect the declaration of a dividend amounting to R120m declared and paid by GABS, post 30 September 2017, but prior to the acquisitions of Subco and GABS.

This is a subsequent event as the dividend was declared and paid post 30 September 2017, however materially affects the net asset value of the Company prior to the acquisitions of Subco and GABS.

Note 11:

Pro forma financial information of the Group post all *pro forma* adjustments.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF THE COMPANY

The Board of Directors

Hosken Passenger Logistics and Rail Limited
103 Bofors Circle
Epping Industria, 7460

12 March 2018

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED ("THE COMPANY")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of the Company by the Directors. The *pro forma* financial information, in **Annexure 13** of the Company Pre-listing Statement to be issued on or about Thursday, 15 March 2018 ("the PLS"), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements ("Listings Requirements").

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 13**, on the Company's financial position as at 30 September 2017 and the Company's financial performance for the period then ended, as if the corporate action or event had taken place at 30 September 2017 for purposes of statement of financial position and at 1 April 2017 for purposes of statement of comprehensive income. As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the Company's unaudited interim financial information for the period ended 30 September 2017.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the Listings Requirements and described in **Annexure 13** and as described in the notes to the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income.

Our independence and quality control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420: *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a PLS is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements and described in **Annexure 13**.

Consent

This report on the *pro forma* financial information is included solely for the information of the Shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

GRANT THORNTON

Chartered Accountants (SA)
Registered Auditors

Per: Robyn Fridberg

Reporting Accountant
Chartered Accountant (SA)

RELEVANT PROVISIONS OF THE MOI

This **Annexure 15** contains extracts of various salient provisions from the MOI, as required under the JSE Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the MOI.

For a full appreciation of the provisions of the MOI, Shareholders are referred to the full text of the MOI, which is available for inspection, as provided for in paragraph 21 of the Pre-listing Statement.

EXTRACTS FROM THE MOI OF THE COMPANY

6. ISSUE OF SHARES AND VARIATION OF RIGHTS

- 6.1 The Company is authorised to issue –
- 6.1.1 1 000 000 000 (one billion) Ordinary Shares, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –
- 6.1.1.1 vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;
- 6.1.1.2 participate proportionally in any distribution made by the Company; and
- 6.1.1.3 receive proportionally the net assets of the Company upon its liquidation;
- 6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.
- 6.2 For purposes of clause 6.1, *pari passu* shall have the meaning attributed thereto in terms of the JSE Listings Requirements.
- 6.3 The Board shall not have the power to –
- 6.3.1 increase or decrease the number of authorised Shares of any class of the Company's Shares;
- 6.3.2 create any new class or classes of authorised but unissued Shares;
- 6.3.3 consolidate and reduce the number of the Company's issued and authorised Shares of any class;
- 6.3.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
- 6.3.5 convert any class of Shares into one or more other classes of Shares;
- 6.3.6 reclassify any classified Shares that have been authorised but not issued;
- 6.3.7 classify any unclassified Shares that have been authorised but not issued;
- 6.3.8 determine or vary the preferences, rights, limitations or other terms of any Shares; or
- 6.3.9 change the name of the Company,
- and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.
- 6.4 All Securities of a class shall rank *pari passu* in all respects.
- 6.5 The Company has the power, subject to the authority of a special resolution as contemplated in clause 6.3 to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new Shares and an increase of its capital.
- 6.6 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in this Memorandum of Incorporation. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation approved by special resolution adopted by the Ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitation or any other terms attaching to any other class of Shares already in issue, that amendment must not be implemented without a special resolution, taken by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the meeting of Ordinary Shareholders subject to clause 22.2. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a special resolution of the holders of the Shares of that class approve the amendment.
- 6.7 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and, subject to clause 6.6, the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.

- 6.8 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act.
- 6.9 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 6.10 The Board may, subject to clauses 6.11 and 6.16, issue Shares at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 6.11 Subject to clause 6.17, the Board may not issue unissued Ordinary Shares unless such Ordinary Shares have first been offered to existing Ordinary Shareholders in proportion to their shareholding (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of Ordinary Shares –
- 6.11.1 is for the acquisition of assets, whether by means of an acquisition issue or a vendor consideration placing; or
 - 6.11.2 is an issue pursuant to options or conversion rights, provided such options or convertible securities were issued in accordance with clause 6.13; or
 - 6.11.3 is an issue in terms of an approved share incentive scheme; or
 - 6.11.4 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements, provided that, if such Shareholder approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 (fifteen) months from the date of the passing of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or
 - 6.11.5 otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Ordinary Shareholders; or
 - 6.11.6 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting,
- provided that fractions of Shares will not be issued and that any fractions of Shares will be rounded or otherwise dealt with in accordance with the JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions, issue such Shares in such manner as they consider most beneficial to the Company. For the avoidance of doubt, as Shareholders are entitled to participate in proportion to their Shareholding in any rights issue or dividend reinvestment undertaken by the Company, neither such rights issue or dividend reinvestment, nor the issuing of any Shares pursuant thereto will require Shareholder approval under this clause 6.11.
- 6.12 The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 6.11 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.
- 6.13 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares; all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be undertaken in accordance with the JSE Listings Requirements. For the avoidance of doubt, Shareholders in a general meeting may authorise the Board to grant options to subscribe for unissued Shares or to issue convertible securities, as the Board in its discretion deems fit.
- 6.14 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must be freely transferable (for so long as the JSE Listings Requirements require such shares to be freely transferable) and must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.
- 6.15 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –
- 6.15.1 those Shares are fully paid up; and
 - 6.15.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 6.16 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, if and to the extent that this may be required in terms of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

- 6.17 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 6.11), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

13. DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation.

14. CAPITALISATION SHARES

14.1 The Board shall have the power and authority to –

14.1.1 approve the issuing of any authorised Shares as capitalisation Shares;

14.1.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; and

14.1.3 resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share,

provided that such issue is effected in accordance with the requirements of section 47 and has been approved by the JSE to the extent required under the JSE Listings Requirements and that the JSE Listings Requirements have otherwise been complied with.

14.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 14.1.3, unless the Board –

14.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

14.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

16. FINANCIAL ASSISTANCE

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in (and in accordance with) section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

26. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

26.1 Number of Directors

26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

26.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

26.2 Election of Directors

26.2.1 In any election of Directors –

26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

26.2.1.2 in each vote to fill a vacancy –

26.2.1.2.1 each vote entitled to be exercised may be exercised once; and

26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

26.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

26.3 Eligibility, Resignation and Rotation of Directors

26.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

26.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.3.2 –

- 26.3.2.1 at each annual general meeting referred to in clause 20.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as an executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;
- 26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;
- 26.3.2.3 a retiring Director shall be eligible for re-election;
- 26.3.3 The Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25.
- 26.3.4 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution.
- 26.3.5 Any Director may be removed by an ordinary resolution adopted at a general meeting or annual general meeting, subject to compliance with section 71.
- 26.4 Powers of the Directors**
- 26.4.1 The Board has the power to –
- 26.4.1.1 appoint or co-opt any person as Director, whether to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), or as additional Director, provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and
- 26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),
- and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.4.
- 26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. Any reference to a power of attorney herein shall include any other form of delegation including the right to sub-delegate.
- 26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

26.5 Directors' Interests

- 26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.
- 26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 26.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.
- 26.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.

28. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

- 28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.
- 28.2 Any Director who –
- 28.2.1 serves on any executive or other committee; or
 - 28.2.2 devotes special attention to the business of the Company; or
 - 28.2.3 goes or resides outside South Africa for the purpose of the Company; or
 - 28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,
- may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 28.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with –
- 28.3.1 the business of the Company; and
 - 28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.
- 28.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

29. EXECUTIVE DIRECTORS

- 29.1 The Directors may from time to time appoint –
- 29.1.1 managing and other executive Directors (with or without specific designation) of the Company;
 - 29.1.2 any Director to any other executive office with the Company,
- as the Directors may think fit, for a period as the Directors may think fit, (provided that, for so long as it may be required by the Act or the JSE Listings Requirements, the appointment of a managing or other executive Director in terms of clause 29.1.1, must be confirmed by the Shareholders at the next annual general meeting of the Company) and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.
- 29.2 Any Director appointed in terms of clause 29.1.1 –
- 29.2.1 shall (subject to the provisions of the contract under which he is appointed), whilst he continues to hold that position or office, not be subject to retirement by rotation; and
 - 29.2.2 shall, subject to the provisions of any contract between himself and the Company, be subject to the same provisions as to disqualification and removal as the other Directors of the Company. If he ceases to hold office as a Director, his appointment to such position or executive office shall *ipso facto* terminate, without prejudice to any claims for damages which may accrue to him as a result of such termination.

- 29.3 The remuneration of a Director appointed to any position or executive office in terms of clause 29.1.1 –
- 29.3.1 shall be determined by a disinterested quorum of the Directors or a remuneration committee appointed by the Directors;
 - 29.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Directors may determine;
 - 29.3.3 may consist of a salary or a commission on profits or dividends or both, as the Directors may direct.
- 29.4 The Directors may from time to time entrust to and confer upon an executive Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

31. **BORROWING POWERS**

- 31.1 Subject to the provisions of clause 31.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time –
- 31.1.1 borrow for the purposes of the Company such sums as they think fit; and
 - 31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 31.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –
- 31.2.1 the Company; and
 - 31.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),
- shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Board or the subsidiaries for the time being of the Company (as the case may be).

35. **DISTRIBUTIONS**

- 35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
 - 35.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements,
- provided that if such distribution is a repayment of capital, the Company shall not be entitled to make such distribution on the basis that it may be called up again.
- 35.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 35.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 35.5 All distributions are to be declared by the Directors in accordance with the provisions of the Act.
- 35.6 All unclaimed distributions shall be held by the Company in trust until lawfully claimed, provided that distributions unclaimed for a period of 3 (three) years (or such longer period as the law may prescribe for the prescription of a claim) from the date on which they were declared may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.
- 35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –
- 35.7.1 the holder at his registered address; or
 - 35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
 - 35.7.3 such person and at such address as the holder or joint holders may in writing direct.

- 35.8 Every such cheque or warrant shall –
- 35.8.1 be made payable to the order of the person to whom it is addressed; and
 - 35.8.2 be sent at the risk of the holder or joint holders.
- 35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.
- 35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 35.12 A distribution may also be paid in any other way determined by the Directors, including by way of electronic funds transfer, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.
- 35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –
- 35.13.1 by the distribution of specific assets; or
 - 35.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or
 - 35.13.3 in cash; or
 - 35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.
- 35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.
- 35.15 The Directors may –
- 35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and
 - 35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.
- 35.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

39. **AMENDMENT OF MEMORANDUM OF INCORPORATION**

- 39.1 Subject to the provisions of clause 6.6, this Memorandum of Incorporation may only be amended by way of a special resolution of the Ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in sections 16(1)(a) and 16(4).
- 39.2 An amendment of this Memorandum of Incorporation will take effect from the later of –
- 39.2.1 the date on, and time at, which the notice of amendment contemplated in section 16(7) is filed with the CIPC; and
 - 39.2.2 the date, if any, set out in the said notice of amendment,
- save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the CIPC.

SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE INCENTIVE SCHEME

1. DEFINITIONS

In this statement, unless otherwise stated or the context requires otherwise, the words in the first column have the meanings stated opposite them in the second column. Words in the singular include the plural and vice versa. Words signifying one gender include the others and reference to a person includes references to a body corporate and vice versa.

| | |
|---------------------------------------|--|
| “board” | the board of directors for the time being of the company or, should the board of directors delegate its authority to a committee of the board, such committee (unless the context indicates to the contrary); |
| “business day” | any day other than a Saturday, Sunday or public holiday officially recognised as such in South Africa; |
| “dividend amount” | an amount (determined by the board) equal to the aggregate dividends (including ordinary and special dividends, and shares that are distributed <i>in lieu</i> of a dividend) declared per share by the company during the period between the option date and the exercise date (if any); |
| “employee” | any employee of the group, including a director holding salaried employment or office of the group; |
| “employer company” | the company in the group which employs or employed the participants or in respect of which the participant holds or held office, and which has adopted the terms of the scheme; |
| “exercise date” | the date on which the relevant portion of the option is exercised by a participant in accordance with the scheme; |
| “exercise date price” | the middle market price as at the exercise date, provided that if such middle market price exceeds the maximum exercise date price, then the exercise date price shall be deemed to be the maximum exercise date price; |
| “expiry date” | in respect of any portion of a particular option, the date which is six months after the relevant maturity date of that portion of the particular option; |
| “Financial Markets Act” | the Financial Markets Act, 19 of 2012; |
| “group” | the company and its subsidiaries from time to time; |
| “HPLR” or “the company” | Hosken Passenger Logistics and Rail Limited (Registration No. 2015/250356/06) (formerly known as Niveus Invest 17 Proprietary Limited), a company duly incorporated in accordance with the laws of the Republic of South Africa; |
| “HPLR shareholders” or “shareholders” | the registered shareholders of the shares; |
| “the JSE” | the exchange, licensed in terms of section 9 of the Financial Markets Act and operated by the JSE Limited (Registration No. 2005/022939/06), a public company incorporated under the laws of the Republic of South Africa; |
| “JSE Listings Requirements” | the listings requirements published by the JSE; |
| “maturity date” | in respect of any particular option, the date on which the relevant portion of the option becomes exercisable, being: <ul style="list-style-type: none"> (i) one third of the shares comprising the option on the third anniversary of the option date; (ii) a further third of the shares comprising the option on the fourth anniversary of the option date; and (iii) the final third of the shares comprising the option on the fifth anniversary of the option date, or, if the said date is within a prohibited period, the first business day following the said date which is not in a prohibited period; |
| “maximum exercise date price” | the maximum price that the exercise date price may be, which price shall be calculated by the board as being the middle market price as at the option date plus an annual increase of 35%, compounded annually, and specified in the option notice; |

| | |
|---|---|
| “middle market price” | in relation to any particular business day, the volume weighted average price of the shares as traded on the JSE during the 20 (twenty) business days preceding the business day in question; |
| “net-equity settlement” or “net equity settled” | the manner in which all options that are validly exercised in terms of the scheme will be settled; that is, the participant will receive that number of shares that equates in value to the difference between the option price that would have been payable by such participant for the option shares and the exercise date price; |
| “option” | an option to acquire shares granted to an employee in terms of the scheme which has not yet been exercised and which has not lapsed; |
| “option date” | the date of the option notice in terms of which an option was granted; |
| “option notice” | the written notice in terms of which the employer company, upon the directions of the board from time to time, grants an option to an employee to acquire shares in terms of the scheme; |
| “option price” | the price per share payable by a participant pursuant to the exercise of an option, being (iv) in relation to the first options approved by the board for grant by the company pursuant to the adoption of the scheme (which options are anticipated to be granted within one month after the adoption of the scheme), it shall be an amount of R6.98 per share; (v) in relation to all other options granted after the grant of the first options by the board, the middle market price as at the option date, less a discount of 10%, as recorded in the option notice; |
| “participant” | an employee who has been granted an option (and who has accepted such option in accordance with the option notice), or his executor, heir, administrator, trustee or permitted assign, as the case may be; |
| “prohibited period” | the prohibited period as defined in clause 3.67 of the JSE Listings Requirements; |
| “the scheme” | the HPL&R Group Employee Share Scheme; |
| “this statement” | this statement recording the principal terms of the scheme; |
| “settlement shares” | the number of shares delivered to the participant pursuant to the net-equity settlement of the option; |
| “shares” | the ordinary no par value shares in the share capital of HPLR; and |
| “South Africa” | the Republic of South Africa; |

2. RATIONALE OF THE SCHEME

- 2.1 The purpose of the scheme is to provide selected employees with the opportunity to acquire shares, thereby ensuring that such employees are encouraged and motivated to pursue continued employment with their employer companies and to contribute to the growth and profitability of the employer company and the group as a whole.
- 2.2 Each employer company shall bear the costs (including any losses sustained and/or taxes that may be payable by the group) in respect of the acquisition, purchase or subscription of shares to be utilised for the scheme, in so far as such costs directly relate to the participation of the employees (or former employees) of that employer company in the scheme.

