THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 apply to this cover page.

ACTION REQUIRED BY SHAREHOLDERS:

1. This entire Circular is important and should be read with particular attention to the section entitled "*Action required by Shareholders*", commencing on page 2.
2. If you are in any doubt as to what action to take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.
3. If you have disposed of all your Shares in Niveus, please forward this Circular and the attached Form of Proxy (*grey*) to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

NIVEUS

INVESTMENTS LIMITED

NIVEUS INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1996/005744/06)
Share code: NIV ISIN: ZAE000169553
("**Niveus**" or "**the Company**")

CIRCULAR TO SHAREHOLDERS

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relating to:

- the approval of the GABS Acquisition, in terms of which Newco will acquire the HPLR Sale Shares from HCI for the HPLR Purchase Consideration, to be settled by Newco through the issuing of the Newco Consideration Shares to HCI, such acquisition constituting a category 1 Related Party Transaction in respect of Niveus in terms of the JSE Listings Requirements;

and incorporating:

- a Notice of General Meeting; and
- a Form of Proxy (*grey*) for purposes of the General Meeting (only for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-Name Registration).

PSG CAPITAL	WERKSMANS ATTORNEYS	KPMG	Grant Thornton
Corporate Adviser and Sponsor	**Legal Adviser**	**Independent Expert**	**Auditor and Independent Reporting Accountant**

Date of issue: Monday, 18 December 2017

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Niveus and from the offices of PSG Capital, whose addresses are set out in the "Corporate Information" section of this Circular, from Monday, 18 December 2017 until Thursday, 18 January 2018 (both days inclusive). A copy of this Circular will also be available on Niveus' website (http://www.niveus.co.za).

CORPORATE INFORMATION

Directors
JA Copelyn* (Chairman)
MM Loftie-Eaton (Chief Executive Officer)
Carolyn Kristal (Chief Financial Officer)
A van der Veen*
Y Shaik*
LM Molefi**
JG Ngcobo**
RD Watson**

* Non-executive Directors
** Independent non-executive Directors

Date and place of incorporation
15 May 1996
South Africa

Company secretary
HCI Managerial Services Proprietary Limited
4 Stirling Street
Zonnebloem
Cape Town, 7925
(PO Box 5251, Cape Town, 8000)

Registered address
La Concorde
57 Main Street
Paarl, 7646

Independent Expert
KPMG Services Proprietary Limited
(Registration number 1999/012876/07)
1 Mediterranean Street
Foreshore, Cape Town, 8001
(PO Box 4609, Cape Town, 8000, South Africa)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Corporate Adviser and Sponsor
PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)
and at:
2nd Floor, Building 3, 11 Alice Lane
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore 2010)

Legal Adviser
Werksmans
155 5th Street
Sandton, 2196,
(Private Bag 10015, Sandton, 2146)

Holding Company of Niveus
Hosken Consolidated Investments Limited
(Registration number 1973/007111/06)
4 Stirling Street
Zonnebloem
Cape Town, 7925
(PO Box 5251, Cape Town, 8000)

Auditor and Independent Reporting Accountant
Grant Thornton Johannesburg Partnership
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(Private Bag X28, Benmore, 2010)

Administrator
Johnnic Holdings Management Services Proprietary Limited
(Registration number 1969/014373/07)
4 Stirling Street
Zonnebloem
Cape Town, 7925
(PO Box 5251, Cape Town, 8000)

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Notice of General Meeting		Enclosed
Form of Proxy (*grey*) for purposes of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-name Registration only)		Enclosed

ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares in Niveus, please forward this Circular and the attached Form of Proxy to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at La Concorde, 57 Main Street, Paarl on Thursday, 18 January 2018 at 10h00, at which General Meeting Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.

1. **DEMATERIALISED SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALISED SHAREHOLDERS**

1.1 **Voting at the General Meeting**

1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

1.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.

1.1.4 **You must <u>not</u> complete the attached Form of Proxy (*grey*)**.

1.2 **Attendance and representation at the General Meeting**

1.2.1 In accordance with the custody agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.2.1.1 attend, speak and vote at the General Meeting; or

1.2.1.2 send a proxy to represent you at the General Meeting.

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

2. **CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALISED SHAREHOLDERS**

2.1 **Voting and attendance at the General Meeting**

2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*grey*) in accordance with the instructions contained therein and lodging it, posting it or sending it via e-mail to the Transfer Secretaries to be received by them preferably by no later than 10h00 (South African time) on Tuesday, 16 January 2018, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the chairman of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)
Email: corporate.events@computershare.co.za

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 apply to the section below.

Salient dates relating to the General Meeting

	2017
Record date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 8 December
Circular incorporating the Notice of General Meeting and Form of Proxy *(grey)*, distributed to Shareholders on	Monday, 18 December
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Monday, 18 December
Announcement of distribution of Circular and notice convening the General Meeting published in the South African press on	Tuesday, 19 December
	2018
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Tuesday, 9 January
Record date for a Shareholder to be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 12 January
Forms of Proxy (*grey*) in respect of the General Meeting to be lodged at the Transfer Secretaries, preferably by 10h00 on	Tuesday, 16 January
Forms of Proxy (*grey*) not lodged with the Transfer Secretaries to be handed to the chairman of the General Meeting before the proxy exercises the rights of the Shareholder at the General Meeting on	Thursday, 18 January
General Meeting held at 10h00 on	Thursday, 18 January
Results of the General Meeting published on SENS on	Thursday, 18 January
Results of the General Meeting published in the South African press on	Friday, 19 January
Transaction anticipated to be implemented on or about	Thursday, 1 February

Notes:

1. The above dates and times are subject to amendment at the discretion of Niveus. Any such amendment will be released on SENS.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 9 January 2018 will not be eligible to attend, participate in and vote at the General Meeting.
3. All dates and times indicated above are South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

"Administration Agreement"	the administration agreement concluded between Niveus and the Administrator on 24 July 2012, as amended, in terms of which the Administrator provides various services, including company secretarial support, the provision of cash management services as well as developing and advising Niveus in relation to appropriate capital management strategies and interacting with key Shareholders, to Niveus;
"Administrator"	Johnnic Holdings Management Services Proprietary Limited (registration number 1969/014373/07), a private company incorporated under the laws of South Africa, particulars of which appear in the "*Corporate Information*" section of the Circular and which is a wholly-owned Subsidiary of HCI;
"B-BBEE"	broad-based black economic empowerment in terms of the Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003), as amended;
"Board" or "Directors"	the directors of Niveus from time to time, comprising, as at the Last Practicable Date, those persons whose names appear in the "*Corporate Information*" section of this Circular;
"Broker"	any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day, other than a Saturday, Sunday or public holiday in South Africa;
"Certificated Shareholders"	Shareholders who hold Certificated Shares;
"Certificated Shares"	Shares which have not yet been Dematerialised, title to which is represented by a share certificate or other Document of Title;
"CIPC"	the Companies and Intellectual Properties Commission;
"Circular"	this bound document dated Monday, 18 December 2017 to Shareholders, including all annexures hereto;
"Companies Act"	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
"Conditions Precedent"	the conditions precedent to the GABS Acquisition, as set out paragraph 5.2 of this Circular;
"CSDP"	a central securities depository participant registered in terms of the Financial Markets Act with whom a beneficial holder of shares holds a Dematerialised share account;
"Dematerialisation"	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and "Dematerialised" shall bear the corresponding meaning;
"Dematerialised Shareholders"	those Shareholders who hold Dematerialised Shares;
"Dematerialised Shares"	Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to Niveus;
"Effective Date"	the effective date of the GABS Acquisition, being the first Business Day of the month immediately after the month during which the last of the Conditions Precedent has been fulfilled or waived (to the extent legally permissible);
"Eljosa"	Eljosa Travel and Tours Proprietary Limited (registration number 2016/392192/07), a private company incorporated under the laws of South Africa, being a Subsidiary of HPLR, with HPLR holding 76% of the Eljosa shares in issue;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended;
"Form of Proxy"	for purposes of the General Meeting, the form of proxy (*grey*) for use only by Certificated Shareholders and Own-name Dematerialised Shareholders;
"GABS"	Golden Arrow Bus Services Proprietary Limited (registration number 1992/001234/07), a private company incorporated under the laws of South Africa on 9 March 1992 with its registered office at 103 Bofors Circle, Epping Industria, 7460, which will, after the implementation of the GABS Asset for Share Agreement, be a wholly-owned Subsidiary of HPLR;

"GABS Acquisition"	the acquisition by Newco of the HPLR Sale Shares from HCI for the HPLR Purchase Consideration, which is to be settled by the allotment and issue of the Newco Consideration Shares by Newco to HCI, on the terms set out in the GABS Acquisition Agreement, as detailed in paragraph 5 of this Circular;
"GABS Acquisition Agreement"	the asset for share agreement concluded on or about 29 November 2017 between HCI, Newco and La Concorde, giving effect to the GABS Acquisition Memorandum of Agreement and setting out the terms and conditions of the GABS Acquisition, a copy of which is available for inspection, as indicated in paragraph 18 of this Circular;
"GABS Acquisition Memorandum of Agreement"	the binding memorandum of agreement concluded on or about 14 September 2017 between HCI, Newco and La Concorde, setting out *inter alia* the high-level terms and conditions of the GABS Acquisition and matters ancillary and related thereto, a copy of which is available for inspection, as indicated in paragraph 18 of this Circular;
"GABS Asset for Share Agreement"	the asset for share agreement to be concluded between HCI and HPLR as a Condition Precedent to, and prior to implementation of, the GABS Acquisition, in terms of which HCI sells all of its shares in GABS to HPLR in exchange for the issue of new shares in HPLR;
"GameCo"	Niveus Invest 19 Limited (registration number 2015/269000/06), a public company incorporated under the laws of South Africa, being a wholly-owned Subsidiary of Niveus;
"GameCo Group"	GameCo and its Subsidiaries;
"GameCo Transaction"	the overarching transaction between HCI, Niveus and Tsogo, comprising of a series of inter-conditional transaction steps as set out in the GameCo Transaction Agreement, in terms of which, *inter alia*, Niveus unbundled its South African gaming interests (other than its sports betting and lottery interests), housed in the GameCo Group, by way of a distribution *in specie* of the shares held by Niveus in GameCo to its Shareholders, as more fully detailed in paragraph 7.3 below and in the GameCo Transaction Circular;
"GameCo Transaction Agreement"	the GameCo implementation agreement concluded on or about 27 June 2017 between HCI, Niveus and Tsogo, setting out *inter alia* the terms of the various steps and transactions comprising the GameCo Transaction;
"GameCo Transaction Circular"	the circular in respect of the GameCo Transaction distributed by the Company to its Shareholders on 16 August 2017;
"General Meeting"	the general meeting of Shareholders to be held at 10h00 on Thursday, 18 January 2018 at La Concorde, 57 Main Street, Paarl, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
"HCI"	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE and being the Holding Company of Niveus;
"Holding Company"	a "holding company" as defined in the Companies Act, but also includes an entity incorporated outside South Africa which, if incorporated in South Africa, would be a "holding company" as defined in the Companies Act;
"HPLR"	Hosken Passengers Logistics and Rail Proprietary Limited (registration number 2000/010463/07), a private company incorporated under the laws of South Africa on 30 May 2000 with its registered office at 4 Stirling Street, Zonnebloem, Western Cape, 7925, which is the Holding Company of Eljosa and which will, after the implementation of the GABS Asset for Share Agreement, be the Holding Company of GABS;
"HPLR Purchase Consideration"	an amount equal to R1 800 000 000, being the purchase consideration in terms of the GABS Acquisition Agreement for the HPLR Sale Shares, to be settled by way of the issue of the Newco Consideration Shares;
"HPLR Sale Shares"	all the ordinary no par value shares in HPLR, constituting 100% of the entire issued share capital of HPLR, held by HCI after the implementation of the GABS Asset for Share Agreement, and which are to be acquired by Newco in terms of the GABS Acquisition;
"IFRS"	the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body, as adopted or applied in South Africa;
"Independent Expert"	KPMG Services Proprietary Limited (registration number 1999/012876/07), further particulars of which appear in the "*Corporate Information*" section of this Circular;
"Independent Expert's Report"	the fairness opinion prepared by the Independent Expert on the GABS Acquisition, in accordance with the provisions of paragraph 10.4(f) read with schedule 5 of the JSE Listings Requirements, a copy of which is annexed to the Circular as **Annexure 11**;

"Independent Reporting Accountant"	Grant Thornton Johannesburg Partnership, further particulars of which appear in the "*Corporate Information*" section of the Circular, being the auditor of Niveus;
"Investec"	Investec Bank Limited (acting through its Corporate and Institutional Banking Division) (registration number 1969/004763/06), a public company incorporated under the laws of South Africa and conducting the business of a bank;
"Investec Second Tripartite Agreement"	the agreement titled "*Tripartite Payment Agreement and Payment Guarantee in respect of the Second and Third Instalment*" concluded between Investec, La Concorde SA and Warshay on 7 October 2016, in terms of which Investec, *inter alia*, guarantees payment by Warshay of the KWV Instalments;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa and which is licensed as an exchange in terms of the Financial Markets Act;
"JSE Listings Requirements"	the Listings Requirements of the JSE;
"KWV Assignment Agreement"	the assignment agreement to be concluded between Newco and/or La Concorde SA with a third party in terms of which, *inter alia*, such third party agrees to purchase the rights in and to the KWV Instalments on a date determined by HCI for a cash amount calculated by discounting the face value of such claims at a rate acceptable to HCI and Newco in respect of the period from the date on which payment is due in terms of the KWV Disposal Agreement to the implementation of such agreement, in the form and on terms acceptable to Newco and HCI;
"KWV Disposal"	the disposal by La Concorde and certain of its Subsidiaries of their operational assets, which included the property, plant and equipment used in the production of wine, brandies and other alcoholic beverages, as well as all inventories, all brands and all contractual arrangements with regard to purchasing, producing, distributing, marketing and selling of branded liquor products, in terms of the KWV Disposal Agreement;
"KWV Disposal Agreement"	the agreements concluded on or about 10 May 2016 between La Concorde and certain of its Subsidiaries on the one hand and New Rose 7 Proprietary Limited and Warshay, associated with the Vasari group on the other hand, including the written agreement titled "*Sale of Business Agreement*", recording the terms of the KWV Disposal;
"KWV Instalments"	the second instalment of R237 503 019 and the third instalment of R257 690 776 payable to La Concorde SA under the KWV Disposal Agreement on, respectively, 1 October 2018 and 1 October 2019 (including all La Concorde SA's rights under and in terms of the Investec Second Tripartite Agreement);
"KWV Instalment PV"	as at any date ("**Calculation Date**") the present value of the KWV Instalments on that date, calculated by discounting the face value of each KWV Instalment from the due date for payment thereof to the Calculation Date at the original transactional rate, being 8.5% nominal annual compounded annually;
"La Concorde"	La Concorde Holdings Limited (registration number 2009/012871/06), a public company incorporated under the laws of South Africa, being a Material Subsidiary of the Company, with the Company owning 58% of the issued share capital of La Concorde;
"La Concorde Restructure"	the internal restructure by La Concorde of its interests in La Concorde SA and Newco, as set out in paragraph 5.1.4 of this Circular;
"La Concorde SA"	La Concorde South Africa Proprietary Limited (registration number 1997/020814/07), a private company duly incorporated under the laws of South Africa, being a wholly-owned Subsidiary of La Concorde;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, which date was Thursday, 7 December 2017;
"Legal Adviser"	Werksmans, a firm of attorneys, the particulars of which are set out in the "*Corporate Information*" section of this Circular;
"Long Stop Date"	30 January 2018, unless otherwise agreed to between the parties to the GABS Acquisition Agreement;
"Major Subsidiary"	a major subsidiary of Niveus, as defined in the JSE Listings Requirements, meaning a Subsidiary that represents 25% or more of the total assets or revenue of the consolidated Niveus Group, it being noted that La Concorde is the only Major Subsidiary of Niveus as at the date of this Circular;

"Material Shareholder"	a material shareholder of Niveus, as defined in the JSE Listings Requirements, meaning any person who is, or within the 12 months preceding the date of the GABS Acquisition was, entitled to exercise or control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general/annual general meetings of Niveus, or any other company that is its Holding Company, it being noted that HCI is the only Material Shareholder of Niveus as at the Last Practicable Date;
"MOI"	the memorandum of incorporation of Niveus;
"Newco"	Niveus Invest 17 Proprietary Limited (registration number 2015/250356/07), a private company duly incorporated under the laws of South Africa, currently being a wholly-owned Subsidiary of La Concorde SA, and which will, following implementation of the La Concorde Restructure, be a wholly-owned Subsidiary of La Concorde;
"Newco Consideration Shares"	180 ordinary no par value shares in Newco, constituting 62% of the entire issued share capital of Newco following the issue thereof, with an aggregate value equal to the HPLR Purchase Consideration, to be issued and allotted by Newco to HCI in settlement of the HPLR Purchase Consideration in terms of the GABS Acquisition Agreement;
"Niveus" or "the Company"	Niveus Investments Limited (registration number 1996/005744/06), a public company duly incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE, being a Subsidiary of HCI, with HCI holding, as at the Last Practicable Date, 52.28% of the Shares in issue;
"Niveus Group" or "Group"	Niveus and its Subsidiaries;
"Notice of General Meeting"	the notice of the General Meeting of Shareholders, forming part of this Circular;
"Own-name Registration" or "Own-name Registered" or "Own Name Dematerialised Shareholders"	Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"Prescribed Cash Amount"	an amount of R1 100 000 000 (i) less the KWV Instalment PV as at the Effective Date; (ii) plus the cash amount actually received by La Concorde SA or Newco (as the case may be) upon the assignment of the KWV Instalments in terms of the KWV Assignment Agreement (if such assignment occurs prior to the Effective Date), together with the interest which shall have accrued thereon from the date of receipt thereof ("**Discount Date**") to the Effective Date; and (iii) plus • if the KWV Assignment Agreement is implemented on or before the Effective Date, the lesser of: – R3 750 000; or – 50% of the difference between the KWV Instalment PV as at the Discount Date and the cash amount received by La Concorde SA or Newco (as the case may be), upon the assignment of the KWV Instalments in terms of the KWV Assignment Agreement; OR • if the KWV Assignment Agreement has not been implemented by close of business on the Effective Date, an amount of Rnil;
"PSG Capital" or "Sponsor"	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, particulars of which appear in the "*Corporate Information*" section of this Circular;
"Rand" or "R"	South African Rand;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"Related Party"	a "related party" as defined in paragraph 10.1(b) of the JSE Listings Requirements;
"Related Party Transaction"	a "related party transaction" as defined in paragraph 10.1(a) of the JSE Listings Requirements;
"SENS"	the Stock Exchange News Service of the JSE;
"Shares"	no par value ordinary shares in the Company's share capital;
"Shareholders" or "Niveus Shareholders"	registered holders of Shares;
"South Africa"	the Republic of South Africa;
"Tsogo"	Tsogo Sun Holdings Limited (registration number 2002/006556/06), a public company duly incorporated under the laws of South Africa, the ordinary shares of which are listed on the JSE;

"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
"Subsidiary"	a "subsidiary" as defined in the Companies Act;
"Transaction"	the transactions pursuant to the GABS Acquisition;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which are set out in the "*Corporate Information*" section of this Circular;
"Treasury Shares"	Shares beneficially owned by Subsidiaries of Niveus;
"Value Added Tax"	value-added tax, as levied in terms of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), as amended; and
"Warshay"	Warshay Investments Proprietary Limited (registration number 2012/018921/07), a private company incorporated under the laws of South Africa.

