HPL&R

Hosken Passenger Logistics & Rail

2020 INTEGRATED ANNUAL REPORT

CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end	31 March 2020
Annual general meeting	15 October 2020

Reports

• Interim report to 30 September 2020	November 2020
• 2020 Integrated Annual Report	July 2020

CORPORATE INFORMATION

Directors

Executive directors
FE Meyer (chief executive officer)
ML Wilkin (chief financial officer)

Non-executive directors
Y Shaik (chairperson)
TG Govender

Independent non-executive directors
L Govender (lead independent director)
NB Jappie
RD Watson (appointed 17 April 2019)
KF Mahloma (resigned 17 April 2019)

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Company name and registration
HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED
("HPLR" or "the Company" or "the Group")
Incorporated in the Republic of South Africa
Registration number: 2015/250356/06

JSE share code: HPR
ISIN: ZAE000255907

Registered office
103 Bofors Circle, Epping Industria, 7460
(PO Box 115, Cape Town, 8000)

Company Secretary
HCI Managerial Services Proprietary Limited
Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Auditors
BDO South Africa Incorporated.
6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001
(PO Box 3883, Cape Town, 8000)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Sponsor
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Website address
www.hplr.co.za

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ABOUT THIS REPORT

SCOPE OF INTEGRATED ANNUAL REPORT AND ASSURANCE

Hosken Passenger Logistics and Rail Limited ("HPLR" or "the Group") is pleased to present its Integrated Annual Report for the year ended 31 March 2020 ("2020 Integrated Report" or "Report").

This Report provides a review of the Group's financial, social and sustainability performance for the year.

The Report aims to provide a well-balanced and concise overview of the Group's financial and non-financial performance and insight into the Group's value creation strategies.

The Board and executive management team have been guided by the principles of integrated reporting throughout this Report, which has been prepared in accordance with:

- the Company's memorandum of incorporation ("MOI");
- requirements of the Companies Act, 71 of 2008, as amended ("the Companies Act");
- International Financial Reporting Standards ("IFRS");
- G4 Sustainability Reporting Guidelines by the Global Reporting Initiative ("GRI G4");
- the Listings Requirements of the JSE Limited ("JSE" and "JSE Listings Requirements"); and
- recommendations of the King IV Report on Corporate Governance for South Africa 2016 ("King IV").

HPLR is an investment holding company with varied shareholdings in a number of companies that are principally involved in the commuter transport sector. As an investment holding company, the business focus of HPLR differs from that of an operating company, and is accordingly reflected in the content of the Integrated Annual Report.

The Group strives to grow shareholder value through applying sound business principles and by engaging in ethical commercial practices to create a secure platform for the sustainable management of its investment interests. The Group is mindful of the impact its operations have on the communities from which it derives custom and the physical environment in which it undertakes business activities.

At 31 March 2020, Hosken Consolidated Investments Limited ("HCI"), a premier listed black empowerment investment company, owns approximately 82.11% of HPLR and publishes its own integrated annual report, which is available at www.hci.co.za.

In accordance with the stated objectives of integrated reporting, this Report focuses on those issues that have a material impact on the Group to create and sustain value for its shareholders. This Report should be read in conjunction with the following supporting reports available on HPLR's website www.hplr.co.za:

- King IV application register
- 2020 consolidated annual financial statements

FINANCIAL STATEMENTS

This Report contains summarised audited consolidated annual financial statements. The full set of audited consolidated annual financial statements are available online at www.hplr.co.za or can be requested directly from the Company at info@hplr.co.za.

MATERIALITY

In assessing the relative materiality of issues that are pertinent to the Group, consideration was in the main accorded to those that hold the biggest sway on the Group's strategic intent and business model. In this regard, the impact of the regulatory environment, risk profile and expectations of its stakeholder grouping was taken into account. The following was taken into account in developing our understanding of the most material issues:

- The finalisation of regulatory instruments as outlined in the National Land and Transport Act (NLTA) of 2009.
- The expectations, views, concerns and interests articulated by stakeholders.
- The strategic mission and associated values pursued by the Group.

FORWARD-LOOKING STATEMENTS

This Report may contain certain statements about the Group that may constitute forward-looking statements. 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 Board cautions users that forward-looking statements are not a guarantee of future performance. These forward-looking statements have not been reviewed or reported on by the Group's independent auditors.

STATEMENT OF THE BOARD OF DIRECTORS ON THE 2020 INTEGRATED ANNUAL REPORT

The 2020 Integrated Report was compiled through collaboration with all of the subsidiaries and associates of HPLR.

The quality assurance and accuracy of the information contained in the Report was underpinned by executive management scrutiny, interrogation by the Audit and Risk Committee and ultimately Board oversight. The external auditor, BDO South Africa Incorporated, provides assurance on the consolidated annual financial statements, which are available on the HPLR website. No independent third-party assurance has been obtained on the non-financial data included in this Integrated Report.

EmpowerBEE independently verifies Broad-Based Black Economic Empowerment ("B-BBEE") data in order to issue the annual B-BBEE scorecards and rating certificates to the HCI group and its subsidiaries. The Group's carbon footprint is independently measured and reported by Catalyst Solutions.

The Group's Audit and Risk Committee reviewed the 2020 Integrated Report and consolidated annual financial statements and recommended them to the Board for approval. The Board acknowledges its responsibility to ensure the integrity of the 2020 Integrated Report, and believes that it addresses all material issues, and fairly represents the integrated performance of the Group.

The summarised consolidated annual financial statements were prepared in accordance with IFRS, JSE Listing Requirements and the Companies Act, while the 2020 Integrated Report was prepared using the guidelines of the GRI G4 and recommended principles of King IV.

In our opinion the 2020 Integrated Report and summarised consolidated annual financial statements fairly represent the financial position of the Group as at 31 March 2020 and its operations for the year ended 31 March 2020.

On behalf of the Board

FE Meyer
Chief executive officer

28 July 2020

GROUP OVERVIEW

INTRODUCTION

HPLR is an investment entity tailored to consolidate and expand opportunities in the mobility and logistics sectors. The current portfolio is rooted in the commuter bus and luxury coach segments.

Through its major subsidiary, Golden Arrow Bus Services Proprietary Limited with over 159 years of proven operational expertise, the Company aims to harness the combined institutional knowledge and skills sets to pursue further prospects in bus and coach operations and potential entrées into freight, rail and logistics operations.

GROUP HISTORY

1861
The Greenpoint Tramway Company Act is passed in parliament, which gives rise to Cape Town's first horse-drawn tram service. After a series of mergers and acquisitions this will become Golden Arrow in its present form.

1929
Original Golden Arrow Bus Services Company established

1956
In a noteworthy reverse take-over, Golden Arrow Bus Services takes over the much larger (in terms of vehicles) Cape Tramways

1972
All services in Cape Town, including those of Golden Arrow, consolidated under the name of City Tramways Limited

1984
Arrowgate Depot commissioned, at the time the largest bus depot in the Southern Hemisphere

1992
Management buys City Tramways Limited and the Golden Arrow Bus Services name is resurrected

1994
The Golden Arrow Foundation is launched. Shareholders donate 50% of Golden Arrow's shares to the Foundation

2001
Creation of empowerment partnership Sibanye Bus Services to service Atlantis routes

2003
Golden Arrow Bus Services peak bus operation increases to 800

2004
Hosken Consolidated Investments (HCI) acquires Golden Arrow and the Golden Arrow Foundation is renamed the HCI Foundation

2006
Golden Arrow Bus Services carries 50 million passengers per annum and operates 900 peak buses

2008
Golden Arrow Bus Services peak bus operation increases to 1000

2013
Table Bay Rapid Transit signs 12-year contract as Vehicle Operating Company for MyCiTi phase 1A services

2014
N2 Express Joint Venture is formed to operate MyCiTi services from Khayelitsha and Mitchells Plain

2016
Golden Arrow acquires 76% shareholding in ElJoSa

2018
Hosken Passenger Logistics & Rail, with Golden Arrow as its major subsidiary, is formed and listed on the JSE

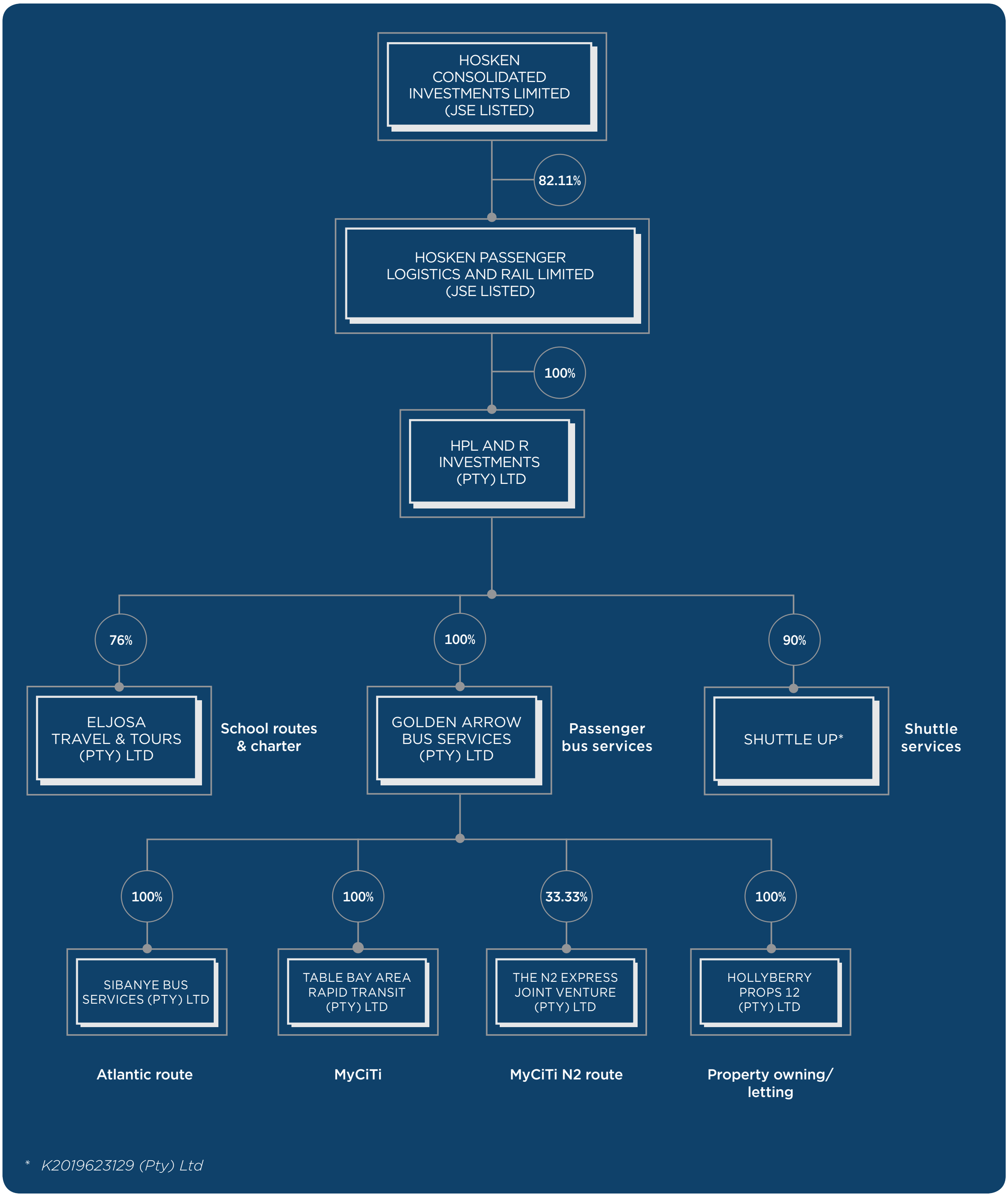
2019
HPLR acquires the remaining shares in both Sibanye Bus Services and Table Bay Area Rapid Transport

2020
HPLR acquires 90% of the shares of Shuttle Up

Golden Arrow Driver of the Year 2018: Nikolaas Fortuin

HPLR GROUP STRUCTURE

At 31 March 2020, the structure of the Group was as follows:




PILOT TEST BUS
RTMS
GABS
PH4968
MAN
CA 344·193
Golden Arrow

INVESTMENTS

GOLDEN ARROW BUS SERVICES (GOLDEN ARROW)

Established in 1861, Golden Arrow Bus Services has a fleet of 1156 buses, serving more than 3 100 routes in metropolitan Cape Town, covering a total area of approximately 2460 km². The fleet travels 60 million kilometres, conveying 56 million passengers annually, at a rate of approximately 220 000 per week day.

