



HPL&R
Hosken Passenger Logistics & Rail

2021 INTEGRATED ANNUAL REPORT

CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end	31 March 2021
Annual general meeting	30 August 2021
Reports	
• Interim report to 30 September 2021	November 2021
• 2021 Integrated Annual Report	July 2021

CORPORATE INFORMATION

Directors

Executive directors

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

Non-executive directors

Y Shaik (chairperson)
TG Govender

Independent non-executive directors

L Govender (lead independent director)
NB Jappie
RD Watson

Company name and registration

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

JSE share code: HPR

ISIN: ZAE000255907

Registered office

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

Company Secretary

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

Auditors

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

Transfer Secretaries

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

Sponsor

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

Website address

www.hplr.co.za

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ABOUT THIS REPORT

SCOPE OF INTEGRATED ANNUAL REPORT AND ASSURANCE

Hosken Passenger Logistics and Rail Limited (“HPLR” or “the Group”) is pleased to present its Integrated Annual Report for the year ended 31 March 2021 (“2021 Integrated Report” or “Report”).

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

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

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

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

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

The Group strives to grow shareholder value through applying sound business principles and by engaging in ethical commercial practices to create a secure platform for the sustainable management of its

investment interests. We are mindful of the impact our operations have on the communities from which we derive custom and the physical environment in which we undertake business activities.

At 31 March 2021, Hosken Consolidated Investments Limited (“HCI”), a premier listed black empowerment investment company, owns approximately 82.21% of HPLR and publishes its own Integrated Annual Report, which is available at www.hci.co.za.

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

- King IV application register
- 2021 consolidated annual financial statements

FINANCIAL STATEMENTS

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

MATERIALITY

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

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

FORWARD-LOOKING STATEMENTS

This Report may contain certain statements about the Group that may constitute forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Board cautions users that forward-looking statements are not a guarantee of future performance. These forward-looking statements have not been reviewed nor reported on by the Group's independent auditors.

STATEMENT OF THE BOARD OF DIRECTORS ON THE 2021 INTEGRATED REPORT

The 2021 Integrated Report was compiled through collaboration with all of the subsidiaries of HPLR.

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

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

The Group's Audit and Risk Committee reviewed the 2021 Integrated Report and consolidated annual financial statements and recommended them to the Board for approval. The Board acknowledges its responsibility to ensure the integrity of the 2021 Integrated Report, and believes that it addresses all material issues, and fairly represents the integrated performance of the Group.

The summarised consolidated annual financial statements were prepared in accordance with IFRS, JSE Listing Requirements and the Companies Act, while the 2021 Integrated Report was prepared using the guidelines of the GRI G4 and recommended principles of King IV.

In our opinion the 2021 Integrated Report and summarised consolidated annual financial statements fairly represent the financial position of the Group as at 31 March 2021 and its performance for the year ended 31 March 2021.

On behalf of the Board



FE Meyer
Chief executive officer

28 July 2021

GROUP OVERVIEW

INTRODUCTION

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

Through its major subsidiary, Golden Arrow Bus Services Proprietary Limited with 160 years of proven operational expertise, the Company aims to harness the combined institutional knowledge and skill sets to pursue further prospects in bus and coach operations and potential entrées into freight, rail and logistics operations.

GROUP HISTORY

1861

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

1929

Original Golden Arrow Bus Services Company established

1956

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

1972

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

1984

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

1992

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

1994

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

2001

Creation of empowerment partnership Sibanye Bus Services to service Atlantis routes