NIVEUS INVESTMENTS LIMITED

NIVEUS INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1996/005744/06)
Share code: NIV ISIN: ZAE000169553
("**Niveus**" or "**the Company**")

Directors:
JA Copelyn* (Chairman)
MM Loftie-Eaton (Chief Executive Officer)
Carolyn Kristal (Chief Financial Officer)
A van der Veen*
Y Shaik*
LM Molefi**
JG Ngcobo**
RD Watson**

* Non-executive Directors
** Independent non-executive Directors

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Shareholders are referred to the announcement by Niveus on SENS on 14 September 2017, advising that HCI, Newco and La Concorde had entered into the GABS Acquisition Memorandum of Agreement in respect of the GABS Acquisition.

1.2 The above parties have since, on or about 29 November 2017, entered into the GABS Acquisition Agreement, detailing the GABS Acquisition, involving:

1.2.1 the acquisition by Newco of the HPLR Sale Shares from HCI for the HPLR Purchase Consideration; and

1.2.2 the allotment and issue of the Newco Consideration Shares by Newco to HCI in settlement of the HPLR Purchase Consideration,

to be implemented on the Effective Date, on the terms and conditions as set out in the GABS Acquisition Agreement.

1.3 The GABS Acquisition constitutes a category 1 Related Party Transaction for Niveus in terms of the JSE Listings Requirements and therefore requires Shareholder approval by way of an ordinary resolution by a simple majority of the votes of Shareholders, other than the Related Party and its associates. The GABS Acquisition is a Related Party Transaction as Newco is a Subsidiary of Niveus and HCI is a Related Party of Niveus (HCI being a Material Shareholder and the Holding Company of Niveus, as it holds 52.28% of the Shares in issue). The Independent Expert has prepared the Independent Expert's Report, which is annexed to the Circular as **Annexure 11**.

1.4 The purpose of this Circular is to:

1.4.1 provide Shareholders with the relevant information relating to the GABS Acquisition so as to enable Shareholders to make an informed decision in respect of the resolutions set out in the Notice of General Meeting enclosed with this Circular; and

1.4.2 convene the General Meeting of Shareholders in order to consider and, if deemed fit, approve the resolutions authorising the GABS Acquisition.

2. THE BUSINESS OF HPLR AND GABS

2.1 HPLR was previously a wholly-owned dormant Subsidiary of HCI prior to its acquisition, on or about 1 October 2016, of a 76% shareholding in Eljosa. Eljosa was established in 2004 and operates in the luxury and semi luxury coach markets in Cape Town and the Winelands. As a Condition Precedent to the GABS Acquisition, HCI will, in terms of the GABS Asset for Share Agreement, sell all of its shares in GABS to HPLR in exchange for shares in HPLR, following which GABS will be a wholly-owned Subsidiary of HPLR.

2.2 GABS is the major public transport operator in the Cape Metropole, providing commuter bus services throughout a large part of the City of Cape Town. It is the only scheduled passenger transport operator in the Cape Metropole with Road Transport Management System accreditation and the largest bus fleet in South Africa to achieve the accreditation.

2.3 GABS has been providing scheduled passenger services in Cape Town for over 156 years. It operates approximately 1 018 buses during peak hours, serving 1 300 routes and covering a total area of approximately 2 460 km². The fleet travels 63.1 million kilometres, conveying 55.3 million passengers, annually.

2.4 Table Bay Rapid Transit Proprietary Limited, a Subsidiary of GABS, has been an official vehicle operating company for the City of Cape Town since 2013. It operates the trunk service along the Atlantic corridor from Table View to Cape Town's central business district ("**CBD**"), as well as services from the CBD to Sea Point and Camps Bay. The MyCiTi services from Khayelitsha and Mitchells Plain are operated by GABS as a subcontractor to the N2 Express Joint Venture Proprietary Limited with Mitchells Plain and Khayelitsha taxi operators.

2.5 GABS operates out of depots in Montana, Woodstock, Atlantis, Philippi and Blackheath (which are owned by a Subsidiary of GABS) and depots in Simon's Town and Kraaifontein (which are leased). The services from Atlantis have been subcontracted to Sibanye Bus Services Proprietary Limited, a joint venture established in 2001 between GABS, and two emerging bus operators, Abahlobo Transport Services Proprietary Limited and Siyakhula Bus Services Proprietary Limited.

2.6 GABS employs approximately 2 700 people. More than half of these – drivers, inspectors, regulators, small business unit managers, and operations managers – are directly involved with the running of bus services. In addition, GABS employs a large contingent of engineering staff, comprising electricians, body builders, fitters and turners, welders, sign writers and painters. Management, administrative staff, storemen, cleaners, and security officials make up the rest of the staff complement.

2.7 For the year ended 31 March 2017, GABS and its subsidiaries posted a 9% increase in operating profit and 11% increase in profit after tax. This was largely achieved through an increase in the number of passengers carried within GABS operations, supplemented by a steady revenue flow from joint venture partnerships. This exceptional performance was underpinned by stringent cost containment measures and ongoing operational and technical interventions, aimed at achieving benchmark efficiencies across the entire operation. These efficiencies will stand the company in good stead for the future, bearing in mind the weak outlook of the general economy.

2.8 Since HCI acquired GABS in 2004, HCI has given impetus to a number of strategic focus areas in GABS, which includes *inter alia*, the recapitalisation of the bus fleet, depot expansions, the purchase of a state of the art automated ticketing system, the construction of a new learning and recruitment centre, the consolidation of corporate social investment projects, subscription to optimal B-BBEE ratings, the measurement and monitoring of sustainability indices and the institution of a company-wide risk registry.

Fleet Recapitalisation

2.9 HCI introduced an ambitious fleet recapitalisation programme which realised the purchase of approximately 1 000 new buses at a cost of R1.5 billion from 2004 to date. This has enabled GABS to reduce the average age of its fleet from 18,3 years to 8,9 years which has markedly reduced overall maintenance and operational costs.

Depot Expansion

2.10 In 2008, the Southgate depot in Philippi was built at a cost of R42.3 million. This depot investment accommodates approximately a quarter of GABS' bus fleet and is strategically located to serve the sprawling and populous metro's south-eastern suburbs. The depot also received engineering accreditation as being an environmentally green building with all aspects of the design and construction implemented through the use of processes that are environmentally responsible and resource-efficient.

Automatic Fare Collection System

2.11 After a thorough procurement process, the tender for a company-wide roll-out of an Automatic Fare Collection ("**AFC**") system was awarded to Parkeon from the United Kingdom at a cost of R60 million. The AFC system will make provision for the selling and updating of contactless smart cards at various points and will control both cash fare validation and smart card validation aboard buses. It will also allow for the capturing of invaluable ridership data which had previously not been available for analysis and will facilitate better business decisions and ensure that GABS' offerings meet the exact needs of passengers.

New Learning Centre

2.12 With the extension of training to the City of Cape Town for MyCiTi Operators and the need to have a continuous and reliable pipeline of suitably qualified drivers, the GABS board of directors approved during August 2015 the construction of a new learning and recruitment centre at a cost of R30 million in Philippi. The centre will also accommodate the company's recruitment department and is poised to be entrenched as centre of driving excellence as well as promoting and developing skills and competencies that are allied to the commuter bus industry.

Corporate Social Investment

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

3. RATIONALE FOR THE GABS ACQUISITION

GABS operates an established business, as described in paragraph 2 of this Circular, with critical mass in the Cape Metropole. The business has a stable profit history and an established management team. The Board has indicated a preference for moderate risk investments with a high profit to cash conversion profile that will enable the Group to declare consistent dividends to its shareholders. GABS meets this profile.

4. THE BUSINESS OF THE NIVEUS GROUP

Following the recent implementation of the GameCo Transaction, the business of the Niveus Group currently comprises the following:

4.1 La Concorde

Niveus owns 58% of La Concorde. La Concorde (formerly known as KWV) was one of the leading wine and spirits producers in South Africa. The operational assets of La Concorde were sold on or aboout 1 October 2016 to the Vasari group for approximately R1 150 000 000 in terms of the KWV Disposal Agreement. The KWV Disposal did not include the non-operational assets, including the Laborie Estate, La Concorde's art collection, the La Concorde head office building (KWV) and other non-operational land, which continue to be held by La Concorde.

4.2 Bet.co.za

Niveus owns 42.59% of Betcoza Proprietary Limited, which operates online and retail sports betting licences in the Western Cape and Gauteng Provinces. In addition, it has non-operational licences in the Limpopo and Northern Cape Provinces.

4.3 Niveus AG

Niveus indirectly holds all the issued shares of Niveus AG, a company incorporated in Switzerland that procures and leases gambling machines to licenced operators in various jurisdictions.

5. TERMS OF THE GABS ACQUISITION

5.1 Overview

5.1.1 In terms of the GABS Acquisition, Newco shall:

5.1.1.1 acquire the HPLR Sale Shares from HCI for the HPLR Purchase Consideration; and

5.1.1.2 allot and issue the Newco Consideration Shares to HCI in settlement of the HPLR Purchase Consideration,

on the terms and conditions as set out in the GABS Acquisition Agreement. Following the GABS Acquisition, Newco will own 100% of HPLR's issued share capital, with HPLR, in turn, owning 100% of GABS.

5.1.2 As indicated in paragraph 5.2 below, the GABS Acquisition is subject to the fulfilment (or, where applicable, waiver) of various Conditions Precedent, including, *inter alia*, the conclusion of the GABS Asset for Share Agreement and the implementation of the La Concorde Restructure.

5.1.3 GABS is currently a wholly-owned Subsidiary of HCI. In terms of the GABS Asset for Share Agreement, HCI will sell all of its shares in GABS to HPLR in exchange for shares in HPLR. Following the GABS Asset for Share Agreement, GABS will be a wholly-owned Subsidiary of HPLR.

5.1.4 In anticipation of the GABS Acquisition, La Concorde will, in terms of an internal restructure, acquire from its 100% Subsidiary, La Concorde SA, the latter's 100% shareholding in Newco ("**La Concorde Restructure**"). This would enable La Concorde, in due course and post the implementation of the GABS Acquisition, to make the distribution contemplated in paragraph 7.5.2 below, subject to any shareholder approval that may be required at that time.

5.1.5 La Concorde SA currently owns the entire issued share capital of Newco. Upon the implementation of the La Concorde Restructure, Newco will become a wholly-owned Subsidiary of La Concorde. The La Concorde Restructure will result in Newco being capitalised by a cash or cash equivalent amount of R1 100 000 000.

5.1.6 La Concorde is a Major Subsidiary of Niveus, in which Niveus holds 58% of the issued share capital, and, accordingly, following the La Concorde Restructure, but prior to the implementation of the GABS Acquisition:

5.1.6.1 Niveus' effective interest in Newco, will be 58%; and

5.1.6.2 Newco will also be a Subsidiary of Niveus.

5.1.7 Upon the issue of the Newco Consideration Shares pursuant to the GABS Acquisition:

5.1.7.1 La Concorde's shareholding in Newco will reduce from 100% to 38%, with Newco ceasing to be a Subsidiary of La Concorde; and

5.1.7.2 Niveus' effective interest in Newco will reduce from 58% to 22%.

5.2 The Conditions Precedent

5.2.1 The GABS Acquisition is subject to the fulfilment, by no later than the Long Stop Date, of the following outstanding Conditions Precedent:

5.2.1.1 that La Concorde undertakes and completes the La Concorde Restructure, to the satisfaction of HCI;

5.2.1.2 if HCI has elected, in terms of paragraph 5.5.1.2 below, that the GABS Acquisition Agreement shall be conditional upon the execution of the KWV Assignment Agreement then, that the KWV Assignment Agreement be concluded on terms acceptable to Newco and HCI, and such agreement becoming unconditional in accordance with its terms, save for any condition therein requiring that the GABS Acquisition Agreement becomes unconditional;

5.2.1.3 that the GABS Asset for Share Agreement be concluded on terms acceptable to Newco, and such agreement becoming unconditional in accordance with its terms save for any condition therein requiring that the GABS Acquisition Agreement becomes unconditional;

5.2.1.4 that HCI's funders, being FirstRand Bank Limited (acting through its Rand Merchant Bank division), FirstRand Bank Limited (acting through its RMB Corporate Banking Division (which division previously formed part of the First National Bank Division)), Absa Bank Limited (acting through its Corporate and Investment Banking division) and Investec, unconditionally approve the GABS Acquisition, in accordance with the relevant funding documents, or approve the GABS Acquisition subject to such conditions as are acceptable to HCI;

5.2.1.5 that the funders of HPLR and of its Subsidiaries, being Nedbank Limited, Standard Bank of South Africa Limited, ABSA Bank Limited, Wesbank (a division of FirstRand Bank Limited) and MAN Financial Services (S.A) Proprietary Limited, unconditionally approve the GABS Acquisition in accordance with the relevant funding documents, or approve the GABS Acquisition subject to such conditions as are acceptable to HCI and Newco, if and to the extent required in terms of such funding documents;

5.2.1.6 that a new memorandum of incorporation of Newco, in the form acceptable to HCI, Newco and La Concorde, be adopted by way of special resolution of the existing shareholder(s) of Newco and such special resolution and the notice of amendment required in terms of the Companies Act in respect of such new memorandum of incorporation, be lodged with the CIPC for filing;

5.2.1.7 that the shareholders of Niveus approve the GABS Acquisition in terms of the applicable provisions of the JSE Listings Requirements;

5.2.1.8 that the shareholders of La Concorde approve the GABS Acquisition at a general meeting of shareholders, to the extent required by law or by the directors of La Concorde;

5.2.1.9 that the board of directors of HCI adopts a resolution approving the GABS Acquisition Agreement;

5.2.1.10 that the board of directors of Newco adopts a resolution approving the conclusion of the GABS Acquisition Agreement and, in terms of section 38(1) of the Companies Act, approving the allotment and issue of the Newco Consideration Shares by Newco to HCI in accordance with the terms and conditions contained in the GABS Acquisition Agreement, and acknowledging that the transfer of the HPLR Sale Shares constitutes adequate consideration (as contemplated in section 40(1)(a) of the Companies Act) for the issuing of the Newco Consideration Shares to HCI;

5.2.1.11 that Newco's sole shareholder approves the conclusion of the GABS Acquisition Agreement and approves the issue of the Newco Consideration Shares to HCI in terms of section 41 of the Companies Act;

5.2.1.12 that the board of directors of HPLR adopts a resolution approving the transfer of the HPLR Sale Shares to Newco; and

5.2.1.13 that the independent committee of the board of directors of La Concorde and the board of directors of La Concorde each adopts a resolution approving the GABS Acquisition.

5.2.2 HCI and Newco shall be entitled by written agreement between them to waive (to the extent legally permissible), in part or in whole, any of the Conditions Precedent stipulated in paragraphs 5.2.1.2, 5.2.1.3, 5.2.1.5 and 5.2.1.8 to 5.2.1.13. Newco shall be entitled, in its sole and exclusive discretion, to waive in writing (to the extent legally permissible), in part or in whole, any of the Conditions Precedent stipulated in paragraphs 5.2.1.1, 5.2.1.4 and 5.2.1.6.

5.3 **The implementation date of the GABS Acquisition**

The GABS Acquisition will be implemented on, and with effect from, the Effective Date, being the first Business Day of the month immediately after the month during which the last of the Conditions Precedent has been fulfilled or waived (to the extent legally permissible), with Newco acquiring the HPLR Sale Shares cum any dividend, distribution and right declared, paid, made or created on or after the Effective Date, free from all liens, charges, encumbrances or options.

5.4 **The Purchase Consideration**

5.4.1 Newco will acquire the HPLR Sale Shares from HCI for the HPLR Purchase Consideration, being an amount of R1 800 000 000.

5.4.2 The HPLR Purchase Consideration will be settled by Newco issuing the Newco Consideration Shares to HCI.

5.5 **Other significant terms of the GABS Acquisition Agreement**

The GABS Acquisition Agreement contains the following additional material terms:

5.5.1 **Discounting of the KWV Instalments**

5.5.1.1 At any time on or before the Effective Date, HCI may, on written notice to Newco and La Concorde, require that the KWV Assignment Agreement be concluded, in a form and on terms acceptable to Newco and HCI.