3. SALIENT FEATURES OF THE SCHEME

- 3.1 Only employees are eligible to participate in the scheme and to acquire options.
- 3.2 For so long as may be required by the JSE Listings Requirements, no shares which are held by the employer companies from time to time in terms of the scheme (other than as nominee) will be taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements or for determining categorisations, as detailed in the JSE Listings Requirements.
- 3.3 The aggregate number of shares which may be utilised for the scheme shall not exceed 21 750 000 shares. This limitation shall not be exceeded without the HPLR shareholders’ approval as required in terms of the JSE Listings Requirements.
- 3.4 The aggregate number of shares which any one participant may acquire in terms of the scheme shall not exceed 5 800 000 shares.
- 3.5 The relevant employer company, on the directions of the board from time to time, shall grant options to employees (selected in the sole discretion of the board) to acquire shares, the terms and details of which shall be set out in the option notices.
- 3.6 Acceptance of an option granted to an employee must be evidenced by such employee counter-signing the option notice and returning it to the compliance officer within a period of 20 business days after the date of such option notice, failing which the option will lapse and will no longer be capable of acceptance, provided that the board may direct, within its sole discretion, that such option shall be deemed not to have lapsed.

- 3.7 An option, after having been granted to an employee, is personal to and only capable of being exercised by the relevant participant. Options may not be sold, alienated, disposed of in any manner, transferred, pledged or encumbered in any manner whatsoever without the prior written consent of the board.
- 3.8 An option granted in terms of the scheme may only be exercised by the participant in accordance with the terms of the relevant option notice.
- 3.9 Subject to what is stated in paragraph 3.10 below, a participant shall become entitled to exercise relevant portion of the option in respect of all of the shares to which the relevant portion of the option relates, for the six month period from the relevant maturity date until the relevant expiry date. If the participant does not exercise the option by the expiry date, the option shall lapse, provided that the board may direct, within its sole discretion that such option shall be deemed not to have lapsed.
- 3.10 The exercise of the option shall be subject to the following conditions:
- 3.10.1 the continued employment of the participant on the date on which the option is exercised; and
- 3.10.2 the exercise date price must exceed the option price. If the exercise date price does not exceed the option price, the relevant portion of the option shall not be capable of being exercised.
- 3.11 A participant shall not be entitled to exercise any portion of an option during a prohibited period, as defined in the JSE Listings Requirements, and if the expiry date of an option falls within the prohibited period, the participant shall be entitled to exercise such option for a period of 30 days following the expiry of the prohibited period and the option shall not lapse until such 30 day period has expired.
- 3.12 All options shall only be capable of being net-equity settled. This means that when an option is validly exercised, the relevant employer company shall deliver to the participant concerned, that number of settlement shares calculated in accordance with the following formula:
- $$A = (B - C + F + G) \times D / E$$
- where:
- A** = the number of settlement shares, provided that where A is not a whole number, it shall be rounded down to the nearest whole number;
- B** = the aggregate exercise date price of all of the options being exercised;
- C** = the aggregate option price of all of the options being exercised;
- D** = the number of shares in respect of which the portion of option was granted;
- E** = the middle market price per share as at the exercise date;
- F** = the dividend amount; and
- G** = the amount equal to the aggregate value (determined by the board) of any shares held directly or indirectly by the company that are distributed *in specie* per share pursuant to an unbundling, or a repayment of share capital, share premium or capital redemption fund, or the payment of the dividend amount during the period between the option date and the exercise date.
- 3.13 Upon the delivery by the employer company of the settlement shares to the participant, the participant shall be regarded as having paid the option price to the employer company concerned, and such employer company shall be regarded as having discharged its obligation to deliver the shares in respect of which the relevant portion of the option was granted, to the participant.
- 3.14 A participant shall be entitled to the delivery of and to take transfer of the settlement shares in respect of which an option has been validly exercised as soon as is reasonably possible after the option has been exercised, subject to paragraph 3.15 below.
- 3.15 A participant shall bear all costs, duties, taxes, fees, commission and the like ("participant's tax liability") pertaining to the transfer of the settlement shares. Unless the participant discharges the participant's tax liability to the company himself, the company or the employer company may withhold an amount equal to the participant's tax liability and make such arrangements as it considers necessary to meet such liability, including selling, on behalf of the participant, that portion of the settlement shares as is sufficient to settle the participant's tax liability or deducting the participant's tax liability from the participant's salary.
- 3.16 All risk and benefit of the shares, including, but not limited to, all dividend rights and voting rights appertaining to such shares, shall pass to the participant on the exercise date, subject to paragraph 3.15 above.
- 3.17 Options shall lapse upon termination of employment of a participant, unless the termination of employment is as a result of:
- 3.17.1 death; or
- 3.17.2 ill health or injury, provided that the relevant employer company has received a certificate from a suitably qualified, independent medical practitioner nominated for this purpose by the employer company or otherwise acceptable to the employer company to the effect that, due to such ill health or injury, the participant shall not be able to perform his normal employment duties for a consecutive period exceeding 12 (twelve) months; or
- 3.17.3 normal or late retirement in accordance with the rules of the pension/provident/retirement fund of the relevant employer company; or

- 3.17.4 early retirement (being retirement other than such normal or late retirement) with the approval of the board; or
- 3.17.5 such other reason as may be determined or approved by the board,

in which case the board shall be entitled, but not obliged, to direct that the participant may exercise such option (or the relevant portion thereof) on a date as may be determined by the board within its sole discretion.

- 3.18 Where the shares in respect of which an option has been allocated to a participant are not subsequently issued to such participant (for example, as a result of the participant not being employed on the relevant maturity date or as a result of the option (or relevant portion thereof) lapsing), such shares shall revert back to the scheme and may form the subject of further options to be allocated to participants under the scheme.

- 3.19 In the event of a sub-division or consolidation of the shares, the reduction of the company's share capital, the company being placed in liquidation pursuant to or in the course of a reorganisation of the group, the company being party to a scheme of arrangement affecting the structure of its share capital, or a capitalisation or rights issue, then:

- 3.19.1 the number of shares which may be utilised for the scheme;
- 3.19.2 the aggregate number of shares which any one participant may acquire in terms of the scheme; and
- 3.19.3 the number of shares which are the subject of any option and/or the option price in respect thereof,

may be adjusted so as to ensure that as far as possible, participants remain entitled to the same proportion of the equity capital of the company as that to which participants were previously entitled. Any such adjustments shall be subject to the JSE Listings Requirements and the company's auditors confirming to the JSE, in writing, that the adjustments were calculated on a reasonable basis and in accordance with the provisions of the scheme. Any such adjustment shall be reported in the company's annual financial statements in respect of the financial period during which the adjustment is made.

- 3.20 In the event that a change of control occurs in the company or the company's shares cease to be listed on the JSE, then the board shall be entitled, but not obliged, to amend the scheme in such manner as it deems fit (subject always to the rules of the scheme regulating amendments to the scheme) including, by way of example:

- 3.20.1 accelerating the maturity dates; and/or
- 3.20.2 substituting the shares forming the subject matter of the options with shares in any other entity on terms not less favourable than those on which the participants were previously entitled to participate in terms of the scheme, and in such circumstances, the participants shall be obliged to accept such substitution.