For more information on Golden Arrow, please go to www.gabs.co.za

ELJOSA TRAVEL AND TOURS (ELJOSA)

ElJoSa was established in 2004 and operates 46 luxury and semi-luxury coaches in the schools and luxury tours markets with depots in Cape Town and Gauteng.

For more information on ElJoSa, please go to www.eljosa.co.za

SIBANYE BUS SERVICES (SIBANYE)

Sibanye was established in 2001 and operates 61 buses providing services from Atlantis to the Cape Metropole.

TABLE BAY AREA RAPID TRANSIT (TBRT)

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

N2 EXPRESS

The N2 Express MyCiTi contract expired at the end of May 2019. N2 Express was a joint venture between Golden Arrow and two minibus-taxi associations. The company operated 45 buses and provided MyCiTi services from Khayelitsha and Mitchells Plain to the City.

SHUTTLE UP

On 1 March 2020 the Group acquired 90% of the shares of K2019623129 Proprietary Limited, a shuttle service business trading as Shuttle Up. This business currently consists of a fleet of five vehicles operating in the shuttle service industry. The Group intends to utilise this business to increase its footprint in this sector.

KEY STATISTICS

Breakdowns per 100 000Km	F2020	F2019	F2018
/100 000km	2.61	2.9	3.1
Year vs year	(10%)	(6.5%)	

The matrix below shows the average age of the Golden Arrow fleet:

Fleet Age (in years)	F2020	F2019	F2018
Average	8.7	8.4	8.7
Median	8	7	7

The fuel consumption figures for the last three financial years for the Golden Arrow fleet:

Fuel consumption (kilometres/litres)	F2020	F2019	F2018
Km/Lt	2.53	2.49	2.45
Year vs Year	1.6%	1.6%	

	Year ended 31 March 2020	Year ended 31 March 2019
Buses operated during peak	1 123	1 105
Total annual kilometres travelled	65 million	60 million
Number of staff employed	2 534	2 449

	Year ended 31 March 2020	Year ended 31 March 2019
Buses operated during peak	61	63
Total annual kilometres travelled	4.1 million	3.6 million
Number of staff employed	237	229

	Year ended 31 March 2020	Year ended 31 March 2019
Buses operated during peak	15	16
Total annual kilometres travelled	2.8 million	2.4 million
Number of staff employed	61	56

BOARD OF DIRECTORS

Yunis Shaik ("Yunis")
Non-executive chairperson
B.Proc
Appointed: 1 February 2018
Nationality: South African
Age: 62
Board Committees:
Social and Ethics

Expertise and experience: Prior to his appointment at Hosken Consolidated Investments Limited ("HCI"), Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union ("SACTWU") and served as a senior commissioner to the Commission of Conciliation, Mediation and Arbitration ("CCMA") in KwaZulu-Natal. He was appointed to the HCI board in August 2005 as a non-executive director and appointed as an executive director in 2014. He serves on the boards of Tsogo Sun Gaming Limited, Deneb Investments Limited, eMedia Holdings Limited and Niveus Investments Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2014.

Theventheran Govindsamy Govender ("Kevin")
Non-executive director
B.Comm (Hons), B.Compt (Hons)
Appointed: 1 February 2018
Nationality: South African
Age: 50
Board Committees:
Remuneration

Expertise and experience: Kevin joined the HCI Group in 1997 and held the position of financial officer from 2001 until 2019. He was appointed to the HCI board as an executive director in June 2009. He serves on the boards of Deneb Investments Limited, eMedia Holdings and Montauk Holdings Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2006.

Francois Eckhard Meyer ("Francois")
Chief executive officer
Dip Trans, B.Comm, MBA
Appointed: 6 March 2018
Nationality: South African
Age: 58
Board Committees:
Social and ethics

Expertise and experience: Francois has been working in the scheduled bus operations industry for the past 35 years and started his career in transport at United Transport's Western Bus Lines, in the North West, in 1985. He joined Golden Arrow Bus Services Proprietary Limited 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 was appointed to the Board of HPLR as chief executive officer on 6 March 2018. He is a director of the South African Bus Operators Association (SABOA).

Mark Llewellyn Wilkin ("Mark")
Chief financial officer
B.Comm, CA(SA)
Appointed: 6 March 2018
Nationality: South African
Age: 66
Board Committees:
None

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 and formed Golden Arrow Bus Services Proprietary Limited, where he has been financial director since 1992. He was appointed to the Board of HPLR as chief financial officer on 6 March 2018.

Loganathan Govender ("Logie")
Lead independent non-executive director
B.Comm, CA(SA)
Appointed: 6 March 2018
Nationality: South African
Age: 72
Board Committees:
Remuneration, Audit and Risk

Expertise and experience: Logie is the sole proprietor of the auditing firm, Logie Govender & Co which is the oldest black-owned auditing practice in South Africa. He has over 40 years' experience as a practising auditor. He also serves on the board of eMedia Holdings Limited.

Naziema Begum Jappie ("Naziema")
Independent non-executive director
B.SocSc (Hons), M.SocSc, PGDip (HE)
Appointed: 6 March 2018
Nationality: South African
Age: 60
Board Committees:
Remuneration, Social and Ethics, Audit and Risk

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 is currently employed as director for the Centre for Educational Testing for Access & Placement at University of Cape Town. She also holds directorships in Deneb Investments Limited and Montauk Holdings Limited. She has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2013.

Rachel Doreen Watson ("Rachel")
Independent non-executive director
Appointed: 17 April 2019
Nationality: South African
Age: 61
Board Committees:
Audit and Risk, Social and Ethics

Expertise and experience: Rachel served as a manager at a regional radio broadcaster. Prior to this appointment she was employed for 33 years within the clothing industry, serving as a trade union representative and national media officer. Rachel is an independent non-executive director of eMedia Holdings Limited, Tsogo Investment Holdings, Hospitality Property Fund and HCI.

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2020.

DISTRIBUTION OF SHAREHOLDERS

SHARE RANGE	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000	1 711	49.55%	683 873	0.24%
1 001 – 10 000	1 258	36.43%	4 500 966	1.55%
10 001 – 50 000	385	11.15%	7 756 443	2.67%
50 001 – 100 000	44	1.27%	3 044 504	1.05%
100 001 – 500 000	36	1.04%	7 329 770	2.53%
500 001 – 1 000 000	6	0.17%	4 430 158	1.53%
1 000 001 shares and over	13	0.38%	262 254 286	90.43%
Total	**3 453**	**100.00%**	**290 000 000**	**100.00%**

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Banks	3	0.09%	138 605	0.05%
Broker	1	0.03%	192	0.00%
Close corporation	35	1.01%	341 333	0.12%
Endowment fund	4	0.12%	40 550	0.01%
Individual	2 973	86.10%	23 989 259	8.27%
Investment company	39	1.13%	242 646 879	83.67%
Pension fund	4	0.12%	324 922	0.11%
Private company	119	3.45%	12 892 115	4.45%
Public company	12	0.35%	5 389 910	1.86%
Trust	263	7.62%	4 236 235	1.46%
Total	**3 453**	**100.00%**	**290 000 000**	**100.00%**

SHAREHOLDING GREATER THAN 5%

The following beneficial shareholder held, directly or indirectly, 5% or more of the issued shares of the Company.

SHAREHOLDER	Number of shares	% of issued capital
Hosken Consolidated Investments Limited ("HCI")	238 107 145	82.11%

SHAREHOLDER SPREAD

To the best of the knowledge of the directors and after reasonable enquiry, the spread of shareholders at 31 March 2020, was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Public shareholding	**3 447**	**99.83%**	**50 875 802**	**17.54%**
Non-Public shareholding	**6**	**0.17%**	**239 124 198**	**82.46%**
HCI (direct)	1	0.03%	232 777 041	80.27%
HCI (indirect)	1	0.03%	5 330 104	1.84%
FE Meyer (direct)*	1	0.03%	102 813	0.04%
FE Meyer (indirect)*	1	0.03%	4 756	0.00%
TG Govender (direct)*	1	0.03%	87 808	0.03%
TG Govender (indirect)*	1	0.03%	821 676	0.28%
Total	**3 453**	**100.00%**	**290 000 000**	**100.00%**

** Directors*

STAKEHOLDERS

Passengers	Suppliers	Government	Regulatory bodies	Industry	Employees/ unions	Shareholders/ investors	Communities
Delivery of safe and reliable scheduled passenger transport	Long-term planning, contracting and subsequent payment for goods and services	Participation in optimised regulation of industry and lobbying	Long-term engagement with Provincial Regulating Entity to ensure compliance	Involvement at various levels in the South African Bus Operators Association (SABOA)	Employment, wages and other employee benefits	Dividends and share price appreciation	Investment in community projects through transport projects and direct monetary contributions

STRATEGY

HPLR's strategy entails:

- Consolidating and maximising the performance of existing investments;
- Identifying and acquiring transport and logistics related businesses in niche markets; and
- Leveraging economies of scale and industry expertise in existing operations as a basis for pursuing investment opportunities with feasible risk/reward profiles.

HPLR will seek to increase shareholder value through:

- Enhancing the value of established business operations

  The Group will seek to enhance the value of its current business operations by improving operating margins and refining operating efficiencies across the full spectrum of the entire business value chain.
- Entrenching first tier status of entities in public transport contracts

  The Group will strive to deliver over and above the stipulated mandate in contracts that are subsidy based to entrench the Group's legacy as a proficient public transport service operator.
- Harnessing competencies in logistic driven operations to gain entrée into niche markets.

  We aim to identify opportunities across the entire logistics value chain that has synergies with existing businesses which can be effectively integrated to deliver organic growth.

STRATEGIC ACTIVITIES:

Emphasis has been given to a number of focus areas which include:

- Improved operating margins through an automated fare collection system, savings on unproductive kilometres and on-going fleet recapitalisation;
- Use of existing diverse skill sets in the management of logistic driven operations to identify and pursue future acquisitions;
- Expansion of existing operations into new areas;
- Use of purpose-built Training and Recruitment Centre to supply services to external clients; and
- Optimisation of benefits offered by sustainable technologies throughout the operations.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER'S REPORT

The changing of guard in political leadership in May 2019 ushered in renewed business confidence amidst a volatile geo-political environment characterised by trade wars, Brexit and a recessionary local economy undermined by variable power supply and a weak fiscal position.

Despite this, the local demand for reliable road-based passenger public transport services in a spatial environment typified by low population densities and urban sprawl continues to be the basis upon which the Group's sustainability and organic growth potential is grounded.

For the review period, the performance of the Group was anchored in the steady performance of its major subsidiary, Golden Arrow Bus Services Proprietary Limited, even in the face of a constrained macro-economic environment and volatile operating conditions.

The onset of the COVID-19 pandemic has impacted the mobility of people and goods. The Group's bus services have been designated as essential services during the lockdown period and all companies in the Group have been able to operate limited bus services during this time.

This will present both challenges and opportunities to operators as the alignment to regulations will induce additional fiscal support and the scale of operations will have to be tailored commensurate to demand.

REVIEW OF GROUP RESULTS

Group profit for the period is reflected at R262.9 million (a 7.3% increase on prior year) and headline earnings at R250.5 million (an increase of 6.9% on prior year). Group revenue increased by 15.1% on the prior year and operating costs increased by 14.2%, resulting in an 18.6% increase in operating profit (EBITDA). The prior year comparative results were predominantly affected by a five-week labour strike in the first quarter of FY2019.

During the review period, the Group concluded the acquisition of the remaining shares in both Sibanye Bus Services Proprietary Limited and Table Bay Area Rapid Transport Proprietary Limited on 1 April 2019 and 31 July 2019 respectively, acquiring an additional 33.33% of Sibanye on each of these dates and an additional 24.97% in TBRT on each of these dates. The acquisition of the additional shares in Sibanye Bus Services Proprietary Limited, previously held as an Investment in associate, contributed R91.3 million to revenue for the Group and R17.3 million to Group profit after tax for the year.

GOLDEN ARROW BUS SERVICES ("GOLDEN ARROW")

As the principal subsidiary of the HPLR Group, Golden Arrow harnessed its century and a half's operational experience to produce a steady all round performance through the implementation of stringent efficiency interventions in the operations, technical and support divisions of the company.