5.5.1.2 Upon receipt of written notice from HCI, as contemplated in paragraph 5.5.1.1 above, Newco and La Concorde shall, in consultation with HCI, negotiate the conclusion of the KWV Assignment Agreement in good faith, provided that if such written notice is delivered prior to the Long Stop Date, it may stipulate that the GABS Acquisition Agreement shall be further conditional upon the conclusion of the KWV Assignment Agreement (in which event the Condition Precedent in paragraph 5.2.1.2 shall apply).

5.5.2 **Warranty as to current debt**

HCI warrants to Newco that the aggregate third party debt owing by GABS to third party financiers does not exceed R420 000 000 ("**Current Debt**") as at the signature date of the GABS Acquisition Memorandum of Agreement. The Current Debt shall not increase to above R485 000 000 at any time prior to the Effective Date, and HCI shall procure that any increase of the aggregate Current Debt above R420 000 000 is substantiated by the purchase and future expansion of the bus fleet and ticketing equipment and does not include any other items of capital expenditure.

5.5.3 **Distributions by HPLR and/or GABS**

HPLR and/or GABS may, at any time after the signature date of the GABS Acquisition Agreement and before the Effective Date, make distributions to HCI in its capacity as shareholder of HPLR and/or GABS, out of the cash available for distribution, in an amount(s) which would not cause the aggregate distributions to HCI for the financial year ending 31 March 2018 to exceed R120 000 000 provided that, at the time such distribution is made, the board of HPLR and/or GABS, as the case may be, has satisfied itself, and has confirmed in writing that it is satisfied that, having regard to the working capital which is likely to be generated by HPLR and its Subsidiaries and HPLR's reasonably anticipated liabilities and expenses, HPLR will be able to meet its anticipated working capital requirements over the immediately succeeding 12 month period, without the need for any shareholder funding.

5.5.4 **Warranty by La Concorde**

In terms of the GABS Acquisition Agreement, La Concorde warrants and undertakes, as at the Effective Date, to and in favour of HCI that Newco shall own at least the following assets, free of any lien, encumbrance or right of any third party to any part thereof:

5.5.4.1 the Prescribed Cash Amount in cash, in freely available funds; and

5.5.4.2 if the KWV Assignment Agreement has:

5.5.4.2.1 not been concluded prior to the Effective Date, a claim to receive payment of the KWV Instalments from Warshay in terms of the KWV Sale Agreement, guaranteed by Investec in terms of the Investec Second Tripartite Agreement; or

5.5.4.2.2 been concluded, but has not yet been fully implemented, the right to claim and receive payment of all amounts owing under the KWV Assignment Agreement (if that amount has not yet been paid).

5.6 **Categorisation of the GABS Acquisition**

5.6.1 As the value of the HPLR Purchase Consideration, amounting to R1 800 000 000, exceeds 30% of Niveus' market capitalisation, it meets the definition of a category 1 transaction in terms of section 9 of the JSE Listings Requirements. The GABS Acquisition is also a Related Party Transaction in terms of the JSE Listings Requirements as indicated in paragraph 1.3 above. As a result, the GABS Acquisition requires Shareholder approval by way of an ordinary resolution by a simple majority of the votes of Shareholders, other than the Related Party and its associates.

5.6.2 In order to assist Shareholders in assessing the GABS Acquisition, the Independent Expert has prepared the Independent Expert's Report, which is annexed to the Circular as **Annexure 11**, in compliance with the JSE Listings Requirements.

6. FINANCIAL INFORMATION

6.1 Historical financial information of HPLR

6.1.1 The audited historical financial information of HPLR for its last three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, is annexed hereto as **Annexure 1**, while the reviewed interim financial information of HPLR for the six months ended 30 September 2017, is presented in **Annexure 3**.

6.1.2 The reports of the Independent Reporting Accountant in respect of HPLR's historical financial information referred to in paragraph 6.1.1 above, appear in **Annexure 2** and **Annexure** 4 to this Circular.

6.1.3 Copies of the aforementioned historical financial information of HPLR will also be available for inspection by Shareholders during normal business hours at the registered office of Niveus and at the offices of the Sponsor from Monday,18 December 2017 until the date of the General Meeting (both days inclusive).

6.2 Historical financial information of GABS

6.2.1 The audited historical financial information of GABS for its last three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, is annexed hereto as **Annexure 5**, while the reviewed interim financial information of GABS for the six months ended 30 September 2017, is presented in **Annexure 7**.

6.2.2 The reports of the Independent Reporting Accountant in respect of the GABS financial information referred to in paragraph 6.2.1 above, appear in **Annexure 6** and **Annexure 8** to this Circular.

6.2.3 Copies of the aforementioned historical financial information of GABS will also be available for inspection by Shareholders during normal business hours at the registered office of Niveus and at the offices of the Sponsor from Monday, 18 December 2017 until the date of the General Meeting (both days inclusive).

6.3 *Pro forma* financial information of Niveus

6.3.1 The consolidated *pro forma* financial effects of the GABS Acquisition, as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of Niveus has been prepared and in terms of Niveus' accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not fairly present Niveus' financial position, changes in equity, results of operations or cash flows post the implementation of the GABS Acquisition.

6.3.2 The *pro forma* financial information of Niveus has been prepared based on the published reviewed interim financial information of Niveus for the six months ended 30 September 2017.

6.3.3 The consolidated *pro forma* financial effects set out below should be read in conjunction with the consolidated *pro forma* statement of comprehensive income and the consolidated *pro forma* statement of financial position as set out in **Annexure 9**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 9**.

6.3.4 The report of the Independent Reporting Accountant in respect of the *pro forma* financial statements referred to in paragraph 6.3.2 above, appears in **Annexure 10** to this Circular.

	Niveus unaudited interim financial information	Pro forma adjustment – effects of the GameCo Transaction	Pro forma financial information before the GABS Acquisition	Pro forma adjustment – the GABS Acquisition	Pro forma financial information post the GABS Acquisition	Change %
Net asset value per Share (cents)	1 190.0	(229.0)	960.0	–	960.0	(19.3%)
Tangible net asset value per Share (cents)	1 169.0	(229.0)	940.0	–	940.0	(19.6%)
Earnings per Share (cents)	112.9	2.9	115.8	6.1	121.9	8.0%
– Continuing operations	(25.0)	(34.7)	(59.7)	6.1	(53.6)	114.6%
– Discontinued operations	137.9	37.6	175.5	–	175.5	27.3%
Headline earnings per Share (cents)	115.9	(175.6)	(59.7)	6.0	(53.8)	(146.4%)
– Continuing operations	(25.7)	(34.7)	(60.5)	6.0	(54.5)	111.8%
– Discontinued operations	141.6	(140.9)	0.7	–	0.7	(99.5%)
Number of Shares in issue excluding Treasury Shares ('000)	119 163	–	–	–	119 163	–
Weighted average number of Shares in issue ('000)	119 960	–	–	–	119 960	–

Notes and Assumptions:

1 The "Niveus unaudited interim financial information" column has been extracted from the published interim financial statements for the period ended 30 September 2017.

2 Further detailed notes and assumptions to the *pro forma* financial information of Niveus are set out in **Annexure 11**.

7. FURTHER INFORMATION RELATING TO NIVEUS

7.1 Share capital

7.1.1 As at the Last Practicable Date, the authorised and issued Share capital of Niveus, prior to implementation of the GABS Acquisition, was as follows, such share capital to remain unchanged as a result of the GABS Acquisition:

	Number of Shares	R'000
Authorised		
Ordinary Shares with no par value	500 000 000	–
Issued		
Stated capital – ordinary Shares with no par value	119 162 734	–
Treasury Shares	–	–

Note:

1 As at the Last Practicable Date, Niveus has no Shares held in treasury.

7.2 Major Shareholders and interests

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

Shareholder	Number of Shares	Percentage of total issued Share capital
HCI	62 294 907	52.28%
JA Copelyn	7 173 840	6.02%
Total	**69 468 747**	**58.30%**

There has been no change in the controlling Shareholder of Niveus or its Major Subsidiaries in the five years prior to the Last Practicable Date. Save for the KWV Disposal and the GameCo Transaction, there has been no change in the trading objects of Niveus or its Major Subsidiaries in the five years prior to the Last Practicable Date.

7.3 Material changes

There have been no material changes in the financial or trading position of the Niveus Group since the end of its last interim financial period on 30 September 2017, save for the implementation of the GameCo Transaction. As part of the GameCo Transaction, Niveus distributed 431 250 094 GameCo shares, comprising 93.75% of the total issued share capital of GameCo, to Shareholders by way of a distribution *in specie* pro rata to their respective shareholding in Niveus at the record date for the distribution, in the ratio of 3.6190 GameCo shares for every 1 Niveus Share held by any such Shareholder. The GameCo Transaction has been implemented by way of various inter-conditional steps, including the disposal by Niveus of the remaining GameCo shares held by it after the implementation of the distribution referred to above, to Tsogo, by accepting the offer made by Tsogo to the GameCo minority shareholders, to acquire their GameCo shares, on the basis set out in the GameCo Transaction Circular.

7.4 Material contracts

Save for the KWV Disposal Agreement and the GameCo Transaction Agreement, there have been no material contracts, entered into either verbally or in writing by Niveus or its Subsidiaries, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by Niveus and/or its Subsidiaries, within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to Niveus and/or its Subsidiaries at the date of this Circular.

7.5 Prospects

7.5.1 Niveus remains committed to developing its sports betting interest and will consider various investment opportunities, opportunistically.

7.5.2 Post the implementation of the GABS Acquisition, subject to obtaining any shareholder approval that may be required at that time, Newco intends to distribute a special dividend of up to R1.2 billion to its shareholders, following which La Concorde intends to distribute or otherwise transfer its shares in Newco to La Concorde shareholders. Pursuant to this distribution, Niveus will, subject to obtaining any shareholder approval that may be required at that time, distribute or otherwise transfer its shares in Newco to Niveus Shareholders. The parties ultimately intend to list Newco on the JSE.

7.6 Material Borrowings

The GABS Acquisition will not result in any change in the material borrowings of Niveus.

8. FURTHER INFORMATION RELATING TO HPLR

8.1 Material changes

There have been no material changes in the financial or trading position of HPLR or its Subsidiaries since the end of its last interim financial period on 30 September 2017.

8.2 Prospects of HPLR

The Board is of the opinion that HPLR, with its diverse skills set in the management of complex logistics driven operations, has the potential to utilise its competencies and systems on a wider scale and in other transport related businesses. With this inherent potential, it opens up prospects to acquire bus and coach operations, become involved in freight and possibly rail operations. HPLR's strategy involves the identification and acquisition of transport-related businesses in niche markets where HPLR's proficiencies could be gainfully deployed by improving profitability and growth of these entities. In addition, it will give HPLR the opportunity to merge acquired businesses, in similar markets, increasing the national footprint.

8.3 Material borrowings

Details of the material borrowings of HPLR, as at the Last Practicable Date, are disclosed in **Annexure 12**.

8.4 Material contracts

There have been no material contracts entered into either verbally or in writing by HPLR or its Subsidiaries, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by HPLR within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to HPLR, at the Last Practicable Date.

8.5 Material acquisitions

Save for the intended acquisition by HPLR of 100% of GABS from HCI in terms of the GABS Asset for Share Agreement, the conclusion of which is a Condition Precedent to the GABS Acquisition, HPLR has not undertaken any material acquisition within the last three years and has not concluded any agreement in relation to any proposed material acquisition.

9. FURTHER INFORMATION RELATING TO GABS

9.1 Material changes

There have been no material changes in the financial or trading position of GABS or its Subsidiaries since the end of its last interim financial period on 30 September 2017.

9.2 Prospects of GABS

The Board is of the opinion that GABS, as a leader in the operation of scheduled passenger transport in the Cape Town Metropole, is well positioned to grow its operations within its main operating contract, as well as to acquire new businesses through the expansion of the MyCiTi services within all of the phases projected in the City of Cape Town's Comprehensive Integrated Transport Plan. GABS, with its ethos of pursuing efficiencies within its operations, is well positioned to improve operating margins through its newly acquired electronic ticketing systems, unproductive kilometre savings and ongoing fleet recapitalisation. Specialised maintenance skills as well as GABS' accredited learning and recruitment centre are likely to enable GABS to offer such services to external clients. GABS, with the cooperation of its main suppliers and internal re-engineering initiatives, is also well placed to optimise the benefits from integrating green energy technology in its operational regime.

9.3 Material borrowings

Details of the material borrowings of GABS, as at the Last Practicable Date, are disclosed in **Annexure 12**.

9.4 Material contracts

There have been no material contracts entered into either verbally or in writing by GABS or its Subsidiaries, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by GABS within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to GABS, at the Last Practicable Date.

9.5 Vendors of material assets

GABS has not undertaken any material acquisition within the last three years and has not concluded any agreement in relation to any proposed material acquisition.

10. INFORMATION RELATING TO DIRECTORS

10.1 Details of Directors

The full names, age, capacity and business address of each of the Directors of Niveus are outlined below:

Full name	Age	Capacity	Business Address
John Anthony Copelyn	66	Non-executive chairman	4 Stirling Street, Zonnebloem, Cape Town, 7925
Muriel Matilda Loftie-Eaton	38	Chief Executive Officer	La Concorde, 57 Main Street, Paarl, 7646
Carolyn Kristal	35	Chief Financial Officer	La Concorde, 57 Main Street, Paarl, 7646
André van der Veen	46	Non-executive Director	La Concorde, 57 Main Street, Paarl, 7646
Yunis Shaik	59	Non-executive Director	4 Stirling Street, Zonnebloem, Cape Town, 7925
Lynette Moretlo Molefi	48	Independent non-executive Director	65 Kyalami Boulevard, Kyalami, Gauteng, 1684
Jabulani Geffrey Ngcobo	66	Independent non-executive Director	2 Dale Street, New Hanover, KwaZulu-Natal, 3230
Rachel Doreen Watson	58	Independent non-executive Director	Fernando Building, Mark Street, Wesfleur, Atlantis, 7349

Notes:

1. RD Watson was appointed as an independent non-executive Director on 19 May 2017.
2. C Kristal was appointed as the chief financial officer on 1 November 2017.
3. All Directors are South African citizens.

10.2 Directors' interests in the issued Shares of Niveus

10.2.1 The table below sets out the direct and indirect beneficial interests of the Directors (and their associates), including any directors who may have resigned during the last 18 months, in Niveus' issued Shares, as at the Last Practicable Date:

Director	Direct Beneficial	Indirect Beneficial	Total	Percentage of issued Shares held
JA Copelyn	–	7 173 840	7 173 840	6.02%
A van der Veen	–	870 559	870 559	0.73%
MM Loftie-Eaton	–	196 941	196 941	0.17%
C Kristal	–	–	–	–
Y Shaik	–	–	–	–
LM Molefi	–	–	–	–
JG Ngcobo	–	–	–	–
RD Watson	–	–	–	–
F-A du Plessis[1]	–	–	–	–
MN Joubert[1]	–	–	–	–
WP van der Merwe[1]	–	–	–	–
KI Mampeule[2]	–	960 250	960 250	0.80%
Total	–	9 201 590	9 201 590	7.72%

Notes:

1 F-A du Plessis, MN Joubert and WP van der Merwe resigned as Directors on 17 November 2017.

2 KI Mampeule resigned as a Director on 19 April 2017.

3 In addition to the interest disclosed above, A van der Veen holds an indirect non-beneficial interest in 2 830 552 Niveus Shares through Nport Investment Holdings Proprietary Limited.

10.2.2 There have been no dealings in respect of beneficial holdings by Directors in Shares since 31 March 2017 until the Last Practicable Date.

10.3 Directors' remuneration

The remuneration of the Directors will not be varied as a result of the GABS Acquisition.

10.4 Directors' interests in the Transaction

Save to the extent that some Directors may be shareholders of HCI and/or Niveus, the Directors (including any person who may have resigned as a director within the last 18 months) do not have any material beneficial interest, directly or indirectly in the GABS Acquisition or in any transactions that were:

10.4.1 effected by Niveus during the current or immediately preceding financial year; or

10.4.2 during an earlier financial year and remain in any respect outstanding or unperformed.

10.5 Service contracts of executive Directors

10.5.1 Niveus and the Administrator entered into the Administration Agreement in terms of which the Administrator provides various services to Niveus, including company secretarial support, the provision of cash management services as well as developing and advising Niveus in relation to appropriate capital management strategies, and interacting with key stakeholders.

10.5.2 In terms of the Administration Agreement, the chief executive officer and the chief financial officer perform investment management and advisory services for Niveus in their capacity as executive Directors of Niveus and are employed and remunerated by the Administrator. The Administration Agreement may be cancelled by a three-year notice period.

10.5.3 A copy of the Administration Agreement is available for inspection by Shareholders in accordance with paragraph 18 of this Circular.

11. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the Niveus Group is sufficient for the Niveus Group's present working capital requirements and will, post implementation of the GABS Acquisition, be adequate for at least 12 months from the date of issue of this Circular.

12. LITIGATION STATEMENT

12.1 There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which Niveus is aware, which may have or have over the previous 12 months had a material effect on the financial position of the Niveus Group.

12.2 There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which Niveus is aware, which may have or have over the previous 12 months had a material effect on the financial position of HPLR or GABS.