DIRECTOR PROFILES

YUNIS SHAIK**Non-executive Chairman**

B. Proc

Appointed: 1 February 2018

Nationality: South African

Expertise and experience:

Yunis was an attorney of the High Court and in private practice prior to joining HCI in 2014. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union (“**SACTWU**”) and a director of Workers’ College. He has served as Senior Commissioner of the Commission for Conciliation, Mediation and Arbitration (CCMA) in KwaZulu-Natal. He was appointed to the HCI board in August 2005.

Board committees:

Remuneration committee, social and ethics committee

THEVENTHERAN GOVINDSAMY (KEVIN) GOVENDER**Deputy Chairman**

B.Comm (Hons), B.Compt (Hons)

Appointed: 1 February 2018

Nationality: South African

Board committees:

None

Expertise and experience:

Kevin is the financial director of HCI. He joined the HCI group in 1997 and held the positions of company secretary and Chief Financial Officer from 2001. He holds directorships in several of HCI subsidiary companies and is a trustee of the HCI Foundation. He was appointed to the HCI board as an executive director in June 2009.

FRANCOIS ECKHARD MEYER**Chief Executive officer**

Dip Trans B.Comm, MBA

Appointed: 6 March 2018

Nationality: South African

Expertise and experience:

Francois has been working in the scheduled bus operations industry for the past 30 years and started his career in transport at United Transport’s Western Bus Lines, in the North West, in 1985. He joined GABS in 1991 as project manager overseeing the Company’s Mossgas contract. He was appointed operations manager in 1993, assumed the position of general manager in 2004 and became Chief Executive Officer in 2015. He is a Director of the South African Bus Operators Association (SABOA).

Board committees:

Social and ethics committee

MARK LLEWELLYN WILKIN**Chief Financial Officer**

B.Comm, CA (SA)

Appointed: 6 March 2018

Nationality: South African

Expertise and experience:

Mark worked for Deloitte Haskins and Sells in London, United Kingdom, from 1980 to 1982. He joined City Tramways in 1983 and was appointed Financial Director in 1988. In 1992 he was part of the consortium formed by the management team to buy the business of City Tramways from TGH Limited (formally Tollgate Holdings Limited) and formed GABS, where he has been Financial Director since 1992.

Board committees:

None

LOGANATHAN GOVENDER**Independent non-executive
Lead Director**

BComm, CTA, CA (SA)

Expertise and experience:

Loganathan is the sole proprietor of the auditing firm, Logie Govender & Co which is the oldest Black auditing practice in South Africa. He has over 40 years' experience as a practising auditor. He also serves on the boards of E Media Holdings Limited and Deneb.

Appointed: 6 March 2018

Nationality: South African

Board committees:

Remuneration committee and audit
and risk committee

NAZIEMA BEGUM JAPPIE**Independent non-executive
Director**

BSocSc (Hons), MSocSc (specialising
in Industrial & labour studies, PGDip
(HE) & Honorary Consul for the
Republic of Maldives

Expertise and experience:

Naziema brings with her a distinguished and varied background in fields including education, labour law, conflict resolution and performance and project management. She has served as SACTWU's National Education Officer, Executive Director at the Durban University of Technology and Dean of Students at the University of the Witwatersrand. She also served as Vice President of South African Women's Forte, Vice Chair – HEAIDS Strategic Advisory Committee (HESA), Member of Institute for Directors of South Africa, Member of Muslim Women's Shura Council and Secretary for the Vula-e-Noor Organization (working with orphan children). She is currently employed as Director for the Centre for Educational Testing for Access & Placement at University of Cape Town.

Appointed: 6 March 2018

Nationality: South African

Board committees:

Remuneration committee, social and
ethics committee and audit and risk
committee

KOTSI FAITH MAHLOMA**Independent non-executive
Director**

Appointed: 6 March 2018

Nationality: South African

Expertise and experience:

Faith served as a senior shop steward at Gregory Knitting Mills from 1982 until 2001 and was a COSATU executive member from 1987 to 2001. She was the Vice president of SACTWU from 1987 until 2001, executive member of COSATU from 1987 to 2001 and NEDLAC executive member from 1997 to 2001. She has served as a director of Zenzelani Clothing (Pty) Ltd, Municipality Public Account Committee (MPAC) and the Germiston Pension Fund Committee (GPFC). She also served as a ward councillor from 2006 to 2016.

Board committees:

Social and ethics committee and
audit and risk committee

OTHER DIRECTORSHIPS

The table below sets out the names of the companies and other entities of which the Company's Directors, as well as the directors of its Major Subsidiary, are or have been Directors, members or partners during the five years preceding the Last Practicable Date.

| Director | Name of Company or Entity | Nature of Business | Capacity | Active/ Resigned |
|-------------|--|--------------------|----------|---------------------|
| Yunis Shaik | Deneb | Investment holding | Director | Active |
| | Wheatfields Investments No 77 (Pty) Ltd | Trade and Invest | Director | Active |
| | Enable Communications (Pty) Ltd | Trade and Invest | Director | Active |
| | Enable Leisure (Pty) Ltd | Trade and Invest | Director | Active |
| | Enable Logistics (Pty) Ltd | Trade and Invest | Director | Active |
| | Golden Arrow Bus Services (Pty) Ltd | Public Transport | Director | Active |
| | Green Strata Investments (Pty) Ltd | Trade and invest | Director | Active |
| | Griffin Oil and Gas (Pty) Ltd | Trade and Invest | Director | Active |
| | HCI Invest 22 Holdco (Pty) Ltd | Trade and Invest | Director | Active |
| | Hosken Consolidated Investments Ltd | Investment Holding | Director | Active |
| | HPL and R Investments (Pty) Ltd | Investment Holding | Director | Active |
| | In Line Trading 18 (Pty) Ltd | Trade and Invest | Director | Active |
| | IPOSTEL (Pty) Ltd | Trade and Invest | Director | Active |
| | Keldoron Properties 22 (Pty) Ltd | Trade and Invest | Director | Active |
| | La Concorde | Investment Holding | Director | Active |
| | Nelesco 861 (Pty) Ltd | Trade and Invest | Director | Active |
| | Niveus | Investment Holding | Director | Active |
| | Sapura Communications (Pty) Ltd | Trade and Invest | Director | Active |
| | Sapura Holdings (Pty) Ltd | Trade and Invest | Director | Active |
| | Sapura Technology (Pty) Ltd | Trade and Invest | Director | Active |
| | Tsimpilo Trading 2 (Pty) Ltd | Trade and Invest | Director | Active |
| | Tsogo Investment Holding Company (Pty) Ltd | Trade and Invest | Director | Active |
| | Webram Eight (Pty) Ltd | Trade and Invest | Director | Active |
| | Voxvita (Pty) Ltd | Trade and Invest | Director | Active |
| | Vlatacom (South Africa) (Pty) Ltd | Trade and Invest | Director | Active |
| | Urban Pink Investments (Pty) Ltd | Trade and Invest | Director | Active |
| | Tsogo Sun Holdings Ltd | Travel and Leisure | Director | Active |