During the reporting period, Golden Arrow posted a commendable 13% increase in EBITDA bolstered by a 9% rise in revenue and the vigilant controlling of costs, which rose by 8%. Diesel and manpower remain the major cost elements with the former increasing by 7% and the latter impacted by an 8% wage settlement during the financial year.

As a public transport operator, Golden Arrow is predisposed to fluctuations in the performance of the general economy, which during the period under review was characterised by a technical recession and a stagnant growth curve.

Despite this, overall passenger volumes showed a relatively marginal decline which in part could be ascribed to a migration of passengers because of a dysfunctional rail service and the termination of the N2 Express MyCiTi service.

The year under review commenced with heightened civil unrest in most of Golden Arrow's operational areas in the run-up to the general elections. As a result of unrest, 13 buses were destroyed in arson attacks. A spike in robberies also emerged, which prompted the engagement of dedicated law enforcement officers seconded through a MOU with the City of Cape Town.

Operationally, the company maintained a creditable 96% efficiency ratio of completing first trips on time, with the data intelligence derived from its Automatic Fare Collection system providing a sound empirical base for the scheduling of trips and optimal fleet utilisation.

This was complemented by a rigorous focus on the reduction of overtime costs, the cutting of non-revenue earning kilometres and executing a more productive schedule throughout the year.

On the technical side, bus breakdowns were contained at an historically low level mainly due to the consistent recapitalisation of the overall fleet combined with stringent planned maintenance schedules geared to extending the unit life of major components.

The installation of a new software program restricting driver acceleration in 263 buses provided a platform for recording annual average fuel savings of 5%. The energy savings resulting from improved fuel efficiencies also enabled Golden Arrow to apply for a tax incentive under section 12L of the Income Tax Act. Using the calorific value calculation, equivalent energy savings of 5,472,166 kWh were realised during the financial year, which translated to a tax allowance of R5.2 million.

On the labour front, the application to be exempted from applying an across the board increase due to the significant wage differentials between employees performing the same job, was referred to the Labour Appeal Court for final adjudication after two hearings in the Labour Court.

Whilst the matter has been in abeyance, Golden Arrow implemented the settlement increase percentage of 8% to the minimum rates of Bargaining Council positions and the Rand equivalent or CPI, whichever was the greatest, adjustment to rates above the minimum for the respective jobs. This was in line with the rationale embedded in the legal challenge yet to be decided by the Labour Appeal Court.

As has been the case in previous years, the Public Transport Operating Grant was modestly adjusted during the reporting period and a fares increase was implemented in December 2019 to offset above inflation wage increases and the effects of rising input costs.

Subsequent to the completion of the third phase of solar panel installations, the company's MultiMech facility received a credit on its electricity account for the last four months of the reporting period. Future solar electricity projects will include the company's Training Centre and Arrowgate depot.

Following the prolonged drought experienced in the Western Cape, a concerted focus was directed at the general image of the fleet. To this extent, an additional automated bus washing machine using recycled water was fitted at the Tollgate depot and an enhanced bus repainting program was introduced. The high percentage of recycled water used in the machines substantially reduced the overall bus washing costs across the company.

The training and ongoing development of human capital through a range of interventions continued to be a key focus area during the reporting period. In addition to the longstanding apprenticeship programme which absorbs 50 artisan trainees annually, the Transport Education and Training Authority (TETA) awarded discretionary grants for the engagement of ten tertiary qualified interns across a range of academic disciplines as well as for the skilling of 20 unemployed females as professional bus drivers.

The company's Training Centre also submitted its credentials to the National Artisan Moderation Body (NAMB) and the Quality Council for Trades and Occupations (QCTO) for accreditation as an assessment entity in the transport sector. This will enable Golden Arrow to oversee the assessment of technical trainees in the automotive industry, which will significantly broaden the Centre's capacity and provide opportunities to generate revenue in the training field.

With the global migration to electric vehicles, Board approval was given to purchase a 61 seater electric bus for a trial period. Furthermore, Golden Arrow was awarded a grant of R1 million from uYilo e-Mobility Programme to assist with the operational costs in testing the feasibility of using electric buses in commuter transport. The outcome of the trial will provide a sound empirical base for deciding on the suitability of electrically powered buses in the Golden Arrow operational environment.

Addressing the full impact of COVID-19 on mobility in general and bus travel in particular will be the main focus of the management team during the next financial year. The trimming of overheads to match the revenue base and engaging contracting authorities with the view to amending operating contracts to adequately deal with the myriad of uncertainties associated with the COVID-19 pandemic, are among the strategies that will be pursued.

TABLE BAY RAPID AREA TRANSIT ("TBRT")

Notwithstanding two wildcat strikes towards the end of 2019, TBRT increased its revenue by 18% and combined with vigilant compliance to the operating contract, succeeded in recording an increase in EBITDA of 16%.

Phase 1 MyCiTi operations experienced a significant drop in passenger numbers since the N2 Express service ceased operations at the end of May 2019. This was exacerbated by the City of Cape Town's decision to reduce the number of kilometres across the network as a result of lower passenger demand. TBRT challenged this approach by the City as it failed to uphold its obligations to manage the increase in illegal taxis which operate in direct competition to the MyCiTi services.

SIBANYE BUS SERVICES ("SIBANYE")

Although revenue increased marginally by 5%, Sibanye achieved a creditable increase in EBITDA of 15% which can be ascribed to a 4% decrease in overall costs as a result of lower repairs and maintenance expenses due to the recapitalisation of a third of its fleet during the past financial year.

The businesses along the Atlantic seaboard have been amongst the most affected by the downturn in the local economy resulting in changing travel patterns and a drop in the purchase of monthly travel products.

Plans are in progress to achieve higher vehicle utilisation by introducing more runoff trips in the peak period and to develop new travel products that match the changing profile and travel behaviour of the traditional customer base.

N2 EXPRESS JOINT VENTURE

The N2 Express MyCiTi contract expired on 31 May 2019. Legal action was launched by CODETA, a one-third joint venture partner, relating to the winding up of the N2 Express joint venture based on a claim that Golden Arrow is not a directly affected operator and should therefore not be a party to any new contract entered into with the City. Golden Arrow has opposed this claim and continues to fight this litigiously.

ELJOSA TRAVEL & TOURS ("ELJOSA")

As a result of the company expanding its fleet by an additional six vehicles during the reporting period it was able to grow its revenue by 20%. However, despite this growth in revenue the company posted a 48% decrease in EBITDA largely due to high repair and maintenance costs on its older vehicles, increased manpower related expenses, a declining luxury coach and tour market and a contraction of its business from March 2020 due to the COVID-19 lockdown regulations.

Consolidation in the luxury coach market and a marked decline in the schools markets are set to dominate the business segment in which the company operates as the effects of the COVID-19 restrictions unfolds.

ElJosa is acutely attuned to these changes and is poised to realign its market offering through proactively servicing its traditional customer base and taking advantage of opportunities that arise from rapidly changing inter-city and luxury coach business models.

CORPORATE GOVERNANCE

The report below outlines the Board's approach to Corporate Governance and the structures put in place to meet the Board's objectives in relation to good corporate governance.

APPROACH TO CORPORATE GOVERNANCE

The Board is fully committed to good corporate governance and is guided by the values of ethical behaviour throughout the business and plays a pivotal role in overseeing the delivery of the strategy; supporting effective decision-making and ensuring key risks are identified and properly managed.

The Board endorses the principles of fairness, responsibility, transparency and accountability and is committed to unwavering standards of business integrity and ethics in its business activities. The Board fully recognises the fact that robust corporate governance practices enhance both shareholder value and the long-term sustainability of the business, and as such, endeavours to implement and review the Group's governance structures and processes to make certain that they support effective and ethical leadership, good corporate citizenship and sustainable development.

As a corporate citizen, HPLR has a responsibility to conduct its affairs with diligence and responsibility, and to safeguard the interests of all stakeholders. The Board is accountable for the strategy, direction and corporate behaviour of the Company. This includes oversight of policies and procedures that promote Company conduct in accordance with the Group's code of ethics.

The Board endorses and is satisfied that HPLR, in all material aspects, complies with the major recommendations of the King IV code to ensure sound corporate governance structures are applied within the Group. Readers are referred to the HPLR King IV application register available on the company's website at www.hplr.co.za for more detail on the application of King IV and the Corporate Governance structure being instituted by the Group.

THE BOARD

The Board is responsible for leading and controlling the strategic and governance direction of the Group and is regulated by a formal charter that sets out the roles and responsibilities of the directors. The charter clearly specifies the division of responsibilities, and sets out the practices and processes the Board follows to discharge its responsibilities. The charter specifically sets a description of roles, functions, responsibilities and powers of the Board, the shareholders, the Chairperson, individual directors, company secretary and any prescribed officers and executives of the Company.

The directors have determined the decision-making authority given to management as well as those matters reserved for decision-making by the directors. The Board charter provides a clear balance of power and authority at Board level, such that no one individual or block of individuals can dominate the Board's decision-making.

The independent non-executive directors bring independent judgement to issues tabled at director meetings including Group strategy, performance and standards of conduct. Where appropriate, they constructively challenge the executives and ensure that the obligations towards the Company's shareholders are met. Executive directors contribute insight into daily operations.

The boards of the Company's major subsidiaries and operating divisions similarly constitute the necessary mix of skills, experience and diversity.

The Board has delegated powers and responsibilities to the elected Committees to execute the strategy and ensure that the objectives, as determined by the individual charters, are met. This ensures that there is a clear division of responsibilities at Board level, which safeguards against an individual exercising decision-making unfettered power.

The Board has unrestricted access to the external auditors, professional advisors, the services of the company secretary, the executives and the staff of the Company at any given time. Should a director require independent professional advice on any matters, the Board has agreed that this can be taken at the Company's expense.

The Board is evaluated every two years on a collective basis, and the CEO is evaluated annually on an individual basis. Such evaluation is based on a performance benchmark set by the Board in its charter. In turn, the Board evaluates the performance and effectiveness of the Board sub-committees every two years.

CHAIRPERSON AND CEO

The Chairperson leads the Board and is responsible for the governance of the Board and is also poised to facilitate constructive relations between the executive and the non-executive directors. It should be noted that the current Chairperson, Y Shaik, is not an independent director due to his directorship of HCI. In this regard, HPLR has appointed L Govender as lead independent director to act as Chairperson where the independence of the Chairperson may be compromised. Given the Chairperson's knowledge of the business and his commercial experience, the Board deems this arrangement appropriate and essential in achieving HPLR's business objectives.

The division of responsibilities of the Chairperson and CEO has been documented and approved by the Board to ensure a balance of power. There is a clear division between the role of the Chairperson and the CEO who is fully responsible and accountable for the operations of the Company, and whose role and function is formalised.

The Board has delegated the power to manage the daily operations of the Group to the CEO, who may delegate some of these powers. The CEO is supported by the executive management team of the individual subsidiary companies.

BOARD COMPOSITION AND GENDER AND RACE DIVERSITY

The Board of directors comprises five non-executive directors, three of which are independent, and two executive directors. The Company's ultimate controlling shareholder is HCI and is represented on the Board by Y Shaik and TG Govender, executive directors of HCI.

The Board has adopted and approved a gender and race diversity policy and will, in identifying suitable candidates for appointment as directors, consider candidates on merit against objective criteria with due regard for the potential benefits of gender and race diversity. Aspects of diversity encompassed in the policy, include, but are not limited to, making good use of differences in skills, industry experience, age, race, gender and other distinctions between members of the Board. The Board's aim is to ensure that at all times the Company has at least one female director. In addition, the Board's aim is to ensure that at least two of the directors are "black people" as defined in the Broad-Based Economic Empowerment Act, 2003, as amended.

The composition of the Board is regularly reviewed to ensure balance of power and authority, negate individual dominance in decision-making processes and to promote gender and race diversity per the Gender and Race Diversity policy.

MEETINGS OF THE BOARD

The Board of directors are scheduled to meet at least four times in a financial year, with additional meetings being held, if necessary, to deal with matters that require the Board's attention between the regular quarterly meetings. Directors are provided with substantive board papers adequately in advance to the scheduled meetings, to enable them to consider issues on which they are requested to make decisions. The following table details each director's attendance during the year under review:

	May 2019	August 2019	November 2019	March 2020
Y Shaik	✓	✓	✓	✓
TG Govender	×	✓	✓	✓
L Govender	✓	✓	✓	✓
NB Jappie	×	✓	✓	✓
RD Watson	✓	✓	✓	✓
FE Meyer	✓	✓	✓	✓
ML Wilkin	✓	✓	✓	✓

✓ *Attendance*
× *Apologies*

CONFLICTS OF INTEREST

The company secretary keeps a register of declarations of interest for all directors. Directors are not disqualified from contracting with the Group by virtue of their office. However, full disclosure of the nature of a director's interest is made at every Board meeting. Should a matter arise in which a director has an interest, the director is disqualified from voting and is required to recuse him/herself from any meeting where the matter is discussed.