13. EXPENSES

13.1 The estimated costs by Niveus of preparing and distributing this Circular, holding the General Meeting, implementing the GABS Acquisition, including the fees payable to professional advisers, are approximately R2 740 000, excluding Value Added Tax, and include the following:

		R'000
Sponsor and Corporate Advisor	PSG Capital	750
Legal Adviser	Werksmans	175
Due diligence investigation and tax advice	PWC	785
Independent Reporting Accountant	Grant Thornton	480
Independent Expert	KPMG	100
Printing, publication, distribution and advertising expenses		250
JSE documentation fees	JSE	100
Contingency		100
TOTAL		**2 740**

13.2 It is not expected that the GABS Acquisition will result in any expenses for HPLR.

14. GENERAL MEETING AND VOTING

14.1 The General Meeting of Shareholders will be held at La Concorde, 57 Main Street, Paarl at 10h00 on Thursday, 18 January 2018, to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to give effect to the GABS Acquisition.

14.2 A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the "*Action required by Shareholders*" section of this Circular.

14.3 The ordinary resolution for the approval of the GABS Acquisition in terms of paragraph 10.4(e) of the JSE Listings Requirements, set out in the Notice of General Meeting, is subject to more than 50% of the votes cast by Shareholders, excluding Related Parties and their associates, present in person or represented by proxy at the General Meeting, being cast in favour thereof. It is noted that Related Parties and their associates will be taken into account for purposes of determining the quorum for the ordinary resolution but will not be entitled to vote on the ordinary resolution in respect of the GABS Acquisition.

15. OPINIONS AND DIRECTORS' RECOMMENDATION

15.1 In accordance with the JSE Listings Requirements, the Board has appointed the Independent Expert to compile a fairness opinion report on the GABS Acquisition. The Independent Expert has determined that the GABS Acquisition is fair to Shareholders of Niveus, for the reasons and on the basis set out in the Independent Expert's Report.

15.2 The Board, after due consideration of the Independent Expert's Report on the GABS Acquisition, has determined that it will place reliance on the valuations performed by the Independent Expert for the purposes of reaching its own opinion regarding the GABS Acquisition, as contemplated in the JSE Listings Requirements.

15.3 The Board, taking into account the Independent Expert's Report on the GABS Acquisition, has considered the terms and conditions of the GABS Acquisition and all members of the Board who are entitled to vote on the matter are unanimously of the opinion that the terms and conditions thereof are fair to and in the interest of Shareholders and, accordingly, recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting relating to the approval of the GABS Acquisition.

15.4 The Directors, in their personal capacities, intend to vote the Shares beneficially owned by them in favour of the resolutions to be proposed at the General Meeting.

16. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

17. **ADVISERS' CONSENTS**

17.1 Each of the advisers, whose name appears in the "*Corporate information*" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its names and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.

17.2 As indicated in this Circular, PSG Capital fulfils the functions of Corporate Advisor and Sponsor to the Company. It is PSG Capital's opinion that the performance of these functions do not represent a conflict of interest for PSG Capital, impair PSG Capital's independence from the Company or impair PSG Capital's objectivity in its professional dealings with the Company.

18. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Niveus and at the Johannesburg office of the Sponsor from Monday, 18 December 2017, until the date of the General Meeting (both days inclusive):

18.1 the MOI of Niveus and the memoranda of incorporation of its Major Subsidiaries;

18.2 the audited historical financial information of HPLR for its last three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, as reproduced in **Annexure 1**, and the reviewed interim financial information of HPLR for the six months ended 30 September 2017, appearing in **Annexure 3**.

18.3 the reports of the Independent Reporting Accountant in respect of the HPLR historical financial information referred to in paragraph 18.2 above, appearing in **Annexure 2** and **Annexure 4** to this Circular.

18.4 the audited historical financial information of GABS for its last three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, as reproduced in **Annexure 5**, and the reviewed interim financial information of GABS for the six months ended 30 September 2017, appearing in **Annexure 7**.

18.5 the reports of the Independent Reporting Accountant in respect of the GABS historical financial information referred to in paragraph 18.4 above, appearing in **Annexure 6** and **Annexure 8** to this Circular.

18.6 the Independent Reporting Accountant's report on the *pro forma* financial information of Niveus, as reproduced in **Annexure 10**;

18.7 the Independent Expert's Report, as reproduced in **Annexure 11**;

18.8 the GABS Acquisition Memorandum of Agreement and the GABS Acquisition Agreement;

18.9 the Administration Agreement KWV, Disposal Agreement and the GameCo Transaction Agreement;

18.10 copies of service agreements with Directors, managers and secretary/ies; underwriters, vendors and promoters entered into during the last three years;

18.11 the written consents from each of the advisers referred to in paragraph 17;

18.12 the published audited annual financial statements of Niveus for the preceding three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, together with the interim financial statements for the six months ended 30 September 2017; and

18.13 a copy of this Circular and all annexures hereto.

SIGNED AT CAPE TOWN ON 15 DECEMBER 2017 BY MM LOFTIE-EATON ON BEHALF OF ALL THE DIRECTORS OF NIVEUS, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

MM Loftie-Eaton
Chief Executive Officer
JA Copelyn *(Chairman)*
C Kristal *(Chief Financial Officer)*
A van der Veen
Y Shaik
LM Molefi
JG Ngcobo
RD Watson

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

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF HOSKEN PASSENGERS LOGISTICS AND RAIL PROPRIETARY LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

INTRODUCTION

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

The historical financial information of Hosken Passengers Logistics and Rail Proprietary Limited and its subsidiaries is the responsibility of the Directors of Hosken Passengers Logistics and Rail Proprietary Limited and its subsidiaries.

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

The accounting policies of Hosken Passengers Logistics and Rail Proprietary Limited and its subsidiaries are consistent with that of Niveus Investments Limited.

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2017

1. Nature of business

Hosken Passengers Logistics and Rail Proprietary Limited, previously known as Beekay 261 Proprietary Limited, was sold by its previous holding company, Golden Arrow Bus Services Proprietary Limited, to its current holding company, Hosken Consolidated Investments Limited, during the current financial year.

The company serves as a holding company to Eljosa Travel and Tours Proprietary Limited, which operates as a passenger transportation company through their bus fleet.

2. Going concern

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

3. Financial results

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

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

The company acquired the assets and business of Eljosa Travel and Tours Proprietary Limited incorporated in Cape Town with effect from 01 October 2016.

4. DIVIDENDS

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

5. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year that would have a material effect on the annual financial statements for the year ended 31 March 2017.

6. DIRECTORS

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

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

7. ULTIMATE HOLDING COMPANY

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

HISTORICAL FINANCIAL INFORMATION

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

Consolidated Statement of Financial Position as at 31 March 2017

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

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

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

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

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

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

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

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Impairment testing

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

Provisions

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

Taxation

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

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

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

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

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

1.2 Property, plant and equipment

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

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

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

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

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

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

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

1.3 Financial Instruments

Classification

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

- Loans and receivables

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

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

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

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

Loans from related parties

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

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

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

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Borrowings

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

1.4 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

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

1.5 Leases

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

Finance leases — lessee

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

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

Operating leases – lessee

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

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

1.6 **Inventories**

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

1.7 **Impairment of Assets**

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

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

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

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

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

1.8 **Share Capital and Equity**

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

1.9 **Provisions and Contingencies**

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

1.10 **Revenue**

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

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

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

1.11 **Borrowing costs**

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

2. NEW STANDARDS AND INTERPRETATIONS

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

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

2.1 Standards and interpretations effective and adopted in the current year

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

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

2.2 Standards and interpretations not yet effective

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

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

3. PROPERTY, PLANT AND EQUIPMENT

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

	2016		
	Cost R	Accumulated depreciation R	Carrying value R
IT equipment	–	–	–
Leasehold improvements	–	–	–
Motor vehicles	–	–	–
Office equipment	–	–	–
Plant and machinery	–	–	–
Total	**–**	**–**	**–**

	2015		
	Cost R	Accumulated depreciation R	Carrying value R
IT equipment	–	–	–
Leasehold improvements	–	–	–
Motor vehicles	–	–	–
Office equipment	–	–	–
Plant and machinery	–	–	–
Total	**–**	**–**	**–**

Reconciliation of property, plant and equipment – 2017

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

Reconciliation of property, plant and equipment – 2016

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

Reconciliation of property, plant and equipment – 2015

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

4. INVESTMENT IN SUBSIDIARY

Name of company	% holding 2017	% holding 2016	% holding 2015
Eljosa Travel and Tours Proprietary Limited	76.00%	– (%)	– (%)

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

5. GOODWILL

	2017 Cost R	Accumulated impairment R	Carrying value R
Goodwill	8 450 668	–	8 450 668

Reconciliation of goodwill – Group 2017

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

Calculation of goodwill through business combinations

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

6. INVENTORIES

	2017 R	2016 R	2015 R
Fuel and tyres	433 585	–	–

7. LOANS TO (FROM) RELATED PARTIES

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

8. TRADE AND OTHER RECEIVABLES

	2017 R	2016 R	2015 R
Trade receivables	1 774 237	–	–

Credit quality of trade and other receivables

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

Fair Value of trade and other receivables

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

Trade and other receivables past due but not impaired

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

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

	2017 R	2016 R	2015 R
1 month past due	175 150	–	–
2 months past due	204 502	–	–
Total	**379 652**	**–**	**–**

Trade and receivables impaired

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

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

The ageing of these loans is as follows:

	2017 R	2016 R	2015 R
3 to 6 months	103 804	–	–

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	2017 R	2016 R	2015 R
Cash on hand	10 804	–	–
Current account	801 990	–	–
Rental deposit	64 338	–	–
	877 132	**–**	**–**

10. SHARE CAPITAL

Authorised			
1 000 Ordinary shares of R1 each	1 000	1 000	1 000
Issued			
10 Ordinary shares of R1 each	10	10	10

11. DEFERRED TAX

Deferred tax liability

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

Reconciliation of deferred tax liability

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

12. TRADE AND OTHER PAYABLES

Amounts received in advance	1 156 687	–	–
Payroll liabilities	29 832	–	–
Trade payables	1 249 922	–	–
Total	**2 436 441**	**–**	**–**

Fair value of trade and other payables

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

13. REVENUE

Rendering of services	16 222 323	–	–

14. OPERATING PROFIT

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

Operating lease charges			
Premises			
Contractual amounts	499 839	–	–
Motor vehicles			
Contractual amounts	250 133	–	–
Lease rentals on operating lease – Other			
Contractual amounts	240 740	**–**	**–**
	990 712	**–**	**–**

Profit on sale of property, plant and equipment	80 768	–	–
Depreciation on plant and equipment	1 558 813	–	–
Employee costs	3 961 815	–	–

15. FINANCE COSTS

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

16. TAXATION

Major components of the tax expense

Deferred

	2017 R	2016 R	2015 R
Originating and reversing temporary differences	823 359	–	–

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

17. CASH GENERATED FROM (USED IN) OPERATIONS

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

18. RELATED PARTIES

Relationships

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

Related party balances

	2017 R	2016 R	2015 R
Loan accounts – Owing to related parties			
Golden Arrow Bus Services Proprietary Limited	(9 027 753)	–	–
Golden Arrow Bus Services Proprietary Limited	(3 921 201)	–	–
Golden Arrow Bus Services Proprietary Limited	(12 144 097)	–	–
Golden Arrow Bus Services Proprietary Limited	(14 000 862)	–	–
	(39 093 913)	**–**	**–**

Related party transactions

Interest paid to related parties

	2017 R	2016 R	2015 R
Golden Arrow Bus Services Proprietary Limited	358 214	–	–

19. DIRECTORS' EMOLUMENTS

Executive

2017

	Emoluments R	Total R
For services as directors	2 675 825	2 675 825

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

20. FINANCIAL ASSETS BY CATEGORY

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

Group – 2017

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

21. FINANCIAL LIABILITIES BY CATEGORY

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

Group – 2017

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

22. RISK MANAGEMENT

Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

Financial risk management

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

Liquidity risk

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

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

Group

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

Credit risk

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

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

Financial instrument

	2017 R	2016 R	2015 R
Trade receivables	1 774 237	–	–
Cash and cash equivalents	866 328	–	–

23. BUSINESS COMBINATIONS

Aggregated business combinations

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

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

	Notes	2017 R	2016 R	2015 R
Revenue	13	16 222 323	–	–
Cost of sales		(7 279 608)	–	–
Gross profit		**8 942 715**	**–**	**–**
Other income				
Profit on sale of property, plant and equipment		80 768	–	–
Interest received		22 791	–	–
		103 559	**–**	**–**
Operating expenses				
Accounting fees		(152 001)	–	–
Advertising		(80 537)	–	–
Bad debts: Movement in provision		(103 804)	–	–
Bank charges		(157 436)	–	–
Depreciation		(1 558 812)	–	–
Donations		(10 000)	–	–
Employee costs		(3 961 815)	–	–
Entertainment		4 122	–	–
Expensed equipment		(650)	–	–
IT expenses		(16 007)	–	–
Insurance		(19 412)	–	–
Lease rentals on operating lease		(262 191)	–	–
Legal expenses		(128 657)	–	–
Licenses		(15 825)	–	–
Petrol and oil		(3 294)	–	–
Postage		(801)	–	–
Printing and stationery		(10 323)	–	–
Repairs and maintenance		(1 402)	–	–
Security		(25 040)	–	–
Subscriptions		(109 397)	–	–
Telephone and fax		(68 663)	–	–
Uniforms		(5 381)	–	–
		(6 687 326)	–	–
Operating profit (loss)	14	**2 358 948**	–	–
Finance costs	15	(847 674)	–	–
Profit before taxation		**1 511 274**	**–**	**–**
Taxation	16	(823 359)	–	–
Profit (loss) for the year		**687 915**	**–**	**–**

The supplementary information presented does not form part of the consolidated financial statements and is unaudited.

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

The Directors

Niveus Investments Limited ("Niveus")
La Concorde
57 Main Street
Paarl
7646

12 December 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF HOSKEN PASSENGERS LOGISTICS AND RAIL PROPRIETARY LIMITED ("HPLR") INCLUDED IN THE CIRCULAR

Opinion

We have audited the consolidated financial information of **HPLR** for the three years ended 31 March 2015, 2016 and 2017, as set out in **Annexure 1** of the circular to be issued on or about Monday, 18 December 2017 ("**the Circular**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

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

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

Basis for opinion

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

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

Independence

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

Responsibilities of the directors for the consolidated historical financial information

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

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

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

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

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

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

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

Consent

We consent to the inclusion of this report, which will form part of the Circular to the shareholders of Niveus in the form and context in which it appears.

Grant Thornton Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

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

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

HOSKEN PASSENGERS LOGISTICS AND RAIL PROPRIETARY LIMITED (FORMERLY BEEKAY 261 PROPRIETARY LIMITED (REGISTRATION NUMBER 2000/010463/07) GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

INTRODUCTION

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

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

The accounting policies of Hosken Passengers Logistics and Rail Proprietary Limited and its subsidiaries are consistent with that of Niveus Investments Limited.

Directors

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

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

FINANCIAL INFORMATION

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

Hosken Passengers Logistics and Rail Proprietary Limited
(Registration number 2000/010463/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Financial Position

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

Hosken Passengers Logistics and Rail Proprietary Limited
(Registration number 2000/010463/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Comprehensive Income

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

Hosken Passengers Logistics and Rail Proprietary Limited
(Registration number 2000/010463/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Changes in Equity

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

Hosken Passengers Logistics and Rail Proprietary Limited
(Registration number 2000/010463/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Cash Flows

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

Hosken Passengers Logistics and Rail Proprietary Limited
(Registration number 2000/010463/07)
Group interim results for the six months ended 30 September 2017

Notes to the Condensed Consolidated Financial Statements

Basis of preparation and accounting policies

The results for the six months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the requirements of the South African Companies Act, 2008. The accounting policies applied by the group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the group in its consolidated financial statements for the period ended 31 March 2017.

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

Property, plant and equipment

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

Reconciliation of property, plant and equipment

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

Related parties

Relationships

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

Figures in Rand	**Reviewed 30 September 2017 R**
Related party balances	
Loan accounts – Owing to related parties	
Golden Arrow Bus Services Proprietary Limited	45 756 097
Related party transactions	
Interest paid to related parties	
Golden Arrow Bus Services Proprietary Limited	1 593 559

Notes to the Condensed Consolidated Financial Statements (continued)

Commitments

Figures in Rand	Reviewed 30 September 2017 R
Authorised capital expenditure	
Already contracted for but not provided for	
• Property, plant and equipment	12 528 600

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

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

Hosken Passengers Logistics and Rail Proprietary Limited serves as a holding company to Eljosa Travel and Tours Proprietary Limited, which operates in the luxury and semi luxury coach markets in Cape Town and the Winelands.

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

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

CHANGES TO THE BOARD

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

SUBSEQUENT EVENTS

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

GOING CONCERN

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

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

DIVIDEND TO SHAREHOLDER

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

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

The Directors

Niveus Investments Limited ("Niveus")
La Concorde
57 Main Street
Paarl
7646

12 December 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED INTERIM FINANCIAL INFORMATION OF HOSKEN PASSENGERS LOGISTICS AND RAIL PROPRIETARY LIMITED ("HPLR" OR THE "COMPANY") INCLUDED IN THE CIRCULAR

Introduction

We have reviewed the consolidated interim financial information of HPLR for the six months ended 30 September 2017 as set out in **Annexure 3** of the Circular to be issued on or about Monday, 18 December 2017 ("**the Circular**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

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

Our independence and quality control

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

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

Directors' responsibility for the consolidated historical financial information

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

Reporting accountants' responsibility

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

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

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

Review Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of HPLR for the six months ended 30 September 2017 is nor fairly presented, in all material respects, for the purposes of the Circular, in accordance with IFRS and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Circular to the shareholders of Niveus in the form and context in which it appears.

Grant Thornton Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

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

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

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

INTRODUCTION

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

The historical financial information of Golden Arrow Bus Service Proprietary Limited and its subsidiaries is the responsibility of the Directors of Golden Arrow Bus Service Proprietary Limited and its subsidiaries.