| Director | Name of Company or Entity | Nature of Business | Capacity | Active/ Resigned |
|--------------------|--|----------------------------|----------|---------------------|
| Theventheran | 21 Impala Road | Trade and Invest | Director | Active |
| Govindsamy (Kevin) | Anytime Power | Trade and Invest | Director | Active |
| Govender | Blue Beacon Investments 240 | Trade and Invest | Director | Active |
| | Bridoon Trade and Invest 96 | Trade and Invest | Director | Active |
| | Cherry Moss Trade and Invest 145 | Trade and Invest | Director | Active |
| | Curagen Investments | Property Company | Director | Active |
| | Deneb | Investment Holding Company | Director | Active |
| | E Media Holdings | Media Company | Director | Active |
| | E Media Investments | Media Company | Director | Active |
| | eSatTV | Media Company | Director | Active |
| | eTV | Media Company | Director | Active |
| | FI Developments | Trade and Invest | Director | Active |
| | Foothills Trading and Investment 8 | Trade and Invest | Director | Active |
| | Fulela Trade and Invest 81 | Trade and Invest | Director | Active |
| | Fulela Trade and Invest 96 | Trade and Invest | Director | Active |
| | Gelprop | Trade and Invest | Director | Active |
| | Generation Y | Media Company | Director | Active |
| | GABS | Transport | Director | Active |
| | Grey Jade Trade and Invest 145 | Trade and Invest | Director | Active |
| | Grey Jade Trade and Invest 19 | Trade and Invest | Director | Active |
| | Griffin Oil and Gas | Trade and Invest | Director | Active |
| | HCI Ltd | Investment holding | Director | Active |
| | HCI – Treasury | Treasury Company | Director | Active |
| | HCI Central Investments | Trade and Invest | Director | Active |
| | HCI Invest1 Holdco | Trade and Invest | Director | Active |
| | HCI Invest3 Holdco | Trade and Invest | Director | Active |
| | HCI Monte Precinct (previously HCI Invest5 Holdco) | Property Company | Director | Active |
| | HCI Invest6 Holdco | Trade and Invest | Director | Active |
| | HCI Invest7 Holdco | Trade and Invest | Director | Active |
| | HCI Sydney Road Holdco | Property Company | Director | Active |
| | HCI Westlake Properties (Previously Invest9 Holdco) | Property Company | Director | Active |
| | HCI Invest10 Holdco | Trade and Invest | Director | Active |
| | HCI Invest14 Holdco | Trade and Invest | Director | Active |
| | HCI Invest15 Holdco | Trade and Invest | Director | Active |
| | HCI Invest17 Holdco | Trade and Invest | Director | Active |
| | 4 Stirling Street (previously HCI Invest18 Holdco) | Property Company | Director | Active |
| | HCI Invest19 Holdco | Trade and Invest | Director | Active |
| | HCI Invest20 Holdco | Trade and Invest | Director | Active |
| | HCI Invest21 Holdco | Trade and Invest | Director | Active |
| | HCI Invest23 Holdco | Trade and Invest | Director | Active |
| | HCI Invest24 Holdco | Trade and Invest | Director | Active |
| | HCI Invest25 Holdco | Trade and Invest | Director | Active |
| | HCI Managerial Services | Management services | Director | Active |
| | HCI Renewable Energy Investments | Renewable energy | Director | Active |
| | HCI Sun Energy One | Renewable energy | Director | Active |
| | HCI Sun Energy Three | Renewable energy | Director | Active |
| | HCI Sun Energy Two | Renewable energy | Director | Active |
| | HCI-Propco1 | Property Company | Director | Active |
| | HCI Rand Daily Mail (previously HCI-Propco2) | Property Company | Director | Active |
| | HCI-Propco3 | Property Company | Director | Active |
| | HCI-Shell House | Property Company | Director | Active |
| | HCI-Propco5 | Property Company | Director | Active |
| | HCI-Propco6 | Property Company | Director | Active |
| | HCI-Whale Coast Village | Property Company | Director | Active |
| | HCI-The Palms | Property Company | Director | Active |

| Director | Name of Company or Entity | Nature of Business | Capacity | Active/ Resigned |
|---|--|-----------------------------------|----------|---------------------|
| Theventheran Govindsamy (Kevin) Govender (continued) | HCI 111 Commissioner Street (previously HCI-Propco09) | Property Company | Director | Active |
| | HCI Blue Hills Phase 2 (Previously HCI-Propco10) | Property Company | Director | Active |
| | HCI Auckland Park (previously HCI-Propco11) | Property Company | Director | Active |
| | HCI Roeland Park Phase 2 (Previously HCI-Propco12) | Property Company | Director | Active |
| | HCI Propco13 | Property Company | Director | Active |
| | HCI Property Investments 2 | Property Company | Director | Active |
| | HCI Properties | Property Company | Director | Active |
| | Hendico Investments | Trade and Invest | Director | Active |
| | Highland Night Investments 93 | Property Company | Director | Active |
| | HPL and R Investments | Transport | Director | Active |
| | Hollyberry Props12 | Property Company | Director | Active |
| | Hollyhill Investments | Trade and Invest | Director | Active |
| | HCI | Investment Holding Company | Director | Active |
| | Subco | Transport | Director | Active |
| | IGI Investment Company | Trade and Invest | Director | Active |
| | Gripp Advisory | Management services | Director | Active |
| | Johnnic Holdings | Trade and Invest | Director | Active |
| | Johnnic Holdings Management Services K2013204008 | Management services | Director | Active |
| | Keynote Trading and Investment 53 | Trade and Invest | Director | Active |
| | Leyvan | Trade and Invest | Director | Active |
| | Lynnridge Shopping Centre | Property Company | Director | Active |
| | Maclyn House | Property Company | Director | Active |
| | Majorshelf 183 | Trade and Invest | Director | Active |
| | Mentor Trading and Investment 70 | Trade and Invest | Director | Active |
| | Mercanto Investments | Trade and Invest | Director | Active |
| | Mironetix | Property Company | Director | Active |
| | Mironetix 2 | Property Company | Director | Active |
| | Move-on-up 104 | Trade and Invest | Director | Active |
| | Olympus Village | Property Company | Director | Active |
| | Permasolve Investments | Property Company | Director | Active |
| | Platco Digital | Media Company | Director | Active |
| | SACTWU Seventh Investments Company | Trade and Invest | Director | Active |
| | Sage Wise 118 | Trade and Invest | Director | Active |
| | Squirewood Investments 64 | Trade and Invest | Director | Active |
| | Three Blind Mice Communications | Media Company | Director | Active |
| | TIH Prefco (RF) | Trade and Invest | Director | Active |
| | TIHC Investments (RF) | Trade and Invest | Director | Active |
| | Tsogo Investment Holding Company | Trade and Invest | Director | Active |
| | Tylon Holdings | Trade and Invest | Director | Active |
| | Unit 1B Corporate Park | Property Company | Director | Active |
| | Unit 4B Corporate Park | Property Company | Director | Active |
| | W H Press House | Property Company | Director | Active |
| | Yired | Media Company | Director | Active |
| Braylon Investments | Trade and Invest | Director | Resigned | |
| C and A Associated Consultants | Management Services | Director | Resigned | |
| C and MA Shelf 73 | Trade and Invest | Director and Company Secretary | Resigned | |
| Catwalk Investments 67 | Trade and Invest | Director | Resigned | |
| Clare Investments | Property Company | Director | Resigned | |
| Euphorbia | Property Company | Director | Resigned | |
| Flaghigh Investments | Trade and Invest | Director | Resigned | |
| Galaxy Bingo International South Africa | Gaming company | Director | Resigned | |
| Gallagher Estate Holdings | Property Company | Director | Resigned | |
| G E Property and Marketing | Property Company | Director | Resigned | |
| HCI Invest4 Holdco | Trade and Invest | Director | Resigned | |