Executive directors must distinguish between their role as director and that of manager. Should they be unable to reconcile the two roles, they are required to withdraw from the discussion and the voting.

DEALING IN THE COMPANY'S SECURITIES

HPLR has adopted a Group-wide share dealing policy to ensure compliance with the continuing obligations of the JSE Listings Requirements. This policy prohibits all directors and employees who have access to financial results and other price-sensitive information from dealing in HPLR's shares during certain prescribed prohibited periods, as defined by the JSE or when the Company is operating under a cautionary announcement.

The company secretary is charged with disseminating written notices to inform these employees of the insider trading legislation and to advise on closed periods. Details of share dealings by HPLR's directors or their subsidiaries are required to be disclosed to the Board and the JSE through the Stock Exchange News Service ("SENS"). Written requests by directors and their associates, officers and senior personnel to trade in shares and the requisite approval to trade in HPLR's shares, outside of closed periods, are kept on record at HPLR's office.

WHISTLE-BLOWER HOTLINE

HPLR is committed to conducting healthy business practices with honesty and integrity. For this reason, HPLR subscribes to a whistle-blowing service that enables all stakeholders to report anonymously on suspected dishonest behaviour. This service is administered independently by a professional services firm, and enables all stakeholders to anonymously report environmental, safety, ethics, accounting, auditing and control issues or other concerns. Awareness is created by advertising on staff notice forums and subsidiary company websites. The follow-up on all reported matters is co-ordinated by internal audit and reported to the Audit and Risk Committee at each Committee meeting.

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited, a juristic person, is the appointed company secretary of the Group and is appointed by the Board in terms of the Companies Act and in accordance with JSE Listings Requirements.

The Board has assessed, through discussion and assessment, the directors and the designated staff of the Company fulfilling the role of company secretary and is satisfied that they have the competence, qualifications and experience to effectively fulfil the role of company secretary. The company secretary provides support and guidance to the Board in matters relating to governance, ethical conduct and fiduciary duties.

Where required, the secretary facilitates induction and training for directors and coordinates the annual Board evaluation process. Directors have unrestricted access to the advice and services of the company secretary while maintaining an arm's-length relationship between the Board and the company secretary.

The company secretary attends all Board, Audit and Risk Committee and Social and Ethics Committee meetings.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act of South Africa, is included on page 39 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The directors confirm that, to the best of their knowledge, the Group has complied with the provisions of the Companies Act of South Africa, and operated in accordance with its memorandum of incorporation, during the year under review.

COMMITTEES OF THE BOARD

The Board of directors has delegated certain specific responsibilities to the following Committees:

- Audit and Risk Committee
- Remuneration Committee
- Social and Ethics Committee

Whilst overall responsibility remains with the Board, the Committees assist the Board in discharging its responsibilities and duties. Full transparency and disclosure of Committee deliberations is encouraged and the minutes of all Committee meetings are included in the agendas of subsequent Board meetings with the Chairperson of the sub-committees giving feedback to the Board.

All Committees are empowered to obtain such external or other independent professional advice as they consider necessary to carry out their duties. These Committees play an important role in enhancing good corporate governance and improving internal controls and, as a result, the Company's performance. Each sub-committee acts according to its charter or mandate, approved by the Board and reviewed annually, which sets out its purpose, membership requirements, and duties and reporting procedures.

Notwithstanding the delegation of functions to the sub-committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except in the case of the Audit and Risk Committee functions relating to the appointment, fees and terms of engagement of the external auditor.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("the Committee") submits this report for the financial year ended 31 March 2020, as required by section 94 of the Companies Act.

The Committee consists solely of independent non-executive directors being:

- L Govender (Chairperson)
- NB Jappie
- RD Watson – appointed 17 April 2019
- KF Mahloma – resigned 17 April 2019

The Committee is a formal committee of the Board appointed by the shareholders and functions within its documented terms of reference, which is reviewed annually. All members of the Committee are independent non-executive directors who act independently and are suitably skilled and experienced.

The overall objective of the Committee is to assist the directors to discharge their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and internal and financial control processes, the preparation of materially accurate financial reporting information and statements in compliance with all applicable legal and regulatory requirements and accounting standards and the oversight of the external and internal audit appointments and functions. This will be achieved by ensuring that consideration is given to the following:

- the accounting policies of the Group and any proposed revisions thereto;
- the effectiveness of the Group's information systems and internal financial controls;
- monitoring of the Group's risk management, exposure and internal controls;
- the appointment and monitoring of the effectiveness of the external auditors;
- the appropriateness, expertise and experience of the CFO;
- setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
- the Integrated Annual Report and specifically the annual financial statements included therein;
- oversight of the internal audit and external audit, and IT systems;
- evaluation of the performance of the internal audit function;
- the Group's going concern status; and
- compliance with relevant laws, regulations, rules, codes of conduct and standards.

The chief executive officer and the chief financial officer attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management are also invited to attend as required.

The Committee performs its duties by holding meetings with key management on a regular basis and by unrestricted access granted to the external and internal auditors.

The Committee met five times during the year under review. At least two non-conflicting members are required to form a quorum. The Committee is expected to hold at least four meetings per financial year. Individual directors' attendance at the Committee meetings is set out below:

Committee member	No. of meetings attended by member
L Govender	5
NB Jappie	3
RD Watson	5

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

In terms of the Companies Act, the Committee has adopted formal terms of reference, delegated to it by the Board of directors, as its charter.

The Committee fulfils an independent oversight role with respect to the Group's Integrated Annual Report, the financial statements and the reporting process, which includes the system of internal financial control. The Committee is ultimately accountable to both the Board and shareholders. The Committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King IV and additional responsibilities assigned by the Board.

The Committee is satisfied that, in respect of the financial period under review, it has performed all the functions required of it by law, including those set out in section 94 of the Act and in terms of the Committee's terms of reference and those more fully set out in the corporate governance report, included in the Group's Integrated Annual Report. In connection with the above, the Committee has:

- satisfied itself that the external auditor is independent of HPLR, as set out in section 94(8) of the Companies Act, and suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listing Requirements;
- assessed and nominated for re-election at the next annual general meeting, BDO South Africa Incorporated, as the external audit firm, and the appointment of Stephan Cillié as the designated auditor for the following year;
- in consultation with management, agreed the engagement letter, terms, audit plan and budgeted fees for the 2020 financial year;
- considered the nature of extent of non-audit services provided by the external auditor for the financial year ended 31 March 2020 and the fees thereof to ensure the independence of the external auditor is maintained;
- reviewed the external audit report on the annual financial statements and confirmed no reportable irregularities were identified or reported by the external auditor;
- reviewed the accounting policies and consolidated annual financial statements for the year ended 31 March 2020 and based on the information provided to the Committee, considers the Group complies, in all material aspects, with the requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), the Financial Reporting Procurements (as issued by the Financial Reporting Standards Council), the manner required by the Companies Act, and the JSE Listing Requirements;
- satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listing Requirements that the chief financial officer, as well as the finance function, has the appropriate expertise and experience; and
- reviewed and ensured that the consolidated interim condensed financial statements of the Group, in respect of the first six-month period of the financial year, complied with all statutory and regulatory requirements.

INTERNAL AUDIT

The Committee has oversight of the Group's financial statements and reporting process, which includes the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The Committee is responsible for the appointment of the internal auditors who report directly to the Chair of the Committee. The Group has appointed GRIPP Advisory Proprietary Limited to perform the internal audit function. The Committee oversees cooperation between internal and external auditors, and serves as a link between the Board of directors and these functions. In assessing the system of internal control, the Committee reviewed the internal audit reports and interrogated the findings directly with the internal auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is accountable for the process of risk management, and the system of internal control of the Group. The Committee is accountable to the Board for monitoring the risk management process. However, the Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The Committee's responsibilities in terms of risk are to ensure that:

- management designs, implements and monitors the risk management policies (as approved by the Board);
- risk assessments are performed on an ongoing basis;

- frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the Board receives assurance regarding the effectiveness of Group risk management.

Risk registers are presented to the Committee, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls documented per risk. This is achieved by requiring that subsidiaries report their key risks and responses to the Committee at each Committee meeting. The Chairperson of the Committee reports the most significant risks derived from the above process to the Board.

Material risks

A description of all immediately identifiable material risks which are specific to the Group, its industry and/or its issued ordinary shares is available on the Company's website at www.hplr.co.za.

PREPARATION AND RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee, taking into account the risk of fraud relating to financial reporting, has further considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the HPLR finance function, the effectiveness of the internal financial controls and the experience of the senior members of management responsible for the finance function.

The Committee has reviewed the stand-alone and consolidated annual financial statements of the Company and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

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

Based on the information provided, the consolidated annual financial statements were recommended for approval by the Board.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The Committee has evaluated the 2020 Integrated Annual Report, as well as the complete consolidated annual financial statements of the HPLR Group for the year ended 31 March 2020, and based on the information provided, has recommended them for approval by the Board.

L Govender
Chairperson

Audit and Risk Committee


EMERGENCY EXIT
NOODUITGANG

REPORT OF THE REMUNERATION COMMITTEE

The Group's Remuneration Committee has the following members:

- TG Govender (Chairperson);
- L Govender; and
- NB Jappie

Members of the Remuneration Committee are all non-executive directors, the majority of which are independent. The Chairperson of the Remuneration Committee is not independent, the Board however, deems this necessary to align the Company's remuneration policy with the corporate strategy of the larger HCI Group. The chief executive officer attends the meetings of the Remuneration Committee at the request of the Committee, but recuses himself from the meeting before any decisions are made.

The Remuneration Committee held two formal meetings during the financial year ended 31 March 2020, which was attended by Committee members as follows:

Committee member	No. of meetings attended by member
TG Govender	2
L Govender	2
NB Jappie	1

The Group's Remuneration Policy and the Implementation Report is tabled at each annual general meeting of the Group 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, HPLR will in its voting results announcement include an invitation to dissenting shareholders to engage with HPLR and the Board, as well as the manner and timing of such engagement.

FUNCTION AND ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is primarily responsible for reviewing and approving the remuneration and incentives of the executive directors and approving and awarding share incentives to executives and key management of the Group. It takes cognisance of local best practice relating to remuneration in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. In addition, the Remuneration Committee assists the Board in reviewing non-executive directors' remuneration recommendations, which are voted on at each annual general meeting of shareholders.

The Remuneration Committee focuses on ensuring that the Company's Remuneration Policy and framework is appropriate and relevant based on key principles including:

- the alignment of executive's remuneration and incentives with the Group's strategy to enhance and protect shareholder value;
- to determine and monitor the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities. The level of remuneration should be directly linked to corporate and individual performance; and
- remuneration packages should be designed to attract and retain people of the required calibre.

REMUNERATION POLICY

Executive directors remuneration

The Remuneration Committee is satisfied that the Remuneration Policy is aligned with the Company's remuneration philosophy. The executives' remuneration is reviewed annually by the Remuneration Committee, who seek to ensure a balance between the executives' base salary, which is fixed, and the variable elements of their remuneration such as bonuses and share options. The salary increases of the executives are usually similar to the average employees' salary increase, for non-union staff members.

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Remuneration Committee focuses on the following strategic components to remuneration:

- Fixed: representing basic salaries and benefits commensurate with market levels and with the goal of attracting and retaining suitable executives.
- Annual incentive awards: an incentive bonus linked to performance of the Group.
- Long term incentives: the Group operates a share scheme, The HPLR Group employee option scheme, which is discussed in more detail below. Awards are linked to corporate performance measures and subject to holding periods.

The remuneration and incentive bonuses of the executive directors is paid by the Group's major subsidiary, Golden Arrow Bus Services, however is subject to approval by the Remuneration Committee.

Non-executive directors remuneration

Non-executive directors receive fixed fees for their services as directors of the Board and as members of Board sub-committees. These fees are reviewed annually by the Remuneration Committee and are recommended by the Board to shareholders for approval at the annual general meeting.