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

The accounting policies of Golden Arrow Bus Services Proprietary Limited Group are consistent with Niveus Investments Limited.

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2017

1. NATURE OF BUSINESS

Golden Arrow Bus Service Proprietary Limited is an entity engaged in urban commuter transport and related services providing essential passenger transport to the communities it serves in the Cape Town Metropole.

2. GOING CONCERN

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

3. FINANCIAL RESULTS

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

4. AUTHORISED AND ISSUED SHARE CAPITAL

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

5. DIVIDENDS

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

6. EVENTS AFTER THE REPORTING PERIOD

The contract related to N2 Express Joint Venture will end on 30 June 2017. A new contract will be entered into in which the share of operational profits will decrease from 100% to 33.3%.

7. LIQUIDITY AND SOLVENCY

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

8. DIRECTORS

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

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

9. SECRETARY

The company secretary is HCI Managerial Services of:

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

10. HOLDING COMPANY

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

11. AUDITORS

Grant Thornton Cape Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa.

HISTORICAL FINANCIAL INFORMATION

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

Consolidated Statement of Financial Position as at 31 March 2017

	Notes	2017 R	2016 R	2015 R
Assets				
Non-Current Assets				
Property, plant and equipment	3	1 285 459 167	1 178 833 986	1 125 291 586
Intangible Assets	4	57 000	57 000	57 000
Investments in subsidiaries	5	–	–	–
Investment in associates	6	16 757 248	19 449 661	22 674 714
Loans to related parties	7	26 144 959	–	–
Deferred tax	8	397 390	310 841	–
		1 328 815 764	**1 198** 651 488	**1 148 023 300**
Current Assets				
Spares, fuel and oil inventories	9	16 947 939	16 999 450	17 725 732
Loans to related parties	7	12 954 162	–	–
Current tax receivable	10	3 668 681	2 627 277	4 191
Trade and other receivables	11	55 631 199	53 528 660	60 044 942
Cash and cash equivalents	12	287 520 490	242 800 110	175 697 672
		376 722 471	**315 955 497**	**253 472 537**
Total Assets		**1 705 538 235**	**1 514 606 985**	**1 401 495 837**
Equity and Liabilities				
Equity				
Share capital	13	254	254	254
Reinvestment reserves	14	98 294 594	98 294 594	98 294 594
Foreign exchange cash flow hedge reserve	15	(4 528 493)	–	–
Maintenance reserves	16	24 927 770	14 240 312	6 992 516
Retained income		675 199 227	580 452 790	489 301 874
		793 893 352	692 987 950	594 589 238
Non-controlling interest		35 010 891	21 774 051	11 224 776
		828 904 243	**714 762 001**	**605 814 014**
Liabilities				
Non-Current Liabilities				
Loans from related parties	7	14 981 366	14 981 366	14 981 366
Instalment sale obligations	17	278 025 171	247 018 774	256 693 465
Retirement benefit obligation	18	68 880 000	59 588 000	82 173 000
Deferred tax	8	172 173 024	166 475 599	145 749 083
		534 059 561	**488 063 739**	**499 596 914**
Current Liabilities				
Loans from related parties	7	–	–	–
Current tax payable	10	171 972	2 699 852	3 618 559
Other financial liabilities	15	6 289 574	–	–
Instalment sale obligations	17	130 670 477	132 407 838	124 926 118
Retirement benefit obligation	18	3 536 000	3 127 000	–
Trade and other payables	19	89 086 522	69 893 971	69 506 750
Provisions	20	112 819 886	103 652 584	98 033 482
		342 574 431	**311 781 245**	**296 084 909**
Total Liabilities		**876 633 992**	**799 844 984**	**795 681 823**
Total Equity and Liabilities		**1 705 538 235**	**1 514 606 985**	**1 401 495 837**
Net Asset Value per share (cents)		**624 867**	**545 445**	**467 996**
Net Tangible Asset Value per share (cents)		**624 822**	**545 400**	**467 951**
Shares in issue		**127 050**	**127 050**	**127 050**

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

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

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

	Share Capital R	Foreign exchange cash flow hedge reserve R	Reinvestment reserve R
Balance at 1 April 2014	**254**	**–**	**98 294 594**
Changes in equity			
Total comprehensive income for the year	–	–	–
Transfer between reserves	–	–	–
Dividends	–	–	–
Total changes			
Balance at 1 April 2015	**254**	**–**	**98 294 594**
Changes in equity			
Total comprehensive income for the year	–	–	–
Transfer between reserves	–	–	–
Dividends	–	–	–
Total changes	–	–	–
Balance at 1 April 2016	**254**	**–**	**98 294 594**
Changes in equity			
Total comprehensive income for the year	–	(4 528 493)	–
Transfer between reserves	–	–	–
Dividends	–	–	–
Total changes	–	(4 528 493)	–
Balance at 31 March 2017	**254**	**(4 528 493)**	**98 294 594**

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

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

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

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Allowance for slow moving, damaged and obsolete inventory

An allowance for stock to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

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

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

Impairment testing

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

Provisions

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

Taxation

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

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

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

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

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

Basis of consolidation

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

Subsidiaries:

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

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

Associates:

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

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

1.2 **Revenue**

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

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

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

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

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

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

Revenue from automotive services is recognised as services are rendered.

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

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

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

1.3 **Property, plant and equipment**

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

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

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

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

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

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

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

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

1.4 **Intangible assets**

Trademarks

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

1.5 **Investment in Subsidiaries**

Company annual financial statements

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

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

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

1.6 **Investments in Associates**

Company annual financial statements and group annual financial statements

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

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

1.7 **Leases**

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

Finance leases — lessee

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

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

Operating leases — lessee

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

1.8 **Spares, fuel and oil inventories**

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

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

1.9 **Tax**

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

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

1.10 **Provisions and Contingencies**

Provisions are recognised when:

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

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

Contingent assets and contingent liabilities are not recognised.

1.11 **Financial Instruments**

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

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

Loans to (from) group companies

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

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

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

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Borrowings

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

Employee Benefits

Post-retirement medical benefits

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

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

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

1.12 Impairment of Assets

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

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

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

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

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

1.13 Share Capital and Equity

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

1.14 Dividend Distribution

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

2. NEW STANDARDS AND INTERPRETATIONS

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

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

2.1 Standards and interpretations effective and adopted in the current year

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

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

2.2 Standards and interpretations not yet effective

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

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

3. PROPERTY, PLANT AND EQUIPMENT

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

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

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

Reconciliation of property, plant and equipment – 2017

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

Reconciliation of property, plant and equipment – 2016

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

Reconciliation of property, plant and equipment – 2015

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

Reconciliation of Asset under construction

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

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

Detail of properties

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

Pledged as security

Extent of liability still raised:

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

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

Details of acquisitions of new buses:

Fleet No.	Make	Model No.	Model	Type	Seating	Standing	Cost R
2805	MAN	19-250	MAN RR9-0018	S	66	10	1 998 968
2086	MAN	19-250	MAN RR9-0020	S	66	10	1 998 968
2807	MAN	19-250	MAN RR9-0019	S	66	10	1 998 968
2808	MAN	19-250	MAN RR9-0018	S	66	10	1 998 968
2810	MAN	19-250	MAN RR9-0017	S	66	10	1 998 968
2811	MAN	19-250	MAN RR9-0100	S	66	10	1 998 968
2812	MAN	19-250	MAN RR9-0101	S	66	10	2 264 473
2813	MAN	19-250	MAN RR9-0105	S	66	10	2 264 473
2814	MAN	19-250	MAN RR9-0103	S	66	10	2 264 473
2815	MAN	19-250	MAN RR9-0107	S	66	10	2 264 473
2816	MAN	19-250	MAN RR9-0106	S	66	10	2 264 473
2817	MAN	19-250	MAN RR9-0102	S	66	10	2 264 473
2818	MAN	19-250	MAN RR9-0110	S	66	10	2 264 473
2819	MAN	19-250	MAN RR9-0109	S	66	10	2 264 473
2820	MAN	19-250	MAN RR9-0108	S	66	10	2 264 473
2821	MAN	19-250	MAN RR9-0104	S	66	10	2 264 473
1901	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1902	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1903	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1904	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1905	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1906	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1907	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1908	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1909	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1910	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1911	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1912	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1913	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1914	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1915	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1916	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1917	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1918	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1919	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900
1920	SCANIA	K250 MAR	SCANIA K250 IB 4X2NB	S	61	15	2 262 900

Fleet No.	Make	Model No.	Model	Type	Seating	Standing	Cost R
4922	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4923	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4924	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4925	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4926	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4927	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4928	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4929	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4930	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4931	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4932	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4933	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4934	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4935	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4936	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4937	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4938	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4939	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4940	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4941	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4942	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4943	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4944	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4945	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4946	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4947	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4948	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4949	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4950	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4951	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4952	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4953	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4954	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4955	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4956	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4957	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4958	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4959	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4960	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4961	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4962	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4963	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4964	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4965	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
4966	MAN	18-240	MAN 4x2 BB FOCRA	S	66	25	2 008 144
						Total New buses	**170 263 031**

The following buses have been acquired in the current and prior years:

	Number of buses	Costs R
Prior to 2004	28	33 052 660
2004	28	32 161 258
2005	59	61 169 491
2006	84	90 094 398
2007	45	38 003 872
2008	110	130 179 180
2009	95	138 042 944
2010	25	53 867 138
2011	62	95 777 090
2012	93	141 279 067
2013	120	189 708 851
2014	60	95 772 348
2015	82	150 912 634
2016	74	135 834 748
2017	81	170 263 031
	1046	**556 118 710**

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

4. INTANGIBLE ASSETS

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

5. INVESTMENTS IN SUBSIDIARIES

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

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

6. INVESTMENTS IN ASSOCIATES

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

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

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

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

Associates with different reporting dates

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

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

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

Unrecognised share of losses of associates

The investment in The N2 Express Joint Venture Proprietary Limited is held at R nil as the group has no obligation for any losses of the associate. The total unrecognised losses for the current period amount to R1 627 (2016: R1 479; 2015: 3 476). The accumulated unrecognised losses to date amount to R6 717 (2016: R4 955; 2015: 3 476).

7. LOANS TO (FROM) RELATED PARTIES

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

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

Associate			
Sibanye Bus Services Proprietary Limited	(14 981 336)	(14 981 366)	(14 981 366)

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

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

Fair value of loans to and from related parties

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

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

Cash movement reconciliation

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

8. DEFERRED TAX

Deferred tax liability

Accelerated depreciation for tax purposes	(222 244 761)	(209 315 177)	(192 834 627)
Doubtful debts	791 710	98 383	98 383
Assets under construction	(7 913)	–	–
Prepayments	(3 158 734)	(3 590 613)	(3 528 051)
Provisions	52 184 457	47 744 123	51 616 686
Reimbursement asset	(1 101 474)	(1 101 474)	(1 101 474)
Fair value adjustment on cash flow hedge	1 761 081	–	–
Total net deferred tax liability	**(171 775 634)**	**(166 164 758)**	**(145 749 083)**

Reconciliation of deferred tax liability

At beginning of the year	(166 164 758)	(145 749 083)	(136 324 359)
Accelerated depreciation for tax purposes	(12 929 584)	(16 480 550)	(16 926 383)
Doubtful debts	693 327	–	(3 903)
Assets under construction	(7 913)	–	–
Fair value adjustment on cash flow hedge	1 761 081	–	–
Prepayments	431 879	(62 562)	(624 204)
Provisions	4 440 334	(3 872 563)	8 129 766
Balance at the end of the year	**(171 775 634)**	**(166 164 758)**	**(145 749 083)**

Reconciliation in deferred tax note

Deferred tax asset	397 390	310 841	–
Deferred tax liability	(172 173 024)	(166 475 599)	(145 749 083)
	(171 775 634)	**(166 164 758)**	**(145 749 083)**

9. SPARES, FUEL AND OIL INVENTORIES

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

10. CURRENT TAX PAYABLE (RECEIVABLE)

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

11. TRADE AND OTHER RECEIVABLES

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

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

Fair Value of trade and other receivables

Trade and other receivables	55 631 199	53 582 660	60 044 942

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

Trade and other receivables past due but not impaired

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

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

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

Trade and receivables impaired

As of 31 March 2017, trade and other receivables of R3 358 955 (2016: R –; 2015: R468 491) were impaired and provided for.

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

The ageing of these loans is as follows:

	2017 R	2016 R	2015 R
Over 12 months	3 770 048	468 491	468 491

Reconciliation of provision for impairment of trade and other receivables

	2017 R	2016 R	2015 R
Opening balance	468 491	468 491	487 076
Provision for impairment	3 301 557	–	(18 585)
	3 770 048	**468 491**	**468 491**

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

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

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

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

13. SHARE CAPITAL

Authorised

5 000 000 Ordinary shares of no par value

5 000 000 Ordinary Type A shares of no par value

Issued

	2017 R	2016 R	2015 R
127 050 Ordinary shares of no par value	127	127	127
127 050 Ordinary Type A shares of no par value	127	127	127
	254	**254**	**254**

14. REINVESTMENT RESERVE

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

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

15. OTHER FINANCIAL LIABILITIES

Derivative financial liabilities

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

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

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

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

	2017 R	2016 R	2015 R
Current liabilities			
Derivative financial liabilities	6 289 574	–	–

16. MAINTENANCE RESERVE

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

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

17. INSTALMENT SALE OBLIGATIONS

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

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

Wesbank Repayable in monthly instalments of R1 023 286 (2016: R2 443 194; 2015: R3 107 829)	19 198 502	43 363 502	67 804 433
Nedbank Limited Repayable in monthly instalments of R4 803 929 (2016: R5 198 136; 2015: R4 730 104)	123 149 117	122 304 109	125 752 253
MAN Financial services Repayable in monthly instalments of R5 529 766 (2016: R4 704 218; 2015: R3 846 356)	140 464 441	136 160 458	130 142 243
The Standard Bank of South Africa Limited Repayable in monthly instalments of R2 892 580 (2016: R2 438 007; 2015: R1 793 565)	83 730 020	77 598 543	57 920 654
ABSA Bank Limited Repayable in monthly instalments of R8 955 614	42 153 568	–	–
	408 695 648	**379 426 612**	**381 619 583**

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

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

18. POST-EMPLOYMENT MEDICAL COSTS

Defined benefit plan

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

The group also pays monthly contributions to Discovery Health.

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

Carrying value

	2017 R	2016 R	2015 R
Present value of the defined benefit obligation – wholly unfunded	(72 416 000)	(62 715 000)	(82 173 000)
Non-current liabilities	(68 880 000)	(59 588 000)	(82 173 000)
Current liabilities	(3 536 000)	(3 127 000)	–
	(72 416 000)	**(62 715 000)**	**(82 173 000)**
Movements for the year			
Opening balance	62 716 000	82 173 000	63 762 000
Expenses recognised in profit or loss	9 700 000	(19 457 000)	18 411 000
	72 416 000	**62 716 000**	**82 173 000**
Net expense recognised in total comprehensive income			
Expense recognised in profit and loss			
Current service cost	2 923 000	5 469 000	3 780 000
Interest cost	6 600 000	7 240 000	6 284 000
Pensioner subsidy	(3 127 000)	(2 905 000)	(2 783 000)
	6 396 000	**9 804 000**	**7 281 000**
Expense recognised in other comprehensive income			
Actuarial (gains) losses	3 304 000	(29 261 000)	11 130 000
	3 304 000	**(29 261 000)**	**11 130 000**
	9 700 000	**(19 457 000)**	**18 411 000**
Key assumptions used			
Assumptions used on last valuation on 31 March 2017			
Normal retirement age	65	65	65
Discount rate used	9.80%	10.30%	8.40%
Continuation of membership at retirement	55.00%	55.00%	55.00%
Discovery Health expected long term medical aid subsidy increase rate	8.90%	8.90%	7.70%
Medical Benefit Fund expected long term medical aid subsidy increase rate	8.40%	8.40%	7.20%

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

Sensitivity analysis

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

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

19. TRADE AND OTHER PAYABLES

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

Fair value of trade and other payables

	2017 R	2016 R	2015 R
Trade payables	52 099 747	40 533 819	35 451 538
Other payables	36 986 775	29 360 152	34 055 213

20. PROVISIONS

Reconciliation of provisions – 2017

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

Reconciliation of provisions – 2016

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

Reconciliation of provisions – 2015

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

The Bonus provision:

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

Repurchase of service provision:

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

Third party claims provision:

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

21. REVENUE

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

22. OPERATING PROFIT

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

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

23. INVESTMENT REVENUE

Interest revenue			
Bank	14 044 571	7 906 710	4 793 064
Other interest	931 814	–	–
Total	**14 976 385**	**7 906 710**	**4 793 064**

24. INCOME FROM EQUITY ACCOUNTED INVESTMENT

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

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

25. FINANCE COSTS

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

26. TAXATION

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

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate:

	2017 R	2016 R	2015 R
Applicable tax rate	28.00%	28.00%	28.00%
Exempt income	(0.01%)	–	–
Disallowable expenditure	0.10%	0.04%	0.15%
Prior period tax overprovision	–	–	–
Classified through other comprehensive income	0.89%	–	–
Recoupment of allowances previously granted	–	0.34%	0.83%
Prior period over provision of current tax	(0.25%)	–	–
Items taxed at capital gains rate	–	0.03%	(0.05%)
Non-taxable (already taxed by associate)	(2.08%)	(0.74%)	(1.31%)
Average effective tax rate	**26.65%**	**27.67%**	**27.62%**

27. OTHER COMPREHENSIVE INCOME

Actuarial gains (losses) on defined benefit plans	(3 304 000)	29 261 000	(11 130 000)
Taxation on actuarial gains (losses) on the defined benefit plans	925 120	(8 193 080)	3 116 400
Foreign exchange cash flow revaluation	(6 289 575)	–	–
Taxation on foreign exchange cash flow revaluation	1 761 081	–	–
	(6 907 374)	**21 067 920**	**(8 013 600)**