| Director | Name of Company or Entity | Nature of Business | Capacity | Active/ Resigned |
|-------------------------|--|----------------------------|--------------------------------|---------------------|
| Theventheran | HJS Advisory Services | Trade and Invest | Director | Resigned |
| Govindsamy (Kevin) | Johnnic Holdings | Investment Holding Company | Director | Resigned |
| Govender (continued) | Johnnic Management Services | Management Services | Director | Resigned |
| | Johnnic Property | Property Company | Director | Resigned |
| | Johnnic Properties | Property Company | Director | Resigned |
| | Johnnies Strategic Investments | Trade and Invest | Director | Resigned |
| | Lennings | Property Company | Director | Resigned |
| | Lone Hill Estates | Property Company | Director | Resigned |
| | Merilyn Investments | Trade and Invest | Director | Resigned |
| | SACTWU Sixth Investments Company | Trade and Invest | Director and Company Secretary | Resigned |
| | SAM Sisonke | Trade and Invest | Director | Resigned |
| | Sweet Sensation 103 | Trade and Invest | Director | Resigned |
| | Tangney Investments | Trade and Invest | Director and Company Secretary | Resigned |
| | Taverna Sports Bar – Sea Point | Trade and Invest | Director | Resigned |
| | Zenzeleni Clothing | Clothing manufacturers | Director | Resigned |
| | Euphorbia Lot 1 Share Block | Property Company | Director | Active |
| | Kevro Consulting | Trade and Invest | Director | Resigned |
| | Glenny Buchner Investment | Trade and Invest | Director | Resigned |
| | Johnnic Property Developments | Property Company | Director | Resigned |
| | C and M A shelf 73 | Trade and Invest | Director and Company Secretary | Resigned |
| | Curagen Investments | Property | Director | Resigned |
| | Euphorbia | Property Company | Director | Resigned |
| | GABS | Public Transport | Company Secretary | Resigned |
| | HCI – Treasury | Treasury Company | Company Secretary | Resigned |
| | Hendico Investments | Trade and Invest | Company Secretary | Resigned |
| | Hi-Reach Manlift | Trade and Invest | Director | Resigned |
| | HCI | Investment holding | Company Secretary | Resigned |
| | IGI Investment Company | Trade and Invest | Director and Company Secretary | Resigned |
| | Isilumko Staffing | Recruitment and Staffing | Director | Resigned |
| | Johnnic Casino Holdings | Trade and Invest | Director | Resigned |
| | Johnnic Property Holdings | Property Company | Director | Resigned |
| | Mercanto Investments | Trade and Invest | Company Secretary | Resigned |
| | Merilyn Investments | Trade and Invest | Company Secretary | Resigned |
| | S A M Sisonke | Trade and Invest | Company Secretary | Resigned |
| | HCI Invest22 Holdco | Trade and Invest | Director | Resigned |
| | Sibanye Bus Services | Public Transport | Director | Resigned |
| Francois Eckhard Meyer | GABS | Public Transport | Director | Active |
| | Transit Research & Management Services (Pty) Ltd | Dormant | Director | Active |
| | Penlink (Pty) Ltd | Dormant | Director | Active |
| | Baakens Property Holdings Ltd | Dormant | Director | Active |
| | Subco | Investment holding | Director | Active |
| | Atlantic Bus Company (Pty) Ltd | Dormant | Director | Active |
| | City Xplore (Pty) Ltd | Dormant | Director | Active |
| | Coachways (Pty) Ltd | Dormant | Director | Active |
| | Southern African Bus Operators Association | Industry Association | Director | Active |
| | Normandie Trust | Family Trust | Trustee | Active |
| | The Marathon Trust | Family Trust | Trustee | Active |
| | Issy Pasvolsky Former Tollgate Employees Charitable Fund | Charity | Trustee | Active |
| | ID-EDU-Sport (NPO) | Charity | Director | Active |

| Director | Name of Company or Entity | Nature of Business | Capacity | Active/ Resigned |
|---------------------------------------|--|----------------------|------------------------|---------------------|
| Francois Eckhard Meyer (continued) | Enduro Trust | Family trust | Trustee | Active |
| | DG Meyer Trust | Family trust | Trustee | Active |
| | The Business Bus Company (Pty) Ltd | Public Transport | Director | Active |
| | Langverwag Aftree-Oord | Retirement home | Trustee | Active |
| Mark Llewellyn Wilkin | GABS | Public Transport | Director | Active |
| | Table Bay Area Rapid Transit (Pty) Ltd | Public Transport | Director | Active |
| | Transit Research & Management Services (Pty) Ltd | Dormant | Director | Active |
| | Penlink (Pty) Ltd | Dormant | Director | Active |
| | Baakens Property Holdings Ltd | Dormant | Director | Active |
| | Subco | Investment holding | Director | Active |
| | Atlantic Bus Company (Pty) Ltd | Dormant | Director | Active |
| | City Xplore (Pty) Ltd | Dormant | Director | Active |
| | Coachways (Pty) Ltd | Dormant | Director | Active |
| | Sibanye Bus Services (Pty) Ltd | Public Transport | Director | Active |
| | Hollyberry Props 12 (Pty) Ltd | Property | Director | Active |
| | Bus Industry Restructuring Fund | Industry Trust | Trustee | Active |
| | Issy Pasvolsky Former Tollgate Employees Charitable Fund | Charity | Trustee | Active |
| | Orange Oak Investments 4 (Pty) Ltd | Property | Director | Active |
| | Red Maple Properties (Pty) Ltd | Property | Director & Shareholder | Active |
| | Dormell Properties 721 (Pty) Ltd | Property | Director | Active |
| | The Marathon Trust | Family Trust | Trustee/Beneficiary | Active |
| | Normandie Trust | Family Trust | Trustee | Active |
| | Genesis Trust | Family Trust | Trustee | Active |
| | The Garrow Trust | Dormant | Trustee/Beneficiary | Active |
| | Blue Paradise Properties (Pty) Ltd | Property | Director | Active |
| | My Community Builder NPC | Charity | Director | Active |
| | The Business Bus Company (Pty) Ltd | Public Transport | Director | Active |
| Rusdon Shareblock Limited | Property | Director | Active | |
| Rusdon Park Body Corporate | Property | Trustee | Active | |
| Loganathan Govender | Ardel Enterprises CC | Property holdings | Member | Active |
| | E Media Holdings Ltd | Media services | Non-executive Director | Active |
| | Erf 777 Isipingo Property CC | Property development | Member | Active |
| | Deneb | Investment holdings | Non-executive Director | Active |
| Naziema Begum Jappie | Servipro 39 CC | Consultancy | Director | Active |
| | Deneb | Investment holdings | Non-executive Director | Active |
| | GABS | Public transport | Non-executive Director | Active |
| | Montauk Holdings Ltd | Energy | Non-executive Director | Active |
| Kotsi Faith Mahloma | Ditsela Worker's Education Institute | Non-profit | Director | Resigned |
| | The Sexual Harrassment Education Project | Non-profit | Director | Active |