2003

Golden Arrow Bus Services peak bus operation increases to 800

2004

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

2006

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

2008

Golden Arrow Bus Services peak bus operation increases to 1000

2013

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

2014

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

2016

Golden Arrow acquires 76% shareholding in EJoSa

2018

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

2019

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

2020

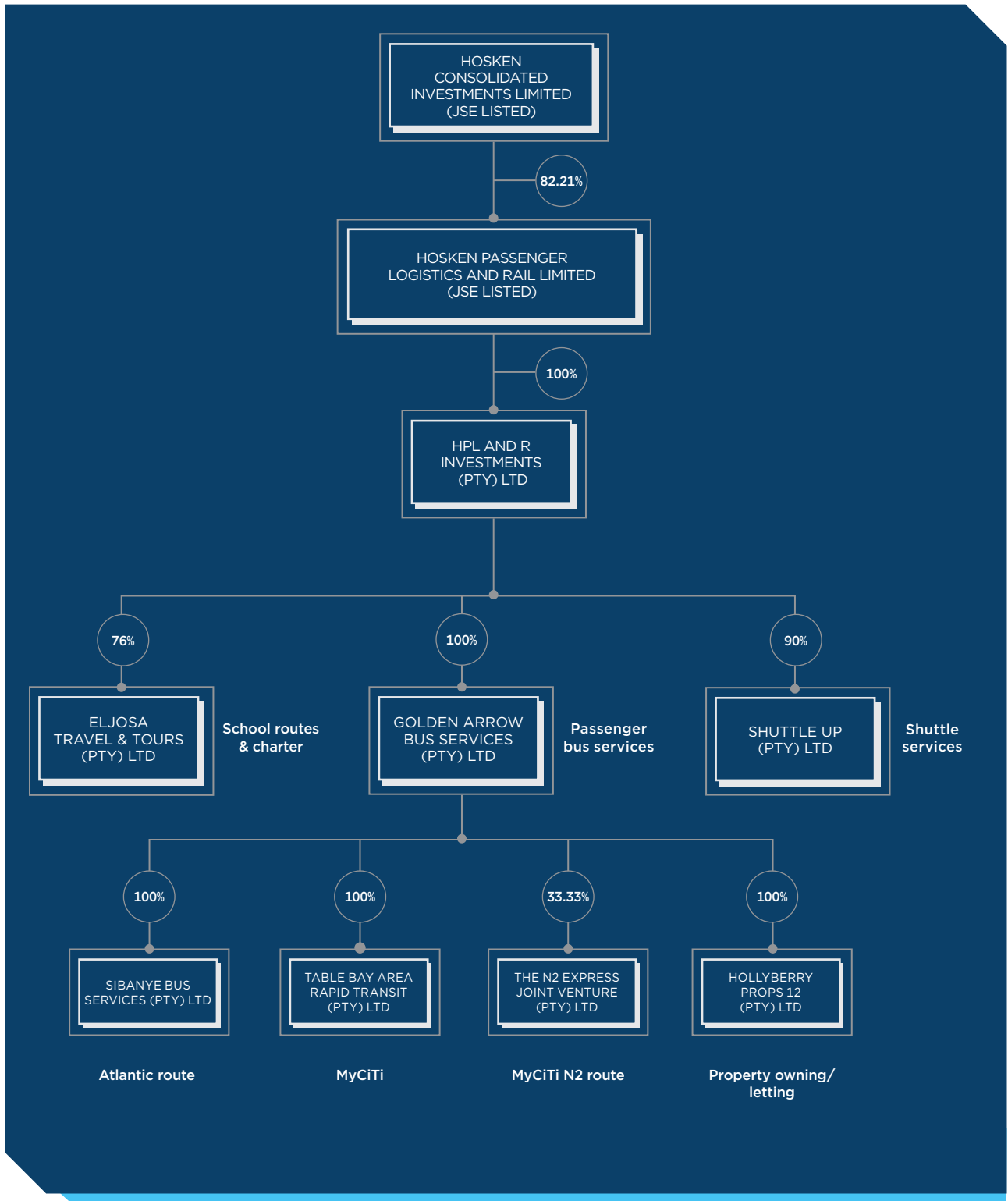
HPLR acquires 90% of the shares of Shuttle Up

2021

Golden Arrow celebrates 160 years of scheduled passenger services

HPLR GROUP STRUCTURE

At 31 March 2021, the structure of the Group was as follows:



INVESTMENTS

GOLDEN ARROW BUS SERVICES (GOLDEN ARROW)

Established in 1861, Golden Arrow has a fleet of 1 154 buses, serving more than 3 100 routes in metropolitan Cape Town, covering a total area of approximately 2460 km². Generally, the fleet travels 60 million kilometres, conveying 56 million passengers annually, at a rate of approximately 220 000 per week day. Golden Arrow has, in all its forms, over the period of its 160 year history, continued to provide the people of Cape Town with safe, affordable and reliable bus service.