28. CASH GENERATED FROM OPERATIONS

Profit before tax	328 633 278	266 786 943	232 116 931
Adjustments for:			
Depreciation	98 010 394	88 764 583	77 870 611
Loss (profit) on sale of assets	796 775	2 880 824	(591 180)
Income from equity accounted investments	(6 837 304)	(7 085 685)	(9 644 519)
Dividends received from and interest paid to associate	8 900 000	10 310 739	8 763 655
Interest received	(14 976 385)	(7 906 710)	(4 793 054)
Finance costs	37 568 900	33 956 459	29 208 109
Movements in retirement benefit assets and liabilities	6 397 000	1 609 920	7 281 000
Movements in provisions	9 167 302	5 619 102	8 964 539
Other non-cash items	629 734	–	–
Non-cash movements of related party loan	5 199	–	–
Changes in working capital:			
Spares, fuel and oil inventories	51 511	726 282	2 120 183
Trade and other receivables	(2 107 763)	6 516 282	(24 469 004)
Trade and other payables	19 192 551	387 271	(13 656 545)
Total	**485 431 192**	**402 565 960**	**313 170 726**

29. TAX PAID

Balance at the beginning of the year	(72 575)	(3 614 368)	(3 418 723)
Current tax for the year recognised in profit or loss	(79 286 587)	(53 443 690)	(51 573 066)
Balance at the end of the year	(3 496 709)	72 575	3 614 368
Tax paid	**(82 855 871)**	**(56 985 483)**	**(51 377 421)**

30. DIVIDENDS PAID

Dividends	(120 000 000)	(105 047 512)	(140 000 000)

31. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment	204 366 466	172 050 146	149 365 600

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

32. RELATED PARTIES

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

Related party balances

	2017 R	2016 R	2015 R
Loan accounts – Owing (to) from related parties			
Golden Arrow Employee's Medical Benefit Fund	(72 416 000)	(62 715 000)	(82 173 000)
Hosken Passengers Logistics and Rail Proprietary Limited	9 027 753	–	–
Eljosa Travel and Tours Proprietary Limited	30 066 160	–	–
Sibanye Bus Services Proprietary Limited	(14 981 366)	(14 981 366)	(14 981 366)
	(48 303 453)	**(77 696 366)**	**(97 154 366)**
Amounts included in Trade receivables (Trade payables) regarding related parties			
Golden Arrow Employees Benefit Fund	14 332	–	(31 524)
Golden Arrow Medical Aid Benefit	–	24 326	(4 476 198)
HCI Foundation	509 210	350 662	271 995
The N2 Express JV Proprietary Limited	14 053 913	11 297 261	–
Sibanye Bus Services Proprietary Limited	(377 783)	(2 422 580)	(902 271)
Sibanye Bus Services Proprietary Limited	3 529 256	5 133 743	6 498 361
	17 728 928	**14 383 412**	**1 360 363**
Related party transactions			
Interest paid to (received from) related parties			
Eljosa Travel and Tours Proprietary Limited	(358 214)	–	–
Sales to related parties			
HCI Foundation	(2 790 370)	(2 675 859)	(2 286 612)
The N2 Express JV Proprietary Limited	(73 628 227)	(49 455 812)	(27 245 576)
	(76 418 597)	**(52 131 671)**	**(29 532 188)**
Rent paid to (received from) related parties			
Sibanye Bus Services Proprietary Limited	(520 547)	(940 645)	(4 020 000)
Administration fees paid to (received from) related parties			
Hosken Consolidated Investments Limited	1 710 000	1 710 000	1 710 000
Sibanye Bus Services Proprietary Limited	(2 778 855)	(3 701 398)	(3 740 394)
	(1 068 855)	**(1 991 398)**	**(2 030 394)**
Grant paid to related party			
Golden Arrow Employee's Medical Benefit Fund	27 786 000	25 809 990	22 420 285
Dividends paid to (received from) related party			
Hosken Consolidated Investments Limited	120 000 000	100 000 000	140 000 000
Contract revenue paid to related party			
Sibanye Bus Services Proprietary Limited	49 957 516	44 821 203	75 793 909
Management has estimated that transactions with related parties are at arm's length.			
Compensation to directors and other key management			
Employee benefits	47 232 228	34 358 388	8 336 598

33. DIRECTORS' EMOLUMENTS

Executive

2017

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

2016

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

2015

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

Non-executive

2017

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

2016

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

2015

	Contribution to post retirement schemes R	Total R
For services as directors	60 006	60 006

34. FINANCIAL ASSETS BY CATEGORY

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

Group – 2017

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

Group – 2016

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

Group – 2015

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

35. FINANCIAL LIABILITIES BY CATEGORY

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

Group – 2017

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

Group – 2016

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

Group – 2015

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

36. RISK MANAGEMENT

Capital risk management

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

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

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

There are no externally imposed capital requirements.

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

Financial risk management

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

Interest rate risk

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

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

Credit risk

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

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

Financial instrument

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

Liquidity risk

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

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

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

Group

At 31 March 2017	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Instalment sale liability	130 670 477	278 025 167	–	–
Loans from related parties	–	14 981 366	–	–
Trade and other payables	87 916 916	–	–	–

At 31 March 2016	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Instalment sale liability	13 407 838	104 975 974	142 042 800	–
Loans from related parties	–	14 981 366	–	–
Trade and other payables	69 484 177	–	–	–

At 31 March 2015	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
Instalment sale liability	124 926 118	256 693 465	–	–
Loans from related parties	–	14 981 366	–	–
Trade and other payables	68 876 403	–	–	–

Foreign exchange risk

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

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

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

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

Refer to Note 16 for full details.

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

GBP 17.4511

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

Sensitivity analysis

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

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

	Equity R	Other Comprehensive Income R
UK Pound Sterling	3 262 997	3 262 997

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

37. RECLASSIFICATION

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

These changes were merely classification in nature.

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

The Directors
Niveus Investments Limited ("Niveus")
La Concorde
57 Main Street
Paarl
7646

12 December 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED AND ITS SUBSIDIARIES ("GABS" OR THE "GROUP") INCLUDED IN THE CIRCULAR

Opinion

We have audited the consolidated financial information of GABS for the three years ended 31 March 2015, 2016 and 2017, as set out in **Annexure 5** of the circular to be issued on or about Monday, 18 December 2017 ("**the Circular**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

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

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

Basis for opinion

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

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

Independence

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

Responsibilities of the directors for the consolidated historical financial information

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

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

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

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

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

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

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

Consent

We consent to the inclusion of this report, which will form part of the Circular to the shareholders of Niveus in the form and context in which it appears.

Grant Thornton Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

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

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

GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED (REGISTRATION NUMBER 1992/001234/07)
GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

INTRODUCTION

The interim financial information for the six months ended 30 September 2017 of Golden Arrow Bus Service Proprietary Limited and its subsidiaries set out below has been reviewed by Grant Thornton Cape Inc. and should be read in conjunction with the audited annual financial statements of Golden Arrow Bus Service Proprietary Limited and its subsidiaries for the years ended 31 March 2015, 31 March 2016 and 31 March 2017.

The interim financial information for the six months ended 30 September 2017 of Golden Arrow Bus Service Proprietary Limited and its subsidiaries is the responsibility of the Directors of Golden Arrow Bus Service Proprietary Limited and its subsidiaries.

The accounting policies of Golden Arrow Bus Service Proprietary Limited and its subsidiaries are consistent with that of Niveus Investments Limited.

DIRECTORS

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

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

FINANCIAL INFORMATION

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

Golden Arrow Bus Services Proprietary Limited
(Registration number 1992/001234/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Financial Position
Group

Figures in Rand	Notes	Reviewed 30 September 2017	Audited 31 March 2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 308 468 262	1 285 459 167
Intangible assets		57 000	57 000
Investments in associates		19 465 968	16 757 248
Loans to related parties		30 940 482	26 144 959
Deferred tax		397 390	397 390
		1 359 329 102	**1 328 815 764**
Current Assets			
Spares, fuel and oil inventories		17 118 808	16 947 939
Loans to related parties		14 813 653	12 954 162
Current tax receivable		1 256 345	3 668 681
Trade and other receivables	3	214 805 204	55 631 199
Cash and cash equivalents		196 469 009	287 520 490
		444 463 020	**376 722 471**
Total Assets		**1 803 792 122**	**1 705 538 235**
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital		254	254
Reinvestment reserves		98 294 594	98 294 594
Foreign exchange cash flow hedge reserve		(1 428 113)	(4 528 493)
Maintenance reserve		26 863 462	24 927 770
Retained income		761 997 958	675 199 227
		885 728 156	793 893 352
Non-controlling interest		36 366 758	35 010 891
		922 094 914	**828 904 243**
Liabilities			
Non-Current Liabilities			
Loans from related parties		14 981 366	14 981 366
Instalment sale obligations		259 694 913	278 025 171
Retirement benefit obligation		77 958 200	68 880 000
Deferred tax		173 378 728	172 173 024
		526 013 207	**534 059 561**
Current Liabilities			
Current tax payable		15 515 543	171 972
Other financial liabilities		1 983 490	6 289 574
Instalment sale obligations		148 319 748	130 670 477
Retirement benefit obligation		–	3 536 000
Trade and other payables		53 234 719	89 086 522
Provisions		136 630 502	112 819 886
		355 684 002	**342 574 431**
Total Liabilities		**881 697 208**	**876 633 992**
Total Equity and Liability		**1 803 792 122**	**1 705 538 235**
Net Asset Value per share (cents)		**697 149**	**624 867**
Net Tangible Asset Value per share (cents)		**697 104**	**624 822**
Shares in issue		**127 050**	**127 050**

Golden Arrow Bus Services Proprietary Limited
(Registration number 1992/001234/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Comprehensive Income

Group

Figures in Rand	Notes	Reviewed 30 September 2017	Audited 31 March 2017
Revenue		854 090 382	1 666 742 323
Cost of sales		(624 929 885)	(1 019 777 214)
Gross profit		**229 160 497**	**646 965 109**
Other income		2 130 792	2 858 160
Operating expenses		(86 131 049)	(305 434 780)
Operating profit		**145 160 240)**	**344 388 489**
Investment revenue		8 971 822	14 976 385
Income from equity accounted investment		3 020 048	6 837 304
Finance costs		(23 218 420)	(37 568 900)
Profit before taxation		**133 933 691**	**328 633 278**
Taxation		(38 300 060)	(87 583 663)
Profit for the period/year		**95 633 631**	**241 049 615**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit plans		–	(3 304 000)
Tax on items that cannot be subsequently reclassified		–	925 120
		–	**(2 378 880)**
Items that will be reclassified subsequently to profit or loss			
Cash flow hedging – current period/year gains (losses)		191 591	(6 315 093)
Cash flow hedging – amounts capitalised to property, plant and equipment		4 114 493	25 518
Taxation relating to cash flow hedging		(1 205 704)	1 761 081)
Other comprehensive (loss) income for the period/year net of taxation		**3 100 380**	**(4 528 494)**
Total comprehensive income		**98 734 011**	**234 142 241**
Total profit and loss attributable to:			
Owners of the parent		88 734 423	227 812 776
Non-controlling interest		6 899 208	13 236 840
		95 633 631	**241 049 616**
Total other comprehensive income attributable to :			
Owners of the parent		3 100 380	(6 907 374)
Non-controlling interest		–	–
		3 100 380	**(6 907 374)**

Golden Arrow Bus Services Proprietary Limited
(Registration number 1992/001234/07)
Group interim results for the six months ended 30 September 2017

Condensed Consolidated Statement of Cash Flows

Figures in Rand	Notes	Group Reviewed 30 September 2017
Cash flows from operating activities		
Cash generated from operations		33 440 683
Interest income		8 971 822
Dividends		(5 543 340)
Finance costs		(23 218 420)
Tax paid		(19 338 450)
Net cash from operating activities		**(5 687 704)**
Cash flows from investing activities		
Purchase of property, plant and equipment	2	(77 986 108)
Proceeds from sale of property, plant and equipment		1 995 558
Short term loans repaid		–
Proceeds on sale of investment property		–
Net cash used in investing activities		**(75 990 549)**
Cash flows from financing activities		
Instalment sale payments		(90 212 054)
Instalment sale advances		60 000 849
Long term borrowings repaid		(3 812 027)
Long term borrowings raised		31 305 018
Dividends paid		–
Net movement of related party loan		(6 655 015)
Net cash used in financing activities		**(9 373 228)**
Total cash movement for the period/year		**(91 051 481)**
Cash and cash equivalents at the beginning of the period/year		287 520 490
Total cash and cash equivalents at the end of the period		**196 469 009**

Notes to the Condensed Consolidated Financial Statements
Figures in Rand

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the requirements of the South African Companies Act, 2008. The accounting policies applied by the group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2017.

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

2. PROPERTY, PLANT AND EQUIPMENT

	2017		
Figures in Rand	**Cost**	**Accumulated depreciation**	**Carrying value**
Buses	1 578 224 234	(627 141 370)	951 082 864
Computer hardware	12 834 803	(11 747 970)	1 086 833
Computer software	10 878 819	(10 833 556)	45 263
Fare collection equipment	5 221 915	(5 221 882)	33
Furniture and fixtures	13 549 050	(10 926 498)	2 622 552
Land and buildings	298 223 368	–	298 223 368
Motor vehicles	23 431 443	(17 271 797)	6 159 646
Plant and machinery	27 674 220	(21 954 543)	5 719 677
Radio equipment	1 945 925	(1 143 311)	802 614
Assets under construction	42 725 412	–	42 725 412
	2 014 709 189	(706 240 927)	1 308 468 262

Reconciliation of property, plant and equipment – 2017

Figures in Rand	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Closing balance**
Buses	961 000 998	40 965 000	(200 000)	(50 683 144)	951 082 854
Computer hardware	3 841 392	368 564	–	(531 553)	3 678 403
Computer software	69 551	–	–	(24 289)	45 262
Fare collection equipment	33	–	–	–	33
Furniture and fixtures	360 407	273 429	–	(602 842)	30 994
Land and buildings	283 676 656	14 546 712	–	–	298 223 368
Motor vehicles	6 848 952	1 028 120	(16 359)	(1 701 069)	6 159 644
Plant and machinery	6 760 049	44 654	–	(1 085 025)	5 719 678
Radio equipment	889 774	45 572	–	(132 732)	802 614
Assets under construction	22 011 355	20 714 057	–	–	42 725 412
	1 285 459 167	**77 986 108**	**(216 359)**	**(54 760 654)**	**1 308 468 262**

Notes to the Condensed Consolidated Financial Statements
Figures in Rand

Figures in Rand	Group Reviewed 30 September 2017
3. TRADE AND OTHER RECEIVABLES	
Deposits	568 627
Bus licence prepayments	10 634 794
Other prepayments	526 065
Sibanye Bus Services Proprietary Limited receivable	5 674 510
Table Bay Area Rapid Transit Proprietary Limited	7 864 698
The N2 Express JV Proprietary Limited	49 219
Bulk agent sales debtors	118 376
Multi-mech and Multi-supplier debtors	159 813
Charter hire debtors	838 044
City of Cape Town	19 537 911
Provision for Bad debts	(1 201 557)
TETA learner ships receivable	141 660
Sundry Debtors	166 246 884
Sundry Accruals	317 730
Staff loans	199 630
VAT	3 128 800
	214 805 204

4. RELATED PARTIES

Relationships	
Holding company	Hosken Consolidated Investments Limited
Fellow subsidiary	HCI Treasury Proprietary Limited Hosken Passengers Logistics and Rail Proprietary Limited Eljosa Travel and Tours Proprietary Limited
Subsidiaries	Penlink Proprietary Limited Hollyberry Props 12 Proprietary Limited Table Bay Area Rapid Transit Proprietary Limited Transit Research and Management Services Proprietary Limited Baakens Property Holdings Proprietary Limited Atlantic Bus Company Proprietary Limited (previously Beekay 263 Proprietary Limited) City Xplore Proprietary Limited (previously Beekay 264 Proprietary Limited) Coachways Proprietary Limited (previously Beekay 265 Proprietary Limited)
Associates	Sibanye Bus Services Proprietary Limited The N2 Express Joint Venture Proprietary Limited
Entities under common control	Golden Arrow Employee’s Medical Benefit Fund HCI Foundation

Notes to the Condensed Consolidated Financial Statements
Figures in Rand

Figures in Rand	Group Reviewed 30 September 2017
Related party balances	
Loan accounts – Owing (to) from related parties	
Golden Arrow Employee’s Medical Benefit Fund	(77 958 200)
Hosken Passengers Logistics and Rail Proprietary Limited	10 954 622
Eljosa Travel and Tours Proprietary Limited	34 801 476
Sibanye Bus Services Proprietary Limited	(14 981 366)
Table Bay Area Rapid Transit Proprietary Limited	5 018 634
The N2 Express Joint Venture Proprietary Limited	49 219
	(42 115 622)
Amounts included in Trade receivable (Trade Payable) regarding related parties	
HCI Foundation	1 245 755
Sibanye Bus Services Proprietary Limited	(9 863 935)
Sibanye Bus Services Proprietary Limited	5 053 850
The N2 Express Joint Venture Proprietary Limited	17 305 526
Eljosa Travel and Tours Proprietary Limited	99 064
	13 840 260
Related party transactions	
Sales to related party	
HCI Foundation	(1 718 362)
The N2 Express Joint Venture Proprietary Limited	41 106 269
	39 387 907
Rent paid to (received from) related parties	
Sibanye Bus Services Proprietary Limited	(286 368)
	(286 368)
Administration fees paid to (received from) related parties	
Hosken Consolidated Investments Limited	855 000
Sibanye Bus Services Proprietary Limited	(1 441 190)
	(586 190)
Grant paid to related party	
Golden Arrow Employee’s Medical Benefit Fund	14 712 000
Contract revenue paid to related party	
Sibanye Bus Services Proprietary Limited	28 310 256
Interest received from (paid to) related party	
Eljosa Travel and Tours Proprietary Limited	1 593 559

Notes to the Condensed Consolidated Financial Statements

Group

Figures in Rand	Reviewed 30 September 2017	Audited 31 March 2017
5. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	150 616 283	204 366 466

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

FINANCIAL OVERVIEW

FINANCIAL PERFORMANCE

The group is engaged in urban commuter transport and related services providing essential passenger transport to the communities it serves in the Cape Town Metropole.