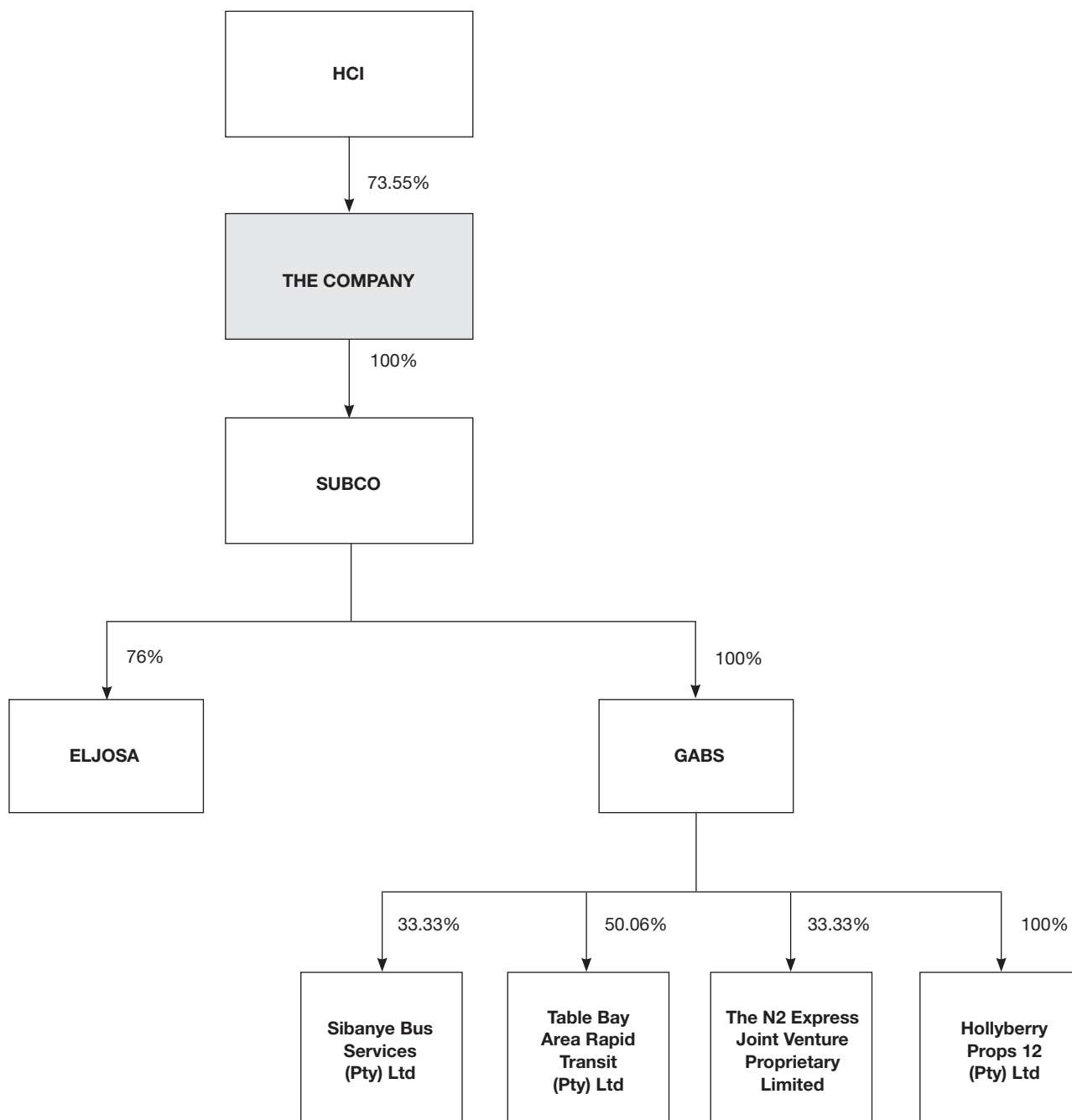
DIRECTORS OF THE MAJOR SUBSIDIARY

The table below contains particulars of the directors of the Company's Major Subsidiary, GABS:

| Full name | Age | Capacity | Business Address |
|--|-----|------------------------------------|--|
| Yunis Shaik | 59 | Chairman | Suite 801, 76 Regent Street, Sea Point, 8005 |
| Theventheran Govindsamy (Kevin) Govender | 47 | Deputy Chairman | Suite 801, 76 Regent Street, Sea Point, 8005 |
| Francois Eckhard Meyer | 56 | Chief Executive Officer | 103 Bofors Circle, Epping Industria |
| Mark Llewellyn Wilkin | 64 | Financial Director | 103 Bofors Circle, Epping Industria |
| Naziema Begum Jappie | 57 | Independent non-executive Director | University of Cape Town, 4.06 Hoerikwaggo Building, Upper Campus, Rondebosch, Cape Town 7700 |

STRUCTURE OF THE GROUP

The high-level Group structure, following the La Concorde Unbundling and the Niveus Unbundling, is as set out below:



DETAILS OF SUBSIDIARIES OF THE COMPANY

The table below sets out the details of the Subsidiaries of the Company as at the Last Practicable Date:

| Subsidiary Name | Registration Number | Place of Incorporation | Incorporation Date | Issued share capital held | Nature of Business |
|--|---------------------|------------------------|--------------------|---------------------------|---------------------------------|
| Subco | 2000/010463/07 | South Africa | 30 May 2000 | 100% held by the Company | Investment holding company |
| GABS | 1992/001234/07 | South Africa | 9 March 1992 | 100% held by Subco | Public transport operator |
| Eljosa | 2016/392192/07 | South Africa | 8 September 2016 | 76% held by Subco | Public transport operator |
| Sibanye Bus Services (Pty) Ltd | 2000/010588/07 | South Africa | 2 June 2000 | 33,33% held by GABS | Public transport operator |
| Table Bay Area Rapid Transit (Pty) Ltd | 1995/003407/07 | South Africa | 19 April 1995 | 50,06% held by GABS | Public transport operator |
| Atlantic Bus Company (Pty) Ltd | 2000/010182/07 | South Africa | 26 May 2000 | 100% held by GABS | Dormant |
| City Xplore (Pty) Ltd | 2000/010358/07 | South Africa | 29 May 2000 | 100% held by GABS | Dormant |
| Coachways (Pty) Ltd | 2000/010379/07 | South Africa | 29 May 2000 | 100% held by GABS | Dormant |
| Baakens Property Holdings (Pty) Ltd | 1952/000801/07 | South Africa | 2 January 2008 | 100% held by GABS | Dormant |
| Penlink (Pty) Ltd | 1995/002148/07 | South Africa | 9 March 1995 | 100% held by GABS | Dormant |
| Transit Research and Management Services (Pty) Ltd | 1993/002071/07 | South Africa | 16 April 1993 | 100% held by GABS | Dormant |
| N2 Express Joint Venture (Pty) Ltd | 2014/063192/07 | South Africa | 26 March 2014 | 33,33% held by GABS | Public transport operator |
| Hollyberry Props 12 (Pty) Ltd | 2004/028924/07 | South Africa | 7 October 2004 | 100% held by GABS | Property and investment company |
| The Business Bus Company (Pty) Ltd | 2017/476300/07 | South Africa | 25 October 2017 | 100% held by Subco | Executive Public Transport |

MATERIAL ACQUISITIONS

| Nature of interest acquired | Date transferred into name of the Group | Disposing party | Price paid in cash (R'000) | Price paid in securities (R'000) | Price paid in respect of goodwill | Loans incurred to finance acquisition (R'000) |
|-------------------------------------|---|-----------------|----------------------------|----------------------------------|-----------------------------------|---|
| 100% of the issued shares of Subco. | 1 February 2018 | HCI | R0 | R1 800 000 000 | Not applicable | Not applicable |
| 100% of the issued shares of GABS. | 30 January 2018 | HCI | R0 | R1 770 000 000 | Not applicable | Not applicable |

DETAILS OF VENDORS

GABS ACQUISITION VENDORS

| | |
|---|---|
| Name of Vendor | Hosken Consolidated Investments Limited (Registration number 1973/007111/06). |
| Address of Vendor | 76 Regent Road, Sea Point Cape Town, 8005 |
| Asset acquired from Vendor | 100% of the issued shares of Subco (which owns 100% of GABS). |
| Date asset originally acquired by Vendor | 30 January 2018 |
| Price paid to Vendor (including transaction costs plus deferred and contingent considerations) | R1.8 billion. |
| Effective date of acquisition of assets | 1 February 2018 |
| Were book debts guaranteed by Vendor? | No. |
| Were normal warranties provided by Vendor? | Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor. |
| Were restraints imposed on Vendor under the acquisition? | No. |
| Did the acquisition involve any liability for accrued taxation? | No. |
| Have the assets been transferred into the name of the Company or one of its Subsidiaries? | Yes. |
| Were securities purchased in a company that became a subsidiary of the Company? | Yes. |
| Reconciliation between amount paid and the net assets of Subco acquired | Net asset value R885 779 000 Purchase Price R1.8 billion |
| Have the assets been ceded or pledged? | No. |
| Details of how the value of the securities was determined? | the Company conducted a due diligence investigation and determined the fair market value the assets and business of Subco and GABS. |
| Direct or indirect beneficial interest of any promotor or Director in the transaction | Not applicable. |
| The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director. | No applicable. |