The proposed fee structure, subject to shareholder approval, effective from 1 November 2020 to the 2021 annual general meeting of shareholders is set out in the table below:

Type of fee	Current Fee (excl VAT)	New Proposed Fee (excl VAT)
Board members – annual fee	R 116 850	R 116 850
Board committee members – annual fee*	R 48 310	R 48 310

** Where a non-executive director is a member of more than one Board Committee of the Company, the annual Board Committee fee is limited to R48 310.*

These fees are comparable with those of similarly sized companies. Non-executive directors do not receive short-term incentives and do not participate in the Group share option scheme. Taking into consideration, the potential effect from the COVID-19 pandemic on Group performance for the 2021 financial year-end the Remuneration Committee (supported by the Board) proposed that no fee increase would be implemented for the 2021 financial year-end.

The Group pays all reasonable travelling and accommodation expenses incurred to attend Board and Committee meetings.

THE HPLR GROUP EMPLOYEE OPTION SCHEME

The Group operates a share option scheme, known as The HPLR Group Employee Option Scheme ("the Scheme"), in terms of which shares in the Company are offered on a share option basis to participants, provided they remain in the Group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date. Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over a periods of three to five years. The maximum number of shares that may be utilised for the purposes of the Scheme is 21 750 000 shares.

In terms of the Scheme, share options, other than the first grant, are awarded to eligible participants at a 10% discount to the 20-business day volume weighted average middle market price, as at the grant date. The number of share options granted is determined using a multiple of the participant's salary, divided by the discounted market price.

During the financial year ended 31 March 2020, the Remuneration Committee awarded a total of 1 194 437 options at a weighted average option price of R3.33 (2019: 2 544 126 options at an option price of R3.70). Refer to the Implementation Report below for details of the share options awarded to executive directors.

IMPLEMENTATION OF THE REMUNERATION POLICY

The Remuneration Committee is satisfied that the Group complied with the Remuneration Policy for the 2020 financial year. The Board endorses the Remuneration Committee's position that the Group's Remuneration Policy appropriately takes into account the remuneration and employment conditions of employees in the Group as well as relevant external factors.

REMUNERATION

The executive directors' remuneration and incentive bonuses were approved by the Remuneration Committee and endorsed by the Board. Salary increases were in line with inflation and average increases applied to non-unionised staff across the Group.

The following sets out the remuneration paid to directors for the years ended 31 March 2020 and 31 March 2019.

Year ended 31 March 2020	HPLR Group directors' fees R'000s	Directors' fees R'000s	Salary R'000s	Fringe benefits including medical aid R'000s	Pension contri-butions R'000s	Bonus R'000s	Gain from share schemes R'000s	Total R'000s
Executive directors								
FE Meyer	–	–	3 115	784	291	3 833	–	8 023
ML Wilkin	–	–	2 440	509	228	3 288	–	6 465
	–	**–**	**5 555**	**1 293**	**519**	**7 121**	**–**	**14 488**
Non-executive directors								
Y Shaik	160	–	3 976	–	–	–	2 017	6 153
TG Govender	160	–	1 965	–	–	–	2 373	4 498
L Govender	185	187	–	–	–	–	–	372
NB Jappie	160	193	–	–	–	–	–	353
RD Watson	153	1 165						1 318
KF Mahloma	7	–	–	–	–	–	–	7
Paid by HCI subsidiaries not in the HPLR Group	–	(1 545)	(5 941)	–	–	–	(4 390)	(11 876)
Total paid by HPLR Group	**825**	**–**	**5 555**	**1 293**	**519**	**7 121**	**–**	**15 313**

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2020 and 31 March 2019.

Y Shaik was remunerated by HCI as executive director for the years ended 31 March 2020 and 31 March 2019.

TG Govender was remunerated by HCI as executive director for the years ended 31 March 2020 and 31 March 2019.

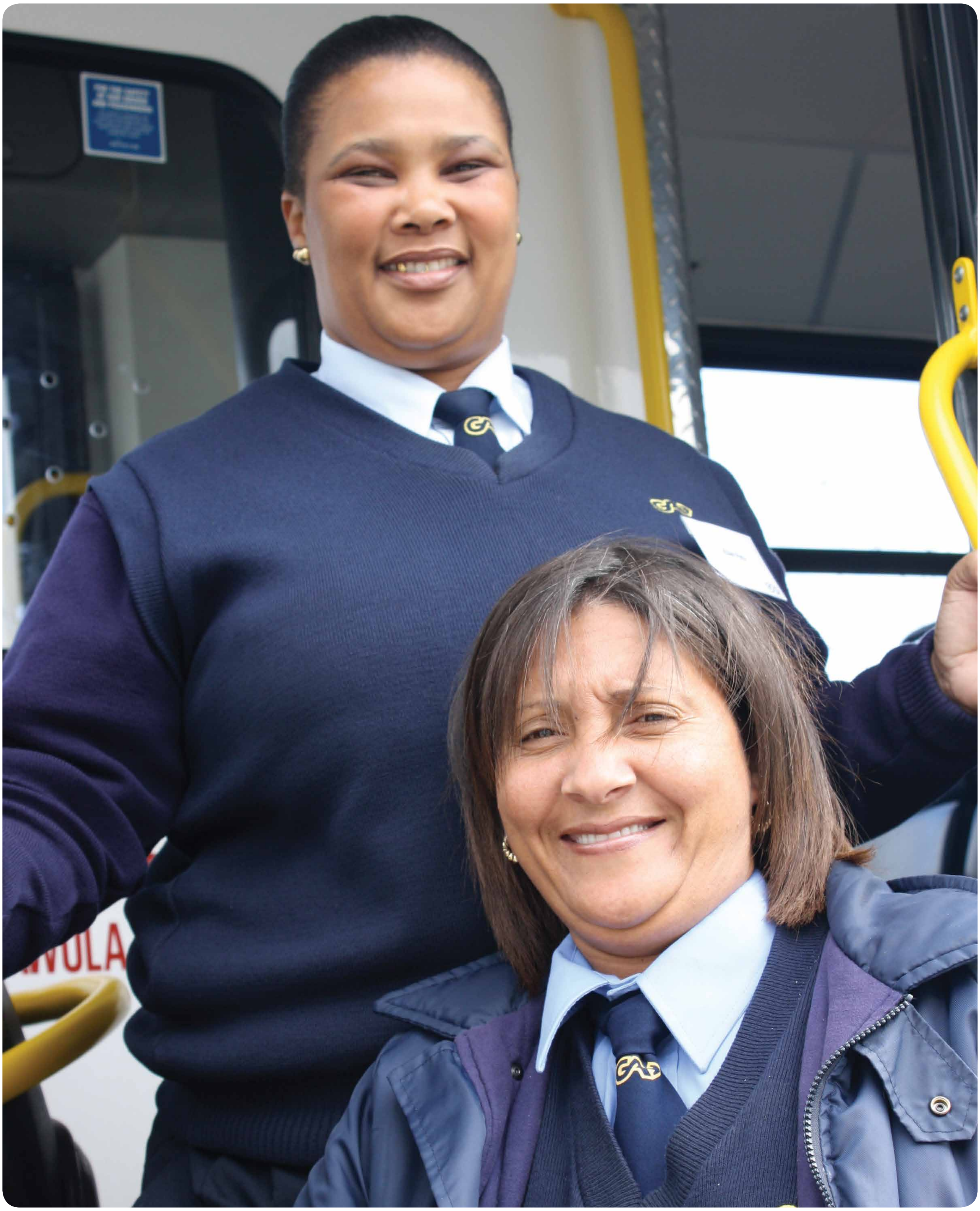
L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the year ended 31 March 2020 and 31 March 2019.

NB Jappie was remunerated by Deneb Investments Limited as non-executive director for the years ended 31 March 2020 and 31 March 2020.

RD Watson was remunerated by HCI, E-Media Holdings Limited and Deneb Investments Limited as non-executive director for the year ended 31 March 2020.

KF Mahloma resigned from the Board on 17 April 2019 and RD Watson was appointed to the Board on 17 April 2019.

Year ended 31 March 2019	**HPLR Group directors' fees R'000s**	**Directors' fees R'000s**	**Salary R'000s**	**Fringe benefits including medical aid R'000s**	**Pension contri-butions R'000s**	**Bonus R'000s**	**Gain from share schemes R'000s**	**Total R'000s**
Executive directors								
FE Meyer	–	–	2 939	694	275	3 602	–	7 510
ML Wilkin	–	–	2 302	499	215	2 822	–	5 838
	–	**–**	**5 241**	**1 193**	**490**	**6 424**	**–**	**13 348**
Non-executive directors								
Y Shaik	151	130	3 787	–	–	1 600	2 146	7 814
TG Govender	140	130	1 908	67	–	806	1 854	4 905
L Govender	148	169	–	–	–	–	–	317
NB Jappie	159	183	–	–	–	–	–	342
KF Mahloma	148	–	–	–	–	–	–	148
Paid by HCI subsidiaries not in the HPLR Group	–	(612)	(5 695)	(67)	–	(2 406)	(4 000)	(12 780)
Total paid by HPLR Group	**746**	**–**	**5 241**	**1 193**	**490**	**6 424**	**–**	**14 094**



THE HPLR GROUP EMPLOYEE OPTION SCHEME

The following share options have been awarded to executive directors:

	2020		2019	
	Number of share options	**Weighted average exercise price R**	Number of share options	Weighted average exercise price R
FE Meyer				
Balance at the beginning of the year	**2 227 244**	**6.67**	2 016 344	6.98
Options granted	**272 707**	**3.28**	210 900	3.70
Balance at the end of the year	**2 499 951**	**6.30**	2 227 244	6.67
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	**672 115**	**6.98**	672 115	6.98
Between 22 March 2022 and 22 September 2022	**70 300**	**3.70**	70 300	3.70
Between 31 March 2022 and 30 September 2022	**672 115**	**6.98**	672 115	6.98
Between 16 March 2023 and 16 September 2023	**90 902**	**3.28**	–	–
Between 22 March 2023 and 22 September 2023	**70 300**	**3.70**	70 300	3.70
Between 31 March 2023 and 30 September 2023	**672 115**	**6.98**	672 115	6.98
Between 16 March 2024 and 16 September 2024	**90 902**	**3.28**	–	–
Between 22 March 2024 and 22 September 2024	**70 300**	**3.70**	70 300	3.70
Between 16 March 2025 and 16 September 2025	**90 902**	**3.28**	–	–
ML Wilkin				
Balance at the beginning of the year	**1 395 724**	**6.67**	1 263 484	6.98
Options granted	**170 883**	**3.28**	132 240	3.70
Balance at the end of the year	**1 566 607**	**6.30**	1 395 724	6.67
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	**421 161**	**6.98**	421 161	6.98
Between 22 March 2022 and 22 September 2022	**44 080**	**3.70**	44 080	3.70
Between 31 March 2022 and 30 September 2022	**421 161**	**6.98**	421 161	6.98
Between 16 March 2023 and 16 September 2023	**56 961**	**3.28**	–	–
Between 22 March 2023 and 22 September 2023	**44 080**	**3.70**	44 080	3.70
Between 31 March 2023 and 30 September 2023	**421 162**	**6.98**	421 162	6.98
Between 16 March 2024 and 16 September 2024	**56 961**	**3.28**	–	–
Between 22 March 2024 and 22 September 2024	**44 080**	**3.70**	44 080	3.70
Between 16 March 2025 and 16 September 2025	**56 961**	**3.28**	–	–

No additional share options have been awarded to directors from year-end to the date of this report. As the first tranche of share options only vest in the 2021 financial year-end, there are no long-term incentive outcomes to report for the year ended 31 March 2020.

TG Govender
Chairperson

Remuneration Committee

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Group's Social and Ethics Committee comprises the following members:

- NB Jappie (Chairperson)
- FE Meyer
- Y Shaik
- RD Watson (appointed 17 April 2019)
- KF Mahloma (resigned 17 April 2019)

The Social and Ethics Committee assists the Board in monitoring the Company's performance as a good responsible corporate citizen. The Committee comprises executive and non-executive directors with the majority being non-executive directors and the Chairperson being an independent non-executive director.

The Social and Ethics Committee is responsible for monitoring the Group'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 Group's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

In discharging its duties, the Social and Ethics Committee gives regard to:

- the 10 principles set out in the United Nations Global Compact;
- the OECD recommendations regarding corruption;
- the Employment Equity Act;
- the Broad-Based Black Economic Empowerment Act, 53 of 2003;
- good corporate citizenship;
- environment, health and public safety; and
- labour and employment.