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

Net profit of the group was R95 633 631 and total comprehensive income of R98 734 011.

CHANGES TO THE BOARD

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

SUBSEQUENT EVENTS

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

GOING CONCERN

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

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

DIVIDEND TO SHAREHOLDER

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

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

The Directors

Niveus Investments Limited ("Niveus")
La Concorde
57 Main Street
Paarl
7646

12 December 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED INTERIM FINANCIAL INFORMATION OF GOLDEN ARROW BUS SERVICES PROPRIETARY LIMITED ("GABS" OR THE "COMPANY") INCLUDED IN THE CIRCULAR

Introduction

We have reviewed the consolidated interim financial information of GABS for the six months ended 30 September 2017 as set out in **Annexure 7** of the Circular to be issued on or about Monday, 18 December 2017 ("**the Circular**") in compliance with the JSE Limited ("**JSE**") Listings Requirements.

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

Our independence and quality control

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

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

Directors' responsibility for the consolidated historical financial information

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

Reporting accountants' responsibility

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

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

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

Basis for qualified conclusion

The Company did not present comparative consolidated interim figures for the period 6 months ended 30 September 2016, which constitutes a departure from the requirements of the International Accounting Standard (IAS) 34 Interim Financial Reporting. Management has not provided us with this information. We have not included the omitted information in our auditor's report as it was impracticable to do so.

Qualified review conclusion

Based on our review, except for the effect of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated historical financial information of GABS for the 6 month period ended 30 September 2017 is not fairly prepared, in all material respects, for the purposes of the Circular, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the Circular to the shareholders of Niveus in the form and context in which it appears.

Grant Thornton Cape Incorporated
Practice number 970879-0000
Chartered Accountants (SA)
Registered Auditors

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

PRO FORMA FINANCIAL INFORMATION OF NIVEUS

NIVEUS INVESTMENTS LIMITED

PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

The *pro forma* financial information of Niveus is set out below. The pro forma consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income of Niveus have been prepared for illustrative purposes only to show the financial effects of the acquisition of Golden Arrow Bus Service Proprietary Limited. Due to the nature of the pro forma financial information, the pro forma consolidated statement of financial position and the pro forma consolidated statement of comprehensive income may not fairly present Niveus' financial position, changes in equity, results of operations or cash flows after the acquisition of Golden Arrow Bus Services Proprietary Limited has been implemented.

The pro forma financial information as at 30 September 2017 is presented in a manner that is consistent with the accounting policies of Niveus, IFRS and the basis on which the historical financial information has been prepared. The financial information has been prepared in accordance with the Listings Requirements and in compliance with the SAICA Guide on pro forma Financial Information. The pro forma consolidated statement of financial position and the pro forma consolidated statement of comprehensive income as set out below should be read in conjunction with the report of the independent reporting accountants which is included as Annexure 10 to this Circular.

The directors of Niveus are responsible for the preparation of the pro forma financial information.

It has been assumed for the purposes of the pro forma financial effects that the acquisition of Golden Arrow Bus Service Proprietary Limited took place with effect from 1 April 2017 for purposes of the pro forma consolidated statement of comprehensive income and on 30 September 2017 for purposes of the pro forma consolidated statement of financial position.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The pro forma consolidated statement of comprehensive income presented below was prepared on the assumption that the GABS Acquisition was implemented on 1 April 2017.

Figures in Rand	Niveus unaudited interim financial information	Pro forma adjustments – effects of the Gameco Transaction	Pro forma financial information before the GABS Acquisition	Pro forma adjustment – the GABS Acquisition	Pro forma financial information post the GABS Acquisition
	Note 1	Note 2	Note 3	Note 4	Note 5
Revenue	10 769	–	10 769	–	10 769
Net gaming win	20 272	–	20 272	–	20 272
Group revenue	31 041	–	31 041	–	31 041
Other Income	463	–	463	–	463
Operating expenses	(58 490)	(78 293)	(136 783)	–	(136 783)
	(26 986)	(78 293)	(105 279)	–	(105 279)
Depreciation and amortisation	(20 685)	17 254	(3 431)	–	(3 431)
Share of income of associates and joint ventures	1 860	–	1 860	46 409	48 269
Investment income	48 880	15 942	64 822	(47 034)	17 788
Impairment of assets	(152)	–	(152)	–	(152)
Impairment of investment in associate	(412)	–	(412)	–	(412)
Gain on disposal of subsidiaries	1 772	–	1 772	–	1 772
Finance costs	(62)	–	(62)	–	(62)
Profit/(loss) before taxation	4 215	(45 097)	(40 882)	(625)	(41 507)
Taxation	(24 737)	3 725	(21 012)	13 170	(7 843)
Loss for the year from continuing operations	(20 522)	(41 372)	(61 894)	12 544	(49 350)
Net result from discontinued operations	174 375	34 758	209 133	–	209 133
Profit/(loss) for the period	153 853	(6 614)	147 239	12 544	159 783
Attributable to:					
Equity holders of the parent	134 524	3 478	138 002	7 276	145 277
Non-controlling interest	19 329	(10 092)	9 237	5 269	14 506
	153 853	(6 614)	147 239	12 544	159 783

Reconciliation of headline earnings	Gross	Niveus unaudited interim financial information Net	Pro forma adjustments – effects of the Gameco Transaction	Pro forma financial information before the GABS Acquisition	Pro forma adjustment – the GABS Acquisition	Pro forma financial information post the GABS Acquisition
Figures in Rand		**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**
Continuing operations						
Earnings attributable to equity holders of the parent		(29 745)	(41 372)	(71 117)	7 276	(63 842)
IAS 16 Gains on disposal of plant and equipment	(110)	(109)	–	(109)	(174)	(283)
IAS 16 Impairment of assets	152	139	–	139	–	139
IAS 27 Gains from disposal of subsidiaries	(1 772)	(1 240)	–	(1 240)	–	(1 240)
IAS 28 Impairment of investments in associates	412	288	–	288	–	288
		(30 667)	(41 372)	(72 039)	7 102	(64 938)
Discontinued operations				–		–
Profit attributable to equity holders of the parent		164 269	44 850	209 119	–	209 119
IAS 16 Gains on disposal of plant and equipment	(493)	(355)	355	–	–	–
IAS 16 Impairment of assets	3 123	2 249	(2 249)	–	–	–
IAS 27 Loss from disposal of subsidiaries	2 723	2 555	(210 826)	(208 271)	–	(208 271)
		168 718	(167 870)	848	–	848
Earnings per share (cents)		112.9	2.9	115.8	6.1	121.9
– Continuing operations		(25.0)	(34.7)	(59.7)	6.1	(53.6)
– Discontinued operations		137.9	37.6	175.5	–	175.5
Headline earnings per share (cents)		115.9	(175.6)	(59.7)	6.0	(53.8)
– Continuing operations		(25.7)	(34.7)	(60.5)	6.0	(54.5)
– Discontinued operations		141.6	(140.9)	0.7	–	0.7
Diluted earnings per share (cents)		112.1	2.9	115.0	6.1	121.1
– Continuing operations		(24.8)	(34.5)	(59.3)	6.1	(53.2)
– Discontinued operations		136.9	37.4	174.3	–	174.3
Diluted headline earnings per share (cents)		115.1	(174.4)	(59.3)	5.9	(53.4)
– Continuing operations		(25.6)	(34.5)	(60.1)	5.9	(54.1)
– Discontinued operations		140.6	(139.9)	0.7	–	0.7
Weighted average number of shares in issue (‘000)		119 163	119 163	119 163	119 163	119 163
Actual number of share in issue at end of year (‘000)		119 163	119 163	119 163	119 163	119 163
Weighted average number of shares in issue (diluted) (‘000)		119 960	119 960	119 960	119 960	119 960

Notes to the pro forma condensed consolidated statement of comprehensive income:

Note 1:

The Niveus unaudited interim financial information has been extracted, without adjustment, from Niveus’s unaudited results for the 6-month period ended 30 September 2017.

Note 2:

Pro forma adjustments made to the unaudited interim financial information of Niveus to illustrate the effects of the Gameco Transaction which became effective on 30 October 2017. The Gameco Transaction is not the subject of this Circular in respect of which this pro forma financial information has been prepared, and shareholders are referred to the circular dated 16 August 2017, in which the terms and the detailed pro forma effects of the Gameco Transaction was set out. The pro forma adjustments relating to the Gameco Transaction reflected in this pro forma financial information include the following:

- Adjustment to net result from discontinued operations, derecognising net result from discontinued operations of R175 636 000, and recognising gain on disposal of subsidiary of R210 394 000;
- Reversing of depreciation of R17 254 000 of machines sold to GameCo from Niveus AG as well as the resulting tax effect R4 203 000 from the reversal of the depreciation and reversal of machine rentals of R66 697 000 charged from Niveus AG to GameCo;
- Reversal of share based payment expenses relating to GameCo of R1 707 000 and the resulting tax effect of R478 000;
- Assignment consideration of R80 000 000 expensed; and
- Investment income on cash received as part of the minority offer from Tsogo of R15 942 000

Note 3:

Pro forma financial information of Niveus, after the Gameco Transaction effects and prior to the GABS Acquisition.

Note 4:

The GABS Acquisition:

Post the internal restructure (the La Concorde Restructure) which in itself has no effect on Niveus at a group level, Newco acquires GABS for a purchase consideration of approximately R1 800 000 000, settled through Newco shares being issued to HCI, which results in HCI being issued with approximately 62% of the issued share capital of Newco of 180 shares of no par value and La Concorde retaining an interest of approximately 38% of the issued share capital of Newco.

The transaction results in Newco changing from a subsidiary of Niveus to an associate. Niveus equity accounts for its portion of the HPLR and GABS profits and losses attributable to shareholders.

Investment income to the amount of R47 034 000 is derecognised, along with tax of R13 169 520 as the investment in subsidiary (Newco) changes to an investment in associate. Investment income earned by Newco after tax amounting to R12 868 502 of which R5 404 771 is attributable to Non-controlling interest is recognised is as part of Niveus's share of income of associates and joint ventures.

Niveus's share of income of associates and joint ventures further includes its share of the profit and losses from GABS and HPLR for the 6 months period ended 30 September 2017 which amounts to R33 540 360, of which R14 086 951 million is attributable to Non-controlling interest. These adjustments are considered to have a continuing effect.

Once off transaction costs of R2 740 000 have been accounted for and have been capitalised as part of the investment in associate.

Note 5:

Pro forma financial information of Niveus post the GABS Acquisition.

General

Throughout the pro forma's an income tax rate of 28% has been assumed.

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The pro forma consolidated statement of financial position presented below was prepared on the assumption that the GABS Acquisition was implemented on 30 September 2017

Figures in Rand	Niveus unaudited interim financial information	Pro forma adjustments – effects of the Gameco Transaction	Pro forma financial information before the GABS Acquisition	Pro forma adjustment – the GABS Acquisition	Pro forma financial information post the GABS Acquisition
	Note 1	**Note 2**	**Note 3**	**Note 4**	**Note 5**
ASSETS					
Non-current assets	**926 543**	**(178 455)**	**748 088**	**655 958**	**1 404 046**
Property, plant and equipment	**397 535**	**(202 293)**	**195 242**	**–**	**195 242**
Investment properties	**21 164**	**–**	**21 164**	**–**	**21 164**
Goodwill	**11 714**	**–**	**11 714**	**–**	**11 714**
Intangible assets	**13 187**	**–**	**13 187**	**–**	**13 187**
Investment held for sale	**–**	**32 643**	**32 643**	**–**	**32 643**
Interest in associates and joint ventures	**27 596**	**–**	**27 596**	**1 102 740**	**1 130 336**
Deferred taxation	**8 805**	**(8 805)**	**–**	**–**	**–**
Loans receivable	**446 542**	**–**	**446 542**	**(446 542)**	**–**
Current assets	**882 946**	**144 584**	**882 946**	**(656 198)**	**371 332**
Other	**232 074**	**–**	**232 074**	**(210 148)**	**21 926**
Cash and cash equivalents	**650 872**	**144 584**	**795 456**	**(446 050)**	**349 406**
Assets of disposal group classified as held for sale	**641 308**	**(641 308)**	**–**	**–**	**–**
Total assets	**2 450 797**	**(675 179)**	**1 631 034**	**–**	**1 775 618**

Figures in Rand	Niveus unaudited interim financial information	Pro forma adjustments – effects of the Gameco Transaction	Pro forma financial information before the GABS Acquisition	Pro forma adjustment – the GABS Acquisition	Pro forma financial information post the GABS Acquisition
	Note 1	Note 2	Note 3	Note 4	Note 5
EQUITY AND LIABILITIES					
Equity	**1 974 038**	**(262 797)**	**1 711 241**	**–**	**1 711 241**
Equity attributable to equity holders of the parent	**1 417 532**	**(273 052)**	**1 144 480**	**–**	**1 144 480**
Non-controlling interest	**556 506**	**10 255**	**566 761**	**–**	**566 761**
Non current liabilities	**21 435**	**–**	**21 435**	**–**	**21 435**
Deferred taxation	**21 435**	**–**	**21 435**	**–**	**21 435**
Current liabilities	**100 651**	**(57 709)**	**42 942**	**–**	**42 942**
Other current liabilities	**100 651**	**(57 709)**	**42 942**	**–**	**42 942**
Liabilities of disposal group classified as held for sale	**354 673**	**(354 673)**	**–**	**–**	**–**
Total equity and liabilities	**2 450 797**	**(675 179)**	**1 775 618**	**–**	**1 775 618**
Net asset value per share (cents)	**1 190**	**(229)**	**960**	**–**	**960**
Net tangible asset value per share (cents)	**1 169**	**(229)**	**940**	**–**	**940**

Notes to the pro forma condensed consolidated statement of financial position:

Note 1:

The Niveus unaudited interim financial information has been extracted, without adjustment, from Niveus's unaudited results for the period ended 30 September 2017.

Note 2:

Pro forma adjustments made to the unaudited interim financial information of Niveus to illustrate the effects of the Gameco Transaction which became effective on 30 October 2017. The Gameco Transaction is not the subject of this Circular in respect of which this pro forma financial information has been prepared, and shareholders are referred to the circular dated 16 August 2017, in which the terms and the detailed pro forma effects of the Gameco Transaction was set out. The pro forma adjustments relating to the Gameco Transaction reflected in this pro forma financial information include the following:

- Derecognising assets amounting to R641 308 000 and liabilities amounting to R354 673 000 classified as assets/liabilities of disposal group held for sale;
- Derecognising the book value of R202 293 000 of gaming machines sold to Gameco by Niveus AG and the gaming machine liability of Niveus AG of R57 709 000 taken over by Gameco with the increase in cash of R144 584 000 from the proceeds received by Niveus AG; and
- Recognising investment held for sale amounting to R32 643 000, representing resultant shares held in Tsogo post the implementation of the Gameco Transaction.

Note 3:

Pro forma financial information of Niveus, after the Gameco Transaction effects and prior to the GABS Acquisition.

Note 4:

The GABS Acquisition:
Post the internal restructure (the La Concorde Restructure) which in itself has no effect on Niveus at a group level, Newco acquires GABS for a purchase consideration of approximately R1 800 000 000 settled through Newco shares being issued to HCI, which results in HCI being issued with approximately 62% of the issued share capital of Newco of 180 shares of no par value and La Concorde retaining an interest of approximately 38% of the issued share capital of Newco.

The transaction results in Newco changing from a subsidiary of Niveus to an associate, and as a result, Niveus has to account for an investment in associate at fair value, with the fair value of investment in associate at recognition date being determined as R1 100 000 000, with the purchase consideration being settled through delegation of receivables to the amount of R656 690 000 and cash of R443 310 000.

Once off transaction costs of R2 740 000 have been accounted for and have been capitalised as part of the investment in associate.

Note 5:

Pro forma financial information of Niveus post the GABS Acquisition.

General

Throughout the pro forma's an income tax rate of 28% has been assumed.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF NIVEUS

The Directors
Niveus Investments Limited ("Niveus")
La Concorde
57 Main Street
Paarl
7646

12 December 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF NIVEUS INVESTMENTS LIMITED ("NIVEUS")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Niveus by the Directors. The *pro forma* financial information, in **Annexure 9** of the Niveus circular to be issued on or about Monday, 18 December 2017 ("**the Circular**"), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements ("**Listings Requirements**").

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 9**, on Niveus' financial position as at 30 September 2017 and Niveus' financial performance for the period then ended, as if the corporate action or event had taken place at 30 September 2017 for purposes of statement of financial position and at 1 April 2017 for purposes of statement of comprehensive income. As part of this process, information about Niveus' financial position and financial performance has been extracted by the Directors from Niveus' unaudited interim financial information for the period ended 30 September 2017.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the Listings Requirements and described in **Annexure 9** and as described in the notes to the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income.

Our independence and quality control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3420: *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements and described in **Annexure 9**.