GABS ASSET FOR SHARE TRANSACTION

| | |
|---|---|
| Name of Vendor | Hosken Consolidated Investments Limited (Registration number 1973/007111/06). |
| Address of Vendor | 76 Regent Road Sea Point Cape Town, 8005 |
| Asset acquired from Vendor | 100% of the issued shares of GABS. |
| Date asset originally acquired by Vendor | 1 April 2004 |
| Price paid to Vendor (including transaction costs plus deferred and contingent considerations) | R1.77 billion |
| Effective date of acquisition of assets | 30 January 2018 |
| Were book debts guaranteed by Vendor? | No. |
| Were normal warranties provided by Vendor? | Yes, a comprehensive set of warranties, standard for transactions of this nature, was provided by the Vendor. |
| Were restraints imposed on Vendor under the acquisition? | No. |
| Did the acquisition involve any liability for accrued taxation? | No. |
| Have the assets been transferred into the name of the Company or one of its Subsidiaries? | Yes. |
| Were securities purchased in a company that became a subsidiary of the Company? | Yes. |
| Reconciliation between amount paid and the net assets of GABS acquired | Net asset value R885 727 000 Purchase Price R1.77 billion |
| Have the assets been ceded or pledged? | No. |
| Details of how the value of the securities was determined? | Subco conducted a due diligence investigation and determined the fair market value the assets and business of GABS. |
| Direct or indirect beneficial interest of any promotor or Director in the transaction | Not applicable. |
| The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director. | No applicable. |

MATERIAL BORROWINGS OF THE GROUP

Details of the material loans made to the Group, are set out below:

| Lender | Borrower | Type of loan | Reason for loan | Loan amount | Interest rate | Terms of repayment (i.e. interest only repayments/ capital and interest repayments/no repayments) Date upon which loan must be settled | Security furnished | Balance owing on the Last Practicable Date | Conversion or redemption rights | Short-term capital repayments (within 12 months) and how same are to be financed |
|--|----------|---------------------------|-----------------|--------------|---------------|--|--------------------|--|---------------------------------|--|
| Nedbank Limited | GABS | Term Loan | Acquisitions | R30 000 000 | 9.75% | Capital and interest To be settled on 19 April 2021 | None | R24 772 708 | None | R9 121 517 (financed through profits) |
| Nedbank Limited | GABS | Instalment Sale Agreement | Vehicle Finance | R201 819 559 | 9.25% | Capital and interest Various instalment sale agreements, repayable over a 5-year period | Asset Purchased | R112 695 303 | None | R45 880 804 (financed through profits) |
| MAN Financial Services (S.A) Proprietary Limited | GABS | Instalment Sale Agreement | Vehicle Finance | R225 742 345 | 9.50% | Capital and interest Various instalment sale agreements, repayable over a 5-year period | Asset Purchased | R126 991 633 | None | R50 970 842 (financed through profits) |
| Standard Bank SA | GABS | Instalment Sale Agreement | Vehicle Finance | R138 104 667 | 9.10% | Capital and interest Various instalment sale agreements, repayable over a 5-year period | Asset Purchased | R75 445 061 | None | R30 047 014 (financed through profits) |
| ABSA Bank Limited | GABS | Instalment Sale Agreement | Vehicle Finance | R92 518 357 | 9.25% | Capital and interest Various instalment sale agreements, repayable over a 5-year period | Asset Purchased | R79 623 269 | None | R22 135 263 (financed through profits) |
| Wesbank (a division of FirstRand Bank Limited) | GABS | Instalment Sale Agreement | Vehicle Finance | R34 369 267 | 9.25% | Capital and interest Various instalment sale agreements, repayable over a 5-year period | Asset Purchased | R12 316 890 | None | R8 583 458 (financed through profits) |

Notes:

None of the material loans listed in this **Annexure 24** have any rights of conversion or redemption.

INTERGROUP LOANS OF THE GROUP

Details of the intergroup loans made to the Group, are set out below:

| Lender | Borrower | Reason for loan (acquisition of assets or other) | Loan Amount (R'000) | Interest Rate | Terms of repayment and settlement date | Security furnished |
|--------------------------------|--|--|---------------------|---------------|---|--------------------|
| GABS | Subco | Working capital and acquisition of assets | 11 074 | 0% | No fixed terms of repayment | Unsecured |
| GABS | Eljosa | Working capital and acquisition of assets | 3 921 | Prime | No fixed terms of repayment | Unsecured |
| GABS | Eljosa | Acquisition of assets | 12 637 | Prime | Capital and interest repaid monthly. Five-year term. Repayable in 2020. | Unsecured |
| GABS | Eljosa | Acquisition of assets | 21 682 | Prime | Capital and interest repaid monthly. Five-year term. Repayable in 2021. | Unsecured |
| GABS | Eljosa | Acquisition of assets | 11 286 | Prime | Capital and interest repaid monthly. Five-year term. Repayable in 2023. | Unsecured |
| GABS | Table Bay Area Rapid Transit (Pty) Ltd | Working capital | 5 019 | Prime | No fixed terms of repayment | Unsecured |
| Sibanye Bus Services (Pty) Ltd | Table Bay Area Rapid Transit (Pty) Ltd | Working capital | 14 981 | Prime | No fixed terms of repayment | Unsecured |

DETAILS REGARDING PRINCIPAL PROPERTIES OCCUPIED

Details of the principal properties occupied by the Company and its Subsidiaries, which are owned by the Group, are set out below:

| No | Owner | Property Type | Location/Address | Property Description | Date of Purchase | Area (m ²) |
|----|-------------------------------|---------------|---|----------------------|------------------|------------------------|
| 1 | Hollyberry Props 12 (Pty) Ltd | Industrial | Tollgate Depot – 183 Sir Lowry Rd, Woodstock, Cape Town | Bus Depot | 2005 | 14 135 |
| 2 | Hollyberry Props 12 (Pty) Ltd | Industrial | Multimech Depot – 103 Bofors Circle, Epping industria | Maintenance facility | 2005 | 31 827 |
| 3 | Hollyberry Props 12 (Pty) Ltd | Industrial | Arrowgate Depot – Pallotti Road, Montana | Bus Depot | 2005 | 76 859 |
| 4 | Hollyberry Props 12 (Pty) Ltd | Industrial | Philippi Depot – Sheffield Road, Philippi | Bus Depot | 2005 | 49 988 |
| 5 | Hollyberry Props 12 (Pty) Ltd | Industrial | Southgate Depot – Sheffield Road, Philippi | Bus Depot | 2008 | 69 036 |
| 6 | Hollyberry Props 12 (Pty) Ltd | Industrial | Atlantis Depot – Christopher Starke Rd, Atlantis Industrial | Bus Depot | 2005 | 30 000 |
| 7 | Hollyberry Props 12 (Pty) Ltd | Industrial | Eastgate Depot – Waggie Road, Blackheath Industria | Bus Depot | 2005 | 17 131 |
| 8 | Hollyberry Props 12 (Pty) Ltd | Commercial | Learning and Assessment Centre, 2 Mahillon Road, Phillipi | Training facility | 2015 | 4511 |

Details of the principle properties occupied by the Company and its Subsidiaries, which are leased by the Group, are set out below:

| No | Owner | Lessee | Property Type | Location | Rental per month (R'000) | Unexpired term of lease – years | Area (m ²) |
|----|---------------------------------|--------|---------------|-------------------------------|------------------------------|---------------------------------|------------------------|
| 1 | Takatso Property Investments CC | GABS | Bus Depot | 28 Karee Street, Kraaifontein | R191 (escalation of 7% p.a.) | 4 | 9378 |