The Social and Ethics Committee draws to the attention of the Board, matters within its mandate as occasion requires and will report to the shareholders at the Group's annual general meeting on such matters. In order to carry out its functions, the Social and Ethics Committee is entitled to request information from any directors or employees of the Group, attend and be heard at general shareholders' meetings, and receive notices in respect of such meetings.

The Committee held two formal meetings during the financial year ended 31 March 2020, which was attended by Committee members as follows:

Committee member	No. of meetings attended by member
NB Jappie	1
RD Watson	2
Y Shaik	2
FE Meyer	2

Please refer to the Corporate Responsibility section of this Report on pages 34 to 37 which details the various aspects overseen by the Social and Ethics Committee, and encompasses the Report of the Social and Ethics Committee.

NB Jappie
Chairperson

Social and Ethics Committee


CITY
5002
RTMS
MAN
CA 943-779

CORPORATE RESPONSIBILITY

INTRODUCTION

HPLR prioritises its role as a responsible corporate citizen through a number of initiatives related to environmental sustainability, corporate social investment, Broad-Based Black Economic Empowerment and a progressive approach to developing human capital.

ENVIRONMENT

HPLR's approach to the environment and sustainability stems from the sincere wish to ensure that the Group's activities are sustainable and that its ecological footprint is as small as possible. This is achieved through innovation and commitment to industry best practices.

Group policy includes:

- The promotion of sustainable development and ensuring that the actions of the Group meet the needs of the present, while minimising the cost to future generations.
- Monitoring of compliance with environmental legislation, regulations and other requirements, and other requirements and observance of the standards propagated by appropriate local or international authorities where no such legislation exists.
- Detailed reporting on environmental and recycling initiatives.
- Encouraging and motivating all Group employees to adhere to environmental protection and pollution prevention policies in order to meet environmental objectives.
- Auditing, monitoring and reviewing subsidiary progress and compliance and communicating this to all interested parties.

ENVIRONMENTAL SUSTAINABILITY

Environmental management programmes, sustainability and energy-efficiency strategies are implemented within the Group's environmental management policy.

METHODOLOGY

Catalyst calculated the carbon and water footprints for Golden Arrow for the 2020 financial year. The carbon footprint was calculated according to the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, a widely used corporate GHG accounting and reporting standard.

As was done last year, this year's conversion factors were sourced from the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines and the South African Department of Environmental Affairs' Technical Guidelines for Monitoring, Reporting and Verification of GHG Emissions by Industry. These conversion factors do not change on an annual basis, making the carbon footprinting process easier.

Some emission factors, such as those for business travel captured under Scope 3 emissions, were still sourced from the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA).

The organisational boundary was set according to the operational control approach, whereby Golden Arrow reports on all GHG emissions from facilities and activities over which it has operational control.

EMISSIONS SUMMARY

Golden Arrow's scope 1 and 2 emissions in the 2020 financial year were 83 424 tCO_2e. This represents an increase of 2% relative to the restated scope 1 and 2 emissions for the 2019 financial year which were 78 817 tCO_2e.

The biggest contributor to Golden Arrow's scope 1 and 2 emissions was diesel consumed in Golden Arrow's buses. Emissions from diesel consumed in Golden Arrow's buses constituted 95% of Golden Arrow's scope 1 and 2 emissions.

The increase of 2% in Golden Arrow's scope 1 and 2 emissions primarily results from an increase in diesel consumed in Golden Arrows' buses.

Scope 2 emissions totalled 3 607 tCO_2e in the reporting year. This is a 2% increase relative to the scope 2 emissions in the 2019 financial year.

The biggest contributors to Golden Arrow's scope 2 emissions were Arrowgate (48%), Epping (24%), Southgate (13%) and Philippi (13%).

The increase in scope 2 emissions is mainly due to increases in electricity consumption for Arrowgate, Southgate, Philippi and Epping. The biggest increase is in the electricity consumption for Arrowgate.

Scope 3 emissions from the HPLR companies are attributable to emissions from diesel consumed in MyCiTi and Associate's buses, business travel and emissions from electricity consumed in various properties that are not owned by Golden Arrow.

Scope 3 emissions totalled 10 547 tCO_2e in the reporting year. This is a 23% decrease relative to emissions in the 2019 financial year which were 13 720 tCO_2e.

Diesel consumed in MyCiTi and Associate's buses is the largest contributor to Scope 3 emissions by far.

The significant decrease in scope 3 emissions results from a decrease in the diesel consumed in MyCiTi and Associate's buses. This was primarily due to the N2 Express contract not being renewed.

WATER USAGE

Golden Arrow's water withdrawals from the City of Cape Town's treated potable water supply in the 2020 financial year were 14ml. This represents a 7% decrease relative to the water withdrawals in the 2019 financial year (restated).

Philippi is the largest water user (52%), followed by Epping (23%). Arrowgate was responsible for 20% of Golden Arrow's water withdrawals.

The decrease in water withdrawals is mainly due to a significant decrease in water withdrawals for Philippi. This includes water withdrawals for Southgate. The decrease is mainly due to the installation of well points at both Philippi and Southgate.

CORPORATE SOCIAL INVESTMENT

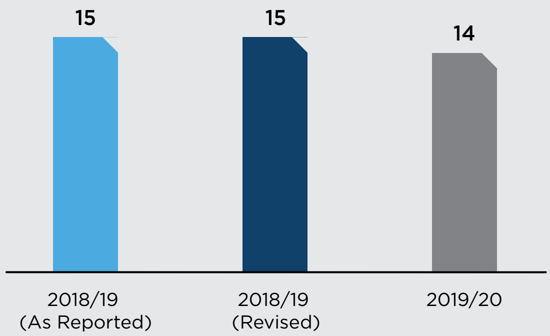
PROJECTS AND PROGRAMMES

Community Transport Programme

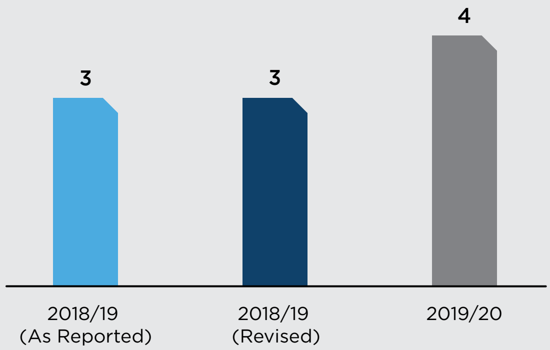
The Community Transport Programme is an extension of the Golden Arrow Foundation Grassroots Programme, which through the HCI Foundation has extended its reach from seven beneficiaries in 2005 to 41 beneficiaries in 2020.

The Programme has a current annual budget allocation of R3.75 million and benefits more than 110 000 children on an annual basis.

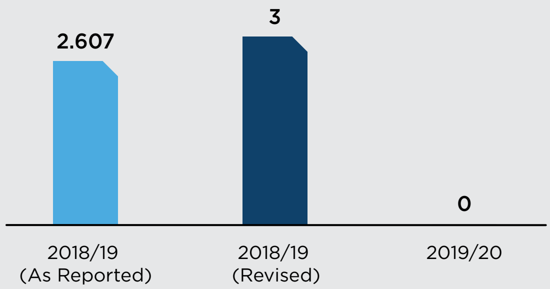
Water withdrawals (ML)



Water discharges (ML)



Water consumption (ML)



Beneficiaries include, amongst others, the Amy Foundation, Applauz Arts Initiative, the Artscape, the Baxter Theatre, Bridgetown Theatre Company, Cape Town Opera, the College of Magic, the Cape Town Science Centre, Grassroots, the Junior Traffic Training Centre (JTTC), Iziko Museums, The Magnet Theatre, Sisanda Fundaytion and the Zip Zap Circus School.

Gugulethu Pensioners

Golden Arrow has been offering sponsored bus services to the Gugulethu chapter of the Cape Peninsula Organisation for the Aged (CPOA) for more than 25 years. The service runs from Monday to Friday and more than 50 old age pensioners are able to socialise in a safe and friendly environment as a result.

The service makes a significant and tangible difference to the quality of life experienced by its beneficiaries. This sponsorship allows old age pensioners who would have been sitting at home alone, vulnerable to social ills, to spend time in a safe environment where they receive healthy meals and enjoy the companionship of their peers. Members love their drivers dearly and look forward to their daily trips wholeheartedly.

Pauline Podbrey Foundation

In 2010 Maurice Podbrey decided to start a foundation that would honour the memory of his sister, Pauline, a fearless apartheid activist. When a struggling football club in Makhaza was brought to his attention he knew it would be a perfect fit' despite the fact that his sister had not been particularly sporty. It was the spirit of the project that called to Maurice Podbrey and which ultimately resonated with the community transport programme.

The Pauline Podbrey Foundation raises funds and oversees the financial management for the City Masters Sport and Education Club. The club was founded in 2005 by two brothers who persevered on meagre resources out of their home and backyard shed to provide a haven to youngsters in their area. Today the Club operates out of a clubhouse which allows girls and boys to pursue their passion for sport while strengthening educational abilities and interests.

There are currently 12 soccer and netball teams ranging from under nine to over 21s who are coached during the week, fitted out in togs, and bused on weekends to the Athlone League where they play in a professionally-run organisation that demands punctuality, I.D. cards, membership and good conduct.

Before and after practice on weekdays, supervised homework sessions take place in the clubhouse and the results have been excellent.

ElJoSa's CSI Initiatives

ElJoSa's primary market is the scholar transport and as such their CSI initiatives tend to focus on providing transport for youth-based organisations and initiatives. Beneficiaries over the last year include CBC St Johns, Sisanda Fundaytion, Miss, Mr & Ms Deaf SA, Alta Du Toit Nasorg, Eurecon Primary, Paarl School and Shiloh Synergy.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

HPLR's B-BBEE contribution is consolidated as part of the HCI group's B-BBEE certification process. HCI achieved a level 2 B-BBEE rating which confirms its place as one of the largest empowered entities on the JSE.

HPLR remains committed to empowerment at all levels of its operations through its partnerships and socio-economic initiatives.

A copy of the full B-BBEE certificate can be viewed on hplr.co.za.

OUR PEOPLE

HPLR recognises the need to retain and develop its most valuable asset – its employees. Human capital is a key focus and training and Development for the Group is predominantly situated at Golden Arrow's custom built Training and Recruitment Centre.

The Group's human capital strategy is driven by two central tenets:

- Continuous development of existing employees starting at learnership and apprenticeship levels and extending as far as senior management levels.
- Creation of training and employment opportunities through innovative partnerships.

TRAINING AND DEVELOPMENT ACHIEVEMENTS

- 12 apprentices appointed during this review period comprised of three auto-electricians, six vehicle body builders, one diesel mechanic and two spray painters.
- Five apprentices passed their trade tests and three were absorbed into the company's staff complement.
- 52 apprentices in total at Golden Arrow.
- The Bus Driver Short Course (BDSC) provided training to a total of 237 trainees.
- In terms of discretionary grants, five Golden Arrow employees were awarded bursaries to study Road Transport Management at the University of Johannesburg and 10 interns were appointed.
- Golden Arrow granted 32 bursaries to employees. For the period under review bursary payments totalled R721 639.
- Golden Arrow facilitated technical training including safety training, fueller training, workshop assistant training and apprentice safety and induction training.
- 66 bus drivers received safety refresher training.
- Workplace approval was granted for Golden Arrow and TBRT in December 2019.
- Golden Arrow's Training Centre accredited until March 2021.
- DBD pilot study with General Reasoning Test GRT2 assessment, 127 DBD's tested. GRT2 assessments implemented December 2019.
- Implemented written traffic signal assessment and scenario based video assessment.

OCCUPATIONAL HEALTH AND SAFETY

The Group complies with the Occupational Health and Safety Act (OHS Act), as well as the National Environmental Management Act (NEMA). In March 2020 Golden Arrow formed a COVID-19 Task Team which comprises management, the nursing sister, the social worker and union representatives. The Task Team ensures that the response to COVID-19 has been holistic and effective.

COVID-19 RESPONSE

Golden Arrow, Sibanye and TBRT were classified as essential service providers as of 27 March 2020. This was as a result of the integral role that the companies play in transporting health care and other frontline essential personnel who were working during lockdown. Through the Task Team a number of preventative measures were implemented which included but were not limited to:

- Application of specialized 24-hour germ and virus-killing surface cleaner to buses at least twice daily and surfaces every two hours.
- Compulsory use of masks.
- A close working relationship with the Departments of Transport, Health and Labour.
- Strictly enforced limitations on passenger numbers on each bus in line with regulations.
- Each frontline staff member equipped with gloves, masks and sanitiser.
- Bus drivers are in enclosed cabins.
- Screening and temperature testing for every person entering company premises.
- Strictly enforced social distancing.

