

# Directors' report

for the year ended 31 March 2015

## 1. Nature of business

The company is a South African incorporated public company listed on the JSE engaged principally in the hotels and gaming industry.

## 2. State of affairs and profit for the year

The financial results of the group and company for the year are set out in the annual financial statements and accompanying notes thereto.

## 3. Restatement

Amendments to IAS 32 *Financial Instruments: Presentation* clarifying the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting have had an impact on the group's financial statements. These amendments have been applied retrospectively and have been summarised in note 1b *Changes in accounting policies*.

## 4. Subsequent events

Refer note 50 of the group annual financial statements for events occurring after the balance sheet date. The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with within the financial statements, that would affect the operations or results of the company or the group significantly.

## 5. Dividends

A final dividend of 60.0 (sixty) cents per share was paid to shareholders on 17 June 2014 in respect of the year ended 31 March 2014.

An interim dividend of 29.0 (twenty-nine) cents per share was paid to shareholders on 15 December 2014 in respect of the year ended 31 March 2015.

On 21 May 2015, the board of directors declared a final gross cash dividend of 60.0 (sixty) cents per share in respect of the year ended 31 March 2015. The dividend was declared in South African Rand and was payable to shareholders recorded in the register of the company at close of business on Friday, 12 June 2015. The number of ordinary shares in issue at the date of this declaration was 957 388 870 (excluding treasury shares). The dividend was subject to a local dividend tax rate of 15%, which results in a net dividend to those shareholders who are not exempt from paying dividend tax of 51.0 cents per share. The company's tax reference number is 9250039717.

In compliance with the requirements of Strate, the electronic and custody system used by the JSE, the following dates were applicable:

	2015
Last date to trade <i>cum</i> dividend	Friday, 5 June
Shares trade <i>ex</i> dividend	Monday, 8 June
Record date	Friday, 12 June
Payment date	Monday, 15 June

## 6. Share capital

Other than the below mentioned, there were no changes to the company's authorised and issued share capital during the year under review.

During the year under review, the group managed the exit of SABMiller Plc ('SABMiller') from its long-term 39.6% shareholding in the group, including a specific repurchase of 133.6 million Tsogo Sun ordinary shares for R2.8 billion on 28 August 2014. These shares, which were cancelled, were acquired at a price of R20.96 per share representing an 18.6% discount to the final bookbuild price achieved of R25.75 per share on the sale of the SABMiller investment in Tsogo Sun. Also, on 5 August 2014, the company created 20 000 000 authorised unissued preference shares of no par value whereby the board of directors has been authorised to issue and determine the preferential rights attaching to the future issue of preference shares (subject to the approval of the JSE).

The company's authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming AGM with authority to allot and issue any shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme, limited to a maximum of three million shares, at their discretion, subject to section 38 of the Companies Act of South Africa and the Listings Requirements of the JSE.

## 7. Associates, joint ventures and subsidiaries

Refer notes 22 and 23 of the group annual financial statements for details of associates and joint ventures respectively, note 52 of the group annual financial statements for details of subsidiary companies with material non-controlling interests and note 20 to the company financial statements for details of subsidiaries.

## 8. Directorate

The directorate during the year under review was as follows:

### Non-executive

JA Copelyn <sup>(1)</sup>	(Chairman)
JA Mabuza	(Deputy Chairman) (Resigned 30 September 2014)
J Davidson	(Resigned 30 September 2014)
MJA Golding	
VE Mphande	
Y Shaik <sup>(1)(3)(4)</sup>	
JS Wilson	(Resigned 30 September 2014)
MI Wyman	(Resigned 30 September 2014)

### Independent non-executive

RG Tomlinson <sup>(1)(2)(3)</sup>	(Lead Independent)
JG Ngcobo <sup>(1)(2)(3)</sup>	
BA Mabuza <sup>(2)</sup>	(Appointed 1 June 2014)

### Executive

MN von Aulock	(Chief Executive Officer)
RB Huddy	(Chief Financial Officer)

<sup>(1)</sup> Remuneration committee

<sup>(2)</sup> Audit and risk committee

<sup>(3)</sup> Social and ethics committee

<sup>(4)</sup> Mr Y Shaik was appointed as an executive of HCI on 1 April 2014 and is no longer considered independent with effect from this date

## 9. Directors' and prescribed officers' emoluments

Refer note 51.3 of the group annual financial statements and note 19.3 of the company annual financial statements for details of the group's key management compensation.

## 10. Company Secretary

The secretary of the company is Mr GD Tyrrell. Mr Tyrrell's business and postal addresses, which are also the company's registered addresses, are set out below:

Business address:	Postal address:
Palazzo Towers East	Private Bag X200
Montecasino Boulevard, Fourways, 2055	Bryanston, 2021

## 11. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa until the forthcoming AGM.

## 12. Majority shareholders and shareholder analysis

The company's majority shareholder is Tsogo Investment Holding Company Proprietary Limited which owns 47.3% of the company's issued shares (excluding treasury shares) and the ultimate shareholder is HCI (holding 48% of the company's issued shares excluding treasury shares). Refer page 78 of the company annual financial statements for a detailed analysis of the company's shareholders.