Consent

This report on the *pro forma* statement of financial position is included solely for the information of the Shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Grant Thornton
Chartered Accountants (SA)
Registered Auditors

Per: Robyn Fridberg
Reporting Accountant
Chartered Accountant (SA)

INDEPENDENT EXPERT'S REPORT

The Directors
Niveus Investments Limited ("**Niveus**")
57 Main Street
Paarl
7646

12 December 2017

Dear Sirs

Independent expert's report regarding the proposed acquisition in terms of which, *inter alia*, Niveus Invest 17 Proprietary Limited ("Newco"), a subsidiary of Niveus, will acquire 100% of the shares in Hosken Passengers Logistics and Rail Proprietary Limited ("HPLR"), a wholly-owned subsidiary of Hosken Consolidated Investments Limited ("HCI"), in exchange for the issue of shares.

1. INTRODUCTION

1.1 Niveus shareholders ("**Shareholders**") are referred to the announcement released on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") on 14 September 2017.

1.2 On or about 29 November 2017, Newco, La Concorde Holdings Limited, a subsidiary of Niveus in which Niveus holds a 58% interest, ("**La Concorde**") and HCI entered into an asset-for-share agreement, in terms of which Newco will, upon such agreement becoming unconditional, acquire 100% of the issued share capital of HPLR, a company that will own 100% of the issue share capital of Golden Arrow Bus Services Proprietary Limited ("**GABS**"), from HCI, in exchange for issuing shares in Newco to HCI ("**GABS Acquisition**"). Newco is currently a wholly-owned subsidiary of La Concorde South Africa Proprietary Limited, but will prior to implementation of the GABS Acquisition, following implementation of the La Concorde Restructure, as defined in the circular to which this report is annexed, become a subsidiary of La Concorde and, accordingly, of Niveus. Eljosa Travel and Tours Proprietary Limited is currently a subsidiary of HPLR, with HPLR holding 76% of Eljosa Travel and Tours Proprietary Limited's issued shares.

1.3 HPLR will be acquired by Newco for a purchase consideration of R1.8 billion, which will result in HCI being issued with approximately 62% of issued share capital of Newco ("**Consideration Shares**") and La Concorde retaining an interest of approximately 38% of the issued share capital of Newco.

1.4 Post the implementation of the GABS Acquisition, it is intended that a dividend of up to R1.2 billion will be declared by Newco to its shareholders.

1.5 HCI is a "material shareholder" of Niveus, as it holds 52.28% of the total issued shares of Niveus. Accordingly, the GABS Acquisition will constitute a related party transaction by Niveus, which requires the approval of its shareholders.

1.6 Full details of the GABS Acquisition are contained in the circular to Shareholders, to be dated on or about Monday, 18 December 2017 ("**Circular**"), which will include a copy of this letter.

2. SCOPE

2.1 An independent expert report is required to be obtained by the board of directors of Niveus ("**Board**"), in terms of paragraph 10.4(f) of the Listings Requirements of the JSE Limited ("**Listings Requirements**"), if a transaction is entered into by it or one of its subsidiaries, with a related party. As indicated above, HCI is a "material shareholder" and the holding company of Niveus, while Newco will, following implementation of the La Concorde Restructure, be a wholly-owned subsidiary of La Concorde, in which Niveus owns 58%. Since HCI and Newco are both Related Parties of Niveus, the GABS Acquisition will constitute a related party transaction in terms of the Listings Requirements.

2.2 KPMG Services Proprietary Limited ("**KPMG**") has been appointed by the Board as the independent expert to advise on whether the terms and conditions of the GABS Acquisition are fair.

3. RESPONSIBILITY

The compliance with the Listings Requirements is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the GABS Acquisition.

4. DEFINITION OF THE TERM "FAIR"

4.1 A transaction will generally be considered fair to a company's shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

4.2 The assessment of fairness is primarily based on quantitative issues. The GABS Acquisition may be considered fair if the value received by Niveus as a result of the GABS Acquisition is considered to be equal or greater than the value of the Consideration Shares issued in the GABS Acquisition.

5. KEY QUANTITATIVE CONSIDERATIONS

5.1 In arriving at our opinion we have undertaken the following procedures:

5.1.1 obtained an understanding of the GABS Acquisition from Niveus management, as well as documentation prepared by Niveus and their advisors;

5.1.2 for the valuation of HPLR we:

5.1.2.1 considered the audited financial statements of GABS and HPLR (including Eljosa) for the financial years ended 31 March 2017, 2016 and 2015, including the unaudited management accounts for the periods ended March 2015 to 30 June 2017, the management accounts for the 6 months ended 30 September 2017 and the three year plan approved by the GABS Board;

5.1.2.2 held discussions with the directors of GABS and HPLR to establish their strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal and market conditions of the transport industry;

5.1.2.3 evaluated the risks and expected returns associated with GABS and HPLR;

5.1.2.4 considered the forecast cash flows and the basis of the assumptions therein including the prospects of the relevant business (revenue growth, operating margins etc.). This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management;

5.1.2.5 used the discounted cash flow methodology as the primary valuation methodology. This was supplemented with another valuation methodology namely the capitalisation of maintainable earnings methodology which supports the results of our primary valuation;

5.1.2.6 performed an analysis of market comparators to obtain appropriate beta's, multiples and debt/ equity ratios which we used in our valuation. Capital IQ and the comparators websites were used for the information;

5.1.2.7 determined appropriate valuation discounts or premiums which we used in our valuation;

5.1.2.8 considered key external value drivers to the valuation included, where relevant, key economic parameters such as GDP growth, inflation, interest rates, exchange rates, equity returns and bond yields. In the course of our valuation we performed an analysis of macro-economic drivers of the businesses of GABS and Eljosa. We also reviewed key industry drivers of the operating entities forming the GABS group and the HPLR group. This analysis form the basis of our review of the key drivers of growth and profitability as contained in management's budgets, forecasts and business plans;

5.1.2.9 considered key internal value drivers to the valuation included, where relevant, the discount rate, revenue growth, branch openings, operating margins, capital expenditure, strategic plans;

5.1.2.10 considered the significant factors influencing value drivers, which included risk free rates, market volatility, market returns, the influence that general economic conditions have on the growth in people transport sector;

5.1.2.11 performed sensitivity analyses on key value drivers and their effect on achieving sustainable earnings and consequently the impact on the equity value;

5.1.2.12 satisfied ourselves as to the appropriateness and reasonableness of the underlying information and assumptions by:

5.1.2.12.1 using audited information as far as possible;

5.1.2.12.2 assessing the reasonableness of forecast information with reference to historic performance and prevailing market and industry conditions;

5.1.2.13 determined a value of the shares in HPLR between R1.731 billion and R1.937 billion with a most likely value at R1.834 billion;

5.1.2.14 performed a valuation of the shares in Newco prior to the GABS Acquisition on a net asset value basis as the only asset it has amounts to cash of around R1.1 billion; and

5.1.2.15 determined the value per share of Newco pre-acquisition at R10 million per share and post the GABS Acquisition between R9.763 million per share and R10.474 million per share, with a most likely value of R10.119 million.

6. OPINION

6.1 KPMG has considered the terms and conditions of the GABS Acquisition and based upon and subject to the conditions set out herein, are of the opinion that the terms are fair to the Shareholders.

6.2 Our opinions are necessarily based upon the information available to us up to 24 November 2017, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the GABS Acquisition have been or will be timeously fulfilled and/ or obtained.

6.3 Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

7. LIMITING CONDITIONS

7.1 This opinion is provided to the Niveus Board in connection with and for the purposes of the GABS Acquisition. This opinion is prepared solely for the Niveus Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Niveus Shareholders. Should a Niveus Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

7.2 We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of the GABS, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the management accounts, annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

7.3 Where relevant, the forecast of GABS and Eljosa relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of GABS will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of GABS. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

8. INDEPENDENCE

8.1 We confirm that we have no direct or indirect interest in Niveus Shares or the GABS Acquisition and we confirm that we have no existing or continuing relationship with the issuer and/or any other parties involved in the transaction.

8.2 Furthermore, we confirm that our professional fees, of approximately R100 000 (excluding VAT and disbursements), are not contingent upon the success of the GABS Acquisition.

9. CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the shareholders of Niveus in the form and context in which it appears.

Yours faithfully

Jacques Pienaar
Director: Deal Advisory
KPMG Services Proprietary Limited
1 Mediterranean Street
Foreshore, Cape Town, 8001

MATERIAL BORROWINGS

MATERIAL BORROWINGS OF HPLR

The material borrowings of HPLR and its Subsidiaries, as at the Last Practicable Date, are set out below:

Lender	Borrower	Type of loan	Reason for loan	Loan amount	Interest rate
Golden Arrow Bus Services Proprietary Limited	Hosken Passengers Logistics and Rail Proprietary Limited	Inter group	Business acquisition	R10 954 621	0%
Golden Arrow Bus Services Proprietary Limited	Eljosa Travel and Tours Proprietary Limited	Inter group	Working Capital	R3 921 200	Prime
Golden Arrow Bus Services Proprietary Limited	Eljosa Travel and Tours Proprietary Limited	Inter group	Acquisition of buses	R12 637 296	Prime
Golden Arrow Bus Services Proprietary Limited	Eljosa Travel and Tours Proprietary Limited	Inter group	Acquisition of buses	R21 682 578	Prime

* *None of the loans listed above are convertible into ordinary shares of HPLR.*

MATERIAL BORROWINGS OF GABS

The material borrowings of GABS and its Subsidiaries, as at the Last Practicable Date, are set out below:

Lender	Borrower	Type of loan	Reason for loan	Loan amount	Interest rate
Nedbank Limited	Golden Arrow Bus Services Proprietary Limited	Term Loan	Acquisitions	R30 000 000	9.75%
Nedbank Limited	Golden Arrow Bus Services Proprietary Limited	Instalment Sale Agreement	Vehicle Finance	R253 026 169	9.25%
MAN Financial Services (S.A) Proprietary Limited	Golden Arrow Bus Services Proprietary Limited	Instalment Sale Agreement	Vehicle Finance	R287 522 121	9.25%
Standard Bank SA	Golden Arrow Bus Services Proprietary Limited	Instalment Sale Agreement	Vehicle Finance	R167 132 469	9.25%
ABSA Bank Limited	Golden Arrow Bus Services Proprietary Limited	Instalment Sale Agreement	Vehicle Finance	R45 308 000	9.25%
Wesbank (a division of FirstRand Bank Limited)	Golden Arrow Bus Services Proprietary Limited	Instalment Sale Agreement	Vehicle Finance	R27 887 250	9.25%

* *None of the loans listed above are convertible into ordinary shares of GABS.*

Terms of repayment (i.e. interest only repayments/ capital and interest repayments/ no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date	Conversion or redemption rights	Short-term capital repayments (within 12 months) and how same are to be financed
No repayment. Repayable on demand.	None	R10 954 621	None	R0
Interest only repayments. Repayable on demand.	None	R3 861 031	None	R0
Capital and interest repayments. Repayable January 2021.	None	R10 806 976	None	R2 898 500 (financed through profits)
Capital and interest repayments. Repayable July 2022.	None	R20 133 469	None	R3 630 112 (financed through profits)

Terms of repayment (i.e. interest only repayments/ capital and interest repayments/ no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date	Conversion or redemption rights	Short-term capital repayments (within 12 months) and how same are to be financed
Capital and interest To be settled on 19 April 2021	None	R27 574 978.49	None	R6 958 078 (financed through profits)
Capital and interest Various instalment sale agreements, repayable over a 5-year period	Asset Purchased	R66 319 130.41	None	R37 809 549 (financed through profits)
Capital and interest Various instalment sale agreements, repayable over a 5-year period	Asset Purchased	R74 042 269.23	None	R41 698 575 (financed through profits)
Capital and interest Various instalment sale agreements, repayable over a 5-year period	Asset Purchased	R53 331 105.67	None	R25 738 869 (financed through profits)
Capital and interest Various instalment sale agreements, repayable over a 5-year period	Asset Purchased	R30 425 177.14	None	R8 174 012 (financed through profits)
Capital and interest Various instalment sale agreements, repayable over a 5-year period	Asset Purchased	R8 002 251.92	None	R7 462 715 (financed through profits)

NIVEUS

INVESTMENTS LIMITED

NIVEUS INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1996/005744/06)
Share code: NIV ISIN: ZAE000169553
("**Niveus**" or "**the Company**")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a general meeting of Shareholders will be held at La Concorde, 57 Main Street, Paarl, on Thursday, 18 January 2018 at 10h00, to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder.

Notes:

- *For Ordinary Resolution Number 1 to be approved, it must be supported by more than 50% of the voting rights exercised on such resolution by Shareholders, excluding Related Parties and their associates. Related Parties and their associates will, however, be taken into account for purposes of determining the quorum for Ordinary Resolution Number 1.*
- *For Ordinary Resolution Number 2 to be approved, it must be supported by more than 50% of the voting rights exercised on such resolution by Shareholders.*

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE GABS ACQUISITION

IT IS RESOLVED AS AN ORDINARY RESOLUTION that the conclusion and implementation of the GABS Acquisition, in accordance with the terms and conditions as set out in the GABS Acquisition Agreement (copies of which have been made available for inspection by Shareholders and the salient terms of which are contained in the Circular), be and is hereby approved in terms of section 9 and paragraph 10.4(e) of the JSE Listings Requirements.

Reason and effect

The reason for Ordinary Resolution Number 1 is that, in terms of the JSE Listings Requirements, the GABS Acquisition constitutes a category 1 acquisition transaction for Niveus and further that, as HCI is a Related Party of Niveus, the GABS Acquisition will also constitute a Related Party Transaction for Niveus, which requires the approval of the Shareholders, excluding Related Parties and their associates, by way of an ordinary resolution in accordance with section 9 and paragraph 10.4(e) of the JSE Listings Requirements.

The effect of Ordinary Resolution Number 1, if passed, will be to grant the necessary approval for the conclusion and implementation of the Niveus Transaction, in terms of the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – DIRECTORS' AUTHORITY

IT IS RESOLVED AS AN ORDINARY RESOLUTION that any Director of Niveus, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to give effect to the ordinary resolution set out above in this Notice of General Meeting and anything already done in this respect be and is hereby ratified.

Reason and effect

The reason for and effect of Ordinary Resolution Number 2 is to authorise each Director of Niveus to do all such things and sign all such documents as are deemed necessary or desirable to implement the ordinary resolution set out above in the Notice of General Meeting.

VOTING AND PROXIES

The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 8 December 2017.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting is Friday, 12 January 2018, with the last day to trade being Tuesday, 9 January 2018.

Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder of Niveus. A Form of Proxy (*grey*), which sets out the relevant instructions for its completion, is enclosed for use by Certificated Shareholders or Own-name Dematerialised Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy (*grey*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries, at the addresses given below, to be received by them preferably by no later than 10h00 (South African time) on Tuesday, 16 January 2018, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the chairman of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

Dematerialised Shareholders, other than Own-name Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or Broker.

Dematerialised Shareholders, other than Own-name Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

By order of the Board

MM Loffie-Eaton
Chief Executive Officer

Company Secretary
HCI Managerial Services Proprietary Limited
4 Stirling Street
Zonnebloem
Cape Town
7925
(PO Box 5251, Cape Town, 8000)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)

NIVEUS
INVESTMENTS LIMITED

NIVEUS INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1996/005744/06)
Share code: NIV ISIN: ZAE000169553
("**Niveus**" or "**the Company**")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

All terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meanings when used in this Form of Proxy.

For use only by Shareholders holding Certificated Shares and Own-name Dematerialised Shareholders at the General Meeting to be held at La Concorde, 57 Main Street, Paarl, on Thursday, 18 January 2018 at 10h00.

Dematerialised Shareholders who are not Own-name Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions, in terms of the custody agreement entered into between them and their CSDP or Broker. Dematerialised Shareholders who are not Own-name Dematerialised Shareholders wishing to attend the General Meeting must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

I/We (Full name in print)

of (address)

Telephone: (work) area code (   )   Telephone: (home) area code (   )

Cell phone number: E-mail address:

being the holder of [   ] Shares in Niveus, hereby appoint:

1. or failing him/her

2. or failing him/her

3. the chairperson of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instructions (see notes):

	In favour of *	Against *	Abstain *
Ordinary Resolution Number 1 Approval of the GABS Acquisition			
Ordinary Resolution Number 2 Directors' authority			

* *One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If the Form of Proxy is returned without an indication as to how the proxy should vote on any particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.*

Signed at   on this   day of   201

Signature(s)

Capacity of signatory (where applicable)

Assisted by *(where applicable) (state capacity and full name)*

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be Shareholder(s) of Niveus) to attend, speak and vote in his/her stead at the General Meeting.

Please read the notes on the reverse side hereof.

Notes:

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered Shareholder of Niveus.

Every Shareholder present in person or by proxy and entitled to vote at the General Meeting shall, on a show of hands, have one vote only, irrespective of the number of Shares such Shareholder holds. In the event of a poll, every Shareholder shall be entitled to that proportion of the total votes in Niveus which the aggregate amount of the nominal value of the Shares held by such Shareholder bears to the aggregate amount of the nominal value of all the Shares issued by Niveus.

Shareholders who have Dematerialised their Shares with a CSDP or Broker, other than Own-name Dematerialised Shareholders, must arrange with the CSDP or Broker concerned to provide them with the necessary authorisation to attend the General Meeting or the Shareholders concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Shareholder and the CSDP or Broker concerned.

Instructions on signing and lodging the Form of Proxy:

A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the chairperson of the General Meeting", but any such deletion must be initialled by the Shareholder. Should this space/s be left blank, the proxy will be exercised by the chairperson of the General Meeting. The person whose name appears first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries or Niveus.

The completed Form of Proxy must be lodged with, posted to or sent via e-mail to the Transfer Secretaries at the addresses set out below, to be received by them preferably by no later than 10h00 (South African time) on Tuesday, 16 January 2018, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the chairman of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown 2107)

Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.

The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

The appointment of a proxy in terms of this Form of Proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a Shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to Niveus.

The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form of Proxy must be initialled by the signatory/ies.

The chairperson of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Shareholder wishes to vote.