INCIDENCE OF DISCRIMINATION

The Group's ethos is rooted in fairness and this is championed through its code of ethics. There is a zero-tolerance approach to any form of discrimination and this is made concrete through formalised grievance and disciplinary procedures. A confidential whistle-blowing hotline is available for all stakeholders.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Employees throughout the Group are guaranteed freedom of association and are free to join the unions of their choosing. The Group actively seeks to foster positive and transparent relationships with unions throughout its subsidiaries.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of Hosken Passenger Logistics and Rail Limited ("HPLR" or "the Group") are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group and for other information contained herein.

The summarised consolidated annual financial statements, set out on pages 44 to 56, and the consolidated annual financial statements for the year ended 31 March 2020, available on HPLR's website, have been prepared, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited consolidated annual financial statements.

The consolidated annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The consolidated annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

The directors are satisfied that the information contained in the consolidated annual financial statements fairly represents the results of operations for the year and the financial position of the Group at year-end. The accuracy of the other information included in this report was considered by the directors and they are satisfied that it accords with the consolidated annual financial statements.

The directors are also responsible for the Group's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the foreseeable future.

The consolidated annual financial statements were audited by the independent auditor, BDO South Africa Incorporated, to whom unrestricted access was given to all financial records and related information. The report of the independent auditor is presented on page 43.

The directors, whose names are stated below, hereby confirm that –

(a) the consolidated annual financial statements, fairly present in all material respects the financial position, financial performance and cash flows of the Company in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Company; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having applied the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have taken the necessary remedial action. There has been no fraud that involved directors.

The consolidated annual financial statements for the year ended 31 March 2020 were approved by the Board of directors on 28 July 2020 and are signed on its behalf by:

FE Meyer
Chief executive officer

ML Wilkin
Chief financial officer

Cape Town
28 July 2020

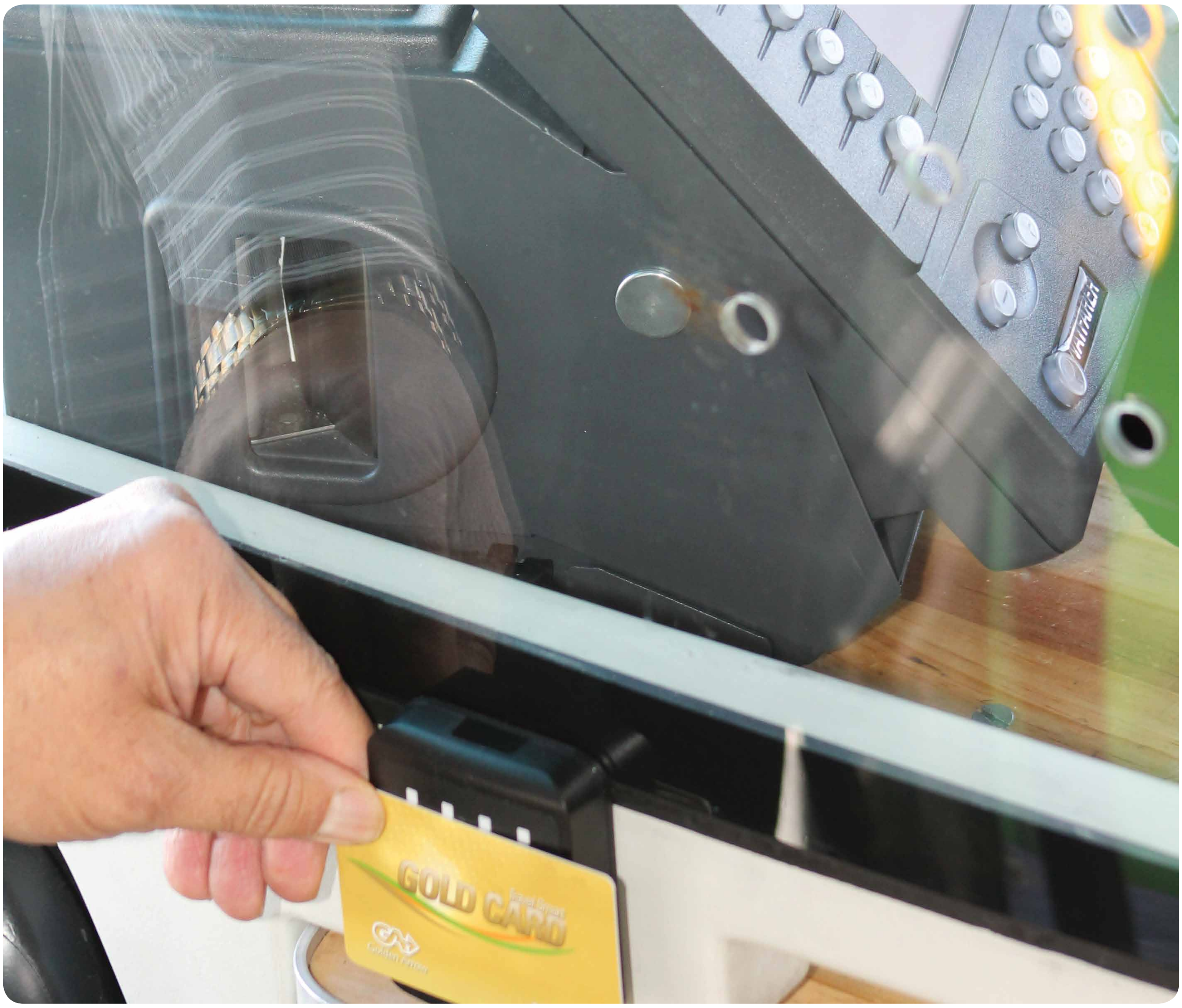
DECLARATION BY COMPANY SECRETARY

We certify that Hosken Passenger Logistics and Rail Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2020, all such returns as required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
28 July 2020



DIRECTORS' REPORT

NATURE OF BUSINESS AND OPERATIONS

The Company is an investment holding company and holds interests in various subsidiaries operating within the transport sector. Its investment holdings are detailed below.

There have been no material changes to the nature of the Group's business from the prior year.

RESULTS

Refer to the Chairperson and CEO's Report on pages 15 to 17 for an overview of the performance of the Group for the period under review.

CASH DIVIDENDS

During the course of the financial year, the Company paid a final ordinary dividend in respect of the year ended 31 March 2019 of 28 cents per share on 18 June 2019 and an interim ordinary dividend in respect of the year ended 31 March 2020 of 14 cents per share on 17 December 2019. The Board declared a final ordinary dividend in respect of the year ended 31 March 2020 of 31 cents per share on 29 May 2020 which was paid on 22 June 2020.

SHARE CAPITAL

There was no change in the authorised or issued share capital of the Company during the period under review. At 31 March 2020, the total shares in issue was 290 000 000.

MAJORITY SHAREHOLDER

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 82.11% of the issued share capital of the Company at 31 March 2020 (2019: 75.07%).

DIRECTORATE

The directors of the Company who held office during the year under review and at the date of this report are as follows:

Directors	Office	Designation	
Mr Y Shaik	Chairperson	Non-executive	
Mr FE Meyer	Chief executive officer	Executive	
Mr ML Wilkin	Chief financial officer	Executive	
Mr TG Govender		Non-executive	
Mr L Govender	Lead independent	Independent non-executive	
Ms NB Jappie		Independent non-executive	
Ms RD Watson		Independent non-executive	(appointed 17 April 2019)
Ms KF Mahloma		Independent non-executive	(resigned 17 April 2019)

In accordance with the Company's MOI and Section 10.16(g) of the JSE Listing Requirements, one-third of non-executive directors will retire at the forthcoming annual general meeting. In terms of which Mr L Govender and Ms NB Jappie, being the retiring directors, and being eligible, offer themselves for re-election.

DIRECTORS' REPORT (continued)

DIRECTORS EMOLUMENTS

Details of directors' emoluments and share options awarded to executive directors are included in the Implementation of the Remuneration Policy section on pages 28 to 31.

SHAREHOLDINGS OF DIRECTORS

At year-end and at the date of this report the following directors held shares in the Company:

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
FE Meyer	102 813	0.0%	4 756	0.0%	107 569	0.0%
TG Govender	87 808	0.0%	821 676	0.3%	909 484	0.3%
	190 621	0.1%	826 432	0.3%	1 017 053	0.4%

COMPANY SECRETARY

The secretary of the Company is HCI Managerial Services Proprietary Limited, whose details are set out on the Corporate Information page.

INVESTMENTS

Company	Nature of business	Holding
HPL and R Investments Proprietary Limited	Investment Holding	100%
Golden Arrow Bus Services Proprietary Limited	Transport services	100%
Table Bay Area Rapid Transit Proprietary Limited	Transport services	100%
Sibanye Bus Services Proprietary Limited	Transport services	100%
K2019623129 Proprietary Limited (Shuttle Up)	Transport services	90%
Eljosa Travel & Tours Proprietary Limited	Transport services	76%
N2 Express Joint Venture Proprietary Limited	Transport services	33.33%

On 1 March 2020 the Group acquired 90% of the shares of K2019623129 Proprietary Limited, a shuttle service business trading as Shuttle Up (see also note 3 Business combinations).

GOING CONCERN

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The impact of the COVID-19 pandemic and the subsequent national lockdown on 27 March 2020 has had a severe impact on the South African economy. The Group's bus services have been designated as essential services during the lockdown period and all companies in the Group have been able to operate limited bus services during the lockdown period, although at reduced passenger numbers in comparison to the prior year.

The directors are not aware of any other material changes that may adversely impact the Group nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Group.

In preparing the cash flow forecasts utilised, the impact of the COVID-19 pandemic on the Group's operations and liquidity together with measures taken by subsidiaries to mitigate the financial and operational impact of COVID-19 were considered. The Group has no financial covenants imposed by its funders. Based on these cash flow forecasts the

DIRECTORS' REPORT (continued)

directors are of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

AUDITORS

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Stephan Cillié as designated auditor for the year ended 31 March 2020.

NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Group since the publication of its provisional results for the year ended 31 March 2020.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting held on 12 September 2019:

- Granting the Company a general authority to allot and issue the Company's unissued ordinary shares (or to issue options or convertible securities into ordinary shares) for cash, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listing requirements;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 October 2019 until the next annual general meeting of the Company; and
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirement paragraph 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

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

SUBSEQUENT EVENTS

Due to a reduction in demand during the COVID-19 lockdown and the uncertainty going forward, Golden Arrow Bus Services Proprietary Limited entered into a Section 189 retrenchment process with its workforce, resulting in the retrenchment of approximately 12.5% of its workforce in July 2020 at a total termination cost of approximately R9.2 million.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Group significantly.

PREPARER

These annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Hosken Passenger Logistics and Rail Limited

OPINION

The summarised consolidated financial statements of Hosken Passenger Logistics and Rail Limited, set out in the Integrated Annual Report, which comprise the summarised consolidated statement of financial position as at 31 March 2020, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Hosken Passenger Logistics and Rail Limited for the year ended 31 March 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Hosken Passenger Logistics and Rail Limited, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 28 July 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Stephan Cillié
Director
Registered Auditor

28 July 2020

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 R'000	2019 R'000
ASSETS			
Non-current assets		1 786 707	1 610 505
Property, plant and equipment	2	1 730 134	1 579 256
Right-of-use asset	1	25 360	–
Goodwill		27 298	8 451
Intangible assets		62	57
Investments in associates		3 358	22 342
Deferred taxation		495	399
Current assets		576 927	609 825
Inventories		19 541	17 559
Trade and other receivables		60 826	68 933
Taxation		6 937	2 376
Cash and cash equivalents		489 623	520 957
Total assets		2 363 634	2 220 330
EQUITY AND LIABILITIES			
Equity		1 226 588	1 158 702
Equity attributable to equity holders of the parent		1 228 751	1 115 079
Non-controlling interest		(2 163)	43 623
Non-current liabilities		695 780	633 272
Borrowings		25 700	48 188
Instalment sale obligations		314 200	292 994
Lease liability	1	23 549	–
Post-employment medical benefit liability		55 835	64 675
Deferred taxation		276 496	227 415
Current liabilities		441 266	428 356
Trade and other payables		161 980	155 513
Post-employment medical benefit liability		4 559	4 354
Borrowings		22 603	21 586
Instalment sale obligations		155 027	145 315
Taxation		2 028	5 653
Provisions		95 069	95 935
Total equity and liabilities		2 363 634	2 220 330

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Revenue	5	2 048 402	1 779 849
Other income		18 827	14 541
Operating expenses		(1 578 572)	(1 382 392)
Operating profit (EBITDA)		488 657	411 998
Depreciation and amortisation		(93 411)	(81 471)
Investment income		25 774	48 810
Income from equity accounted investments		436	10 999
Fair value adjustment on associate on change of control		9 163	–
Finance costs		(50 312)	(45 014)
Profit before taxation		380 307	345 322
Taxation		(117 397)	(100 406)
Profit for the year		262 910	244 916
Profit attributable to:			
Equity holders of the parent		261 042	233 908
Non-controlling interest		1 868	11 008
		262 910	244 916
Earnings per share (cents)			
Basic and diluted		90.01	80.66

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 R'000	2019 R'000
Profit for the year	262 910	244 916
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit plans	12 709	(2 730)
Taxation relating to actuarial gains/(losses) on defined benefit plans	(3 559)	764
Total comprehensive income for the year	272 060	242 950
Total comprehensive income attributable to:		
Equity holders of the parent	270 192	231 942
Non-controlling interest	1 868	11 008
	272 060	242 950

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2020

	2020		2019	
	R'000 Gross	R'000 Net	R'000 Gross	R'000 Net
Earnings attributable to equity holders of the parent		261 042		233 908
Profit on disposal of plant and equipment	(11 568)	(8 329)	(913)	(657)
Impairment of plant and equipment	13 151	9 469	10 903	7 850
Insurance claim for capital assets	(6 287)	(4 527)	(9 492)	(6 834)
Fair value adjustment on associate on change of control	(9 163)	(7 110)	–	–
Headline earnings		250 545		234 267
Earnings per share (cents)				
Basic and diluted		90.01		80.66
Headline earnings per share (cents)				
Basic and diluted		86.39		80.78
Weighted average number of shares in issue ('000)				
Basic and diluted		290 000		290 000
Actual number of shares in issue ('000)		290 000		290 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Balance at the beginning of the year		1 158 702	1 406 308
Adjustment on initial application of IFRS 15		–	(4 272)
Adjustment on initial application of IFRS 16		293	–
Total comprehensive income		272 060	242 950
Equity settled share-based payments		4 876	3 816
Acquisition of subsidiaries (non-controlling interest portion)	3	17 520	–
Effects of changes in shareholding	4	(105 063)	–
Dividends		(121 800)	(490 100)
Balance at the end of the year		**1 226 588**	1 158 702

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities		**276 403**	356 795
Cash generated from operations		509 101	456 820
Investment income		25 774	55 012
Finance costs		(50 312)	(45 014)
Taxation paid		(86 360)	(69 423)
Ordinary dividends paid		(121 800)	(40 600)
Cash flows from investing activities		**(9 584)**	404 038
Dividends received		2 000	7 000
Business combinations	3	13 056	–
Acquisition of property, plant and equipment		(38 587)	(56 348)
Acquisition of intangible assets		(5)	–
Proceeds from settlement of financial asset		–	448 417
Proceeds from sale of plant and equipment		13 952	4 969
Cash flows from financing activities		**(298 153)**	(548 006)
Funding raised	6	–	60 000
Funding repaid	6	(192 487)	(158 506)
Principal paid on lease liabilities		(603)	–
Transactions with non-controlling shareholders	4	(105 063)	–
Special dividends paid		–	(449 500)
Total cash movement for the year		**(31 334)**	212 827
Cash and cash equivalents			
At the beginning of the year		520 957	308 130
At the end of the year		**489 623**	520 957

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated annual financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the Companies Act. The Listings Requirements require summarised consolidated annual financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), and Financial Pronouncements (as issued by the Financial Reporting Standards Council) and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summarised consolidated annual financial statements were derived, are compliant in terms of IFRS and are consistent with those applied in the previous annual financial statements, other than the adoption of IFRS 16 Leases. IFRS 16 has been adopted from 1 April 2019 using the modified retrospective approach whereby no comparative figures were restated, but instead the transitional adjustments were recognised in opening retained earnings. The application of IFRS 16 has resulted in the Group recognising a right-of-use asset and a corresponding lease liability in its statement of financial position. Refer to the change in accounting policy note below for further details on the application of IFRS 16. Details of the standards adopted are provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 1/2019 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

OPERATING SEGMENT

The directors have considered the implications of IFRS 8: Operating segments, and are of the opinion that the operations of the Group constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the Chief Operating Decision-Maker, who is the Group's chief executive officer.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Change in Accounting Policy

The Group adopted IFRS 16 using the modified retrospective approach from 1 April 2019. Applying the specific transition provisions of IFRS 16, the comparatives for the 2018 reporting periods have not been restated, and instead, the resulting adjustments and reclassifications have been recognised in the opening balance sheet on 1 April 2019.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- a single discount rate was applied to a portfolio of leases with reasonably similar characteristics;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date; and
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the lease term remaining as of the date of initial application.

The Group further elected not to recognise right-of-use assets and lease liabilities for leases of low value assets based on the value of the underlying asset when new.

On adoption of IFRS 16, the Group recognised a right-of-use asset and lease liability in relation to the lease of a property which had previously been classified as an operating lease. Included in the measurement of this lease liability is an option to purchase the property on the expiry of the lease term in February 2022 for a consideration of R22.5 million.

The right-of-use asset was measured at the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the lease.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Change in Accounting Policy (continued)

The lease liability was measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 9%.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	R'000
Right-of-use asset	25 425
Deferred tax liability	(114)
Lease liability	(25 018)
Restatement of retained earnings as at 1 April 2019	**293**

The following table reconciles the minimum lease commitments disclosed in the Group's 2019 annual financial statements to the amount of the lease liability recognised on 1 April 2019:

	R'000
Minimum operating lease commitment at 31 March 2019	8 813
Plus: effect of option to purchase reasonably certain to be exercised	22 500
Undiscounted lease payments	31 313
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(6 295)
Lease liability recognised at 1 April 2019	**25 018**

Included in profit for the period are R0.07 million of depreciation on right-of-use assets and R2.23 million of finance costs on the lease liability. Short-term and low-value leases included in other operating expenses for the year were R1.69 million and R0.40 million respectively. Lease payments of R2.83 million were recognised in respect of the lease liability, of which R0.60 million related to the principal amount.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Change in Accounting Policy (continued)

Reconciliation of right-of-use asset	R'000
Recognised on adoption of IFRS 16 (1 April 2019)	25 425
Depreciation	(65)
Carrying value as at 31 March 2020	**25 360**

The right-of-use asset is depreciated on a straight-line basis over the remaining economic life of the asset.

Reconciliation of lease liability	R'000
Recognised on adoption of IFRS 16 (1 April 2019)	25 018
Finance costs	2 228
Lease payments	(2 831)
Carrying value as at 31 March 2020	24 415
Of which:	
Current (included in trade and other payables)	866
Non-current	23 549
	24 415

Subsequent to initial measurement, the lease liability increases as a result of interest charged at a constant rate on the balance outstanding and is reduced by lease payments made.

2. Property, plant and equipment

The movement in property, plant and equipment is summarised as follows:

	Carrying value at 31 March 2019 R'000	Additions R'000	Business Combi-nations R'000	Depre-ciation R'000	Disposals R'000	Impair-ments R'000	Carrying value at 31 March 2020 R'000
Buses	1 180 966	180 117	58 850	(83 177)	(2 242)	(12 462)	1 322 052
Computer hardware, fare collection and radio equipment	63 142	3 941	188	(6 491)	–	(689)	60 091
Land and building and leasehold improvements	326 962	12 297	–	(43)	–	–	339 216
Motor vehicles	3 467	1 794	1 850	(1 891)	(67)	–	5 153
Plant and machinery	3 714	639	–	(1 500)	(75)	–	2 778
Furniture and fixtures	1 005	71	10	(242)	–	–	844
Total	**1 579 256**	**198 859**	**60 898**	**(93 344)**	**(2 384)**	**(13 151)**	**1 730 134**

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

3. Business combinations

In line with the Group's strategy to expand its interests in transport-related businesses, Golden Arrow Bus Services acquired 33.33% of the shares in Sibanye Bus Services Proprietary Limited ("Sibanye"), previously a 33.33% held associate, effective 1 April 2019 for a purchase consideration of R26.5 million resulting in the Group gaining control on this date. The remaining 33.34% shares were acquired on 31 July 2019 for a purchase consideration of R26.5 million and reflect as a change in shareholding in the statement of changes in equity, as detailed below.

The acquired business contributed R91.3 million to revenue for the Group and R17.3 million to Group profit after tax for the year ended 31 March 2020.

On 1 March 2020 the Group acquired 90% of the shares of K2019623129 Proprietary Limited, a shuttle service business trading as Shuttle Up, for a total consideration of R2.3 million. This Company did not trade for the year ended 31 March 2020 and as such it had no effect on Group revenue nor profit after tax for the year ended 31 March 2020.

A summary of the cost of acquisitions, net cash flow on acquisitions and analysis of assets and liabilities acquired are as follows:

	Sibanye R'000	Shuttle Up R'000	Total R'000
Non-current assets	59 050	1 850	60 900
Current assets	48 070	580	48 650
Non-current liabilities	(35 540)	–	(35 540)
Current liabilities	(19 804)	–	(19 804)
Net assets acquired	**51 776**	**2 430**	**54 206**
Non-controlling interest	(17 257)	(263)	(17 520)
Fair value of previously held interest	(26 583)	–	(26 583)
Goodwill on acquisition	18 647	200	18 847
Purchase consideration	**26 583**	**2 367**	**28 950**
Cash and cash equivalents on date of acquisition	(41 426)	(580)	(42 006)
Net cash (in)/outflow on acquisition	**(14 843)**	**1 787**	**(13 056)**

Goodwill arose on acquisition and can be attributed to the benefits of expected synergies and revenue growth.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

4. Effects of changes in shareholding

Reflected in the statement of changes in equity is an amount of R105 million, which reflects the total changes in shareholding from the acquisition of the remaining non-controlling interests in both Table Bay Area Rapid Transport Proprietary Limited ("TBRT") and Sibanye.

Further reflected in the cash flow statement is the R105 million payment for the transaction with the non-controlling shareholders, comprising R26.5 million for the final 33.33% of Sibanye acquired on 31 July 2019 and R78.5 million for the remaining 49.94% of TBRT acquired equally on 1 April 2019 and 31 July 2019.

5. Revenue

Group revenue for the year is made up as follows:

	2020 R'000	2019 R'000
Revenue from bus services provided		
Revenue recognised over time		
Operational contract carrying revenue risk	1 006 182	896 809
Operational contract with no revenue risk	136 433	113 916
Sale of multi-journey tickets	545 728	472 682
Revenue recognised at a point in time		
Sale of single journey tickets	263 244	209 290
Charter hire services	84 562	69 943
Total revenue from bus services	2 036 149	1 762 640
Revenue from automotive repair services		
Revenue recognised at a point in time		
Bus and vehicle repair and maintenance	1 332	7 982
Other income		
Revenue recognised over time	3 649	1 833
Revenue recognised at a point in time	7 272	7 394
	10 921	9 227
Total revenue	2 048 402	1 779 849

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

6. Borrowings arising from financing activities

Movements in the carrying value of borrowings are as follows:

	2020 R'000	2019 R'000
Carrying value at the beginning of the year	508 083	450 210
Cash-flows:		
Raising of new debt (term loan)	–	60 000
Debt repayments	(192 487)	(158 506)
Non-cash:		
Raising of instalment sales obligations	160 272	156 379
Arising on business combination	41 662	–
	517 530	508 083

R160.2 million (2019: R156.4 million) of debt raised in the period relates to instalment sale obligations used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

7. Commitments

	2020 R'000	2019 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	7 521	–
Property, plant and equipment authorised and contracted to be expended	109 008	109 278

It is intended that this expenditure will be funded from bank finance and operating cash flows.

8. Related party transactions

Related party transactions similar to those disclosed in the Group's 2019 annual financial statements took place for the year ended 31 March 2020, and are disclosed in the Group's annual financial statements for the year ended 31 March 2020.