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

ELJOSA TRAVEL AND TOURS (ELJOSA)

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

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

SIBANYE BUS SERVICES (SIBANYE)

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

TABLE BAY AREA RAPID TRANSIT (TBRT)

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

SHUTTLE UP

This business consists of a fleet of five vehicles operating in the shuttle service industry. The Group intends to utilise this business to increase its footprint in this sector.



KEY STATISTICS*

The matrix below shows number of breakdowns per 100 000 kilometres travelled for the Golden Arrow and Sibanye fleet of buses:

Breakdowns per 100 000Km	F2021	F2020	F2019	F2018
/100 000km	2.34	2.61	2.9	3.1
Year vs year	(10.3%)	(10%)	(6.5%)	

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

Fleet Age (in years)	F2021 [^]	F2020	F2019	F2018
Average	9.5	8.7	8.4	8.7
Median	9	8	7	7

[^] The increase in the average fleet age in 2021 is due to the fleet recapitalisation programme being put on hold for the 2021 financial year end.

Fuel consumption for the Golden Arrow and Sibanye fleet of buses:

Fuel consumption (kilometres/litres)	F2021	F2020	F2019	F2018
Km/Lt	2.65	2.53	2.49	2.45
Year vs Year	4.9%	1.6%	1.6%	



	Year ended 31 March 2021	Year ended 31 March 2020
Average buses operated during peak	811	1 123
Total annual kilometres travelled	50 million	65 million
Number of staff employed	2 298	2 534



	Year ended 31 March 2021	Year ended 31 March 2020
Average buses operated during peak	55	61
Total annual kilometres travelled	3.6 million	4.1 million
Number of staff employed	237	237



	Year ended 31 March 2021	Year ended 31 March 2020
Average buses operated during peak	10	15
Total annual kilometres travelled	0.5 million	2.8 million
Number of staff employed	30	61

* FY2021 statistics influenced by COVID-19 lockdown restrictions.

GOLDEN ARROW TURNS 160

WHERE IT ALL STARTED

The idea for a bus company in Cape Town was first put forward by a newspaper editor named Mrs J H Silberbauer in the *Cape of Good Hope and Port Natal Shipping and Mercantile Gazette*. The article, which was published on 9 November 1860, put forward the idea of trams and tramways as a potential solution to transport in the Cape Town area, speculating that for the cost of £1 000 per mile the necessary infrastructure could be put in place and passengers could travel in unprecedented comfort. The article caught the eye of Argus founder Henry Solomon, who was so impressed by the possibilities that he set to work at once and, following the passing of the relevant Act by the Cape of Good Hope's parliament allowing for the formation of a company that would construct a tramway, the Cape Town and Green Point Tramway Company was born.

THE FLEET: FROM HORSE DRAWN TO ELECTRIC

The Company initially had two horse-drawn trams which carried just over 10 000 passengers annually by 1864. Just one year later this had grown to 12 000 passengers, and the tramway system had cemented itself as an integral part of society in Cape Town.

In 1893, the first steps towards electrification were taken, and in 1897 the first electric rail tram service was introduced in Cape Town. By the turn of the century, the Cape Electric Tramways Limited was transporting an incredible 16 million passengers annually. In 1911, the transport industry experienced a revolutionary innovation – the introduction of the first fuel-powered motor buses. The Company acquired its first Leyland bus which would run from the docks into town. At this stage, passengers could travel from Cape Town to Hout Bay and enjoy a lunch at the Hout Bay Hotel for the princely sum of seven shillings.

In 1928, South Africa's first double-decker bus made its debut on Cape Town's streets. In 1936, the first trackless tram ran from Adderley Street to Tamboerskloof – the longest trackless tram route in

South Africa. In that same year the first diesel buses were purchased. By 1960 the fleet included 600 diesel buses and 139 trackless trams, and The Cape Electric Tramways Limited (including buses in Port Elizabeth) transported 204 million passengers annually.

In 1964, the last trackless tram journey took place along the Hanover Street route. By 1975, City Tramways boasted a fleet of over 700 modern diesel buses, more than half of which were double-deckers, representing a capital investment of R45 million. In 1988, forty new 69-seater single-deckers on Associated Automotive Distributors (AAD) under-floor mid-engined chassis, with power steering, came into service.

In 2000, Golden Arrow Bus Services acquired its first twenty-nine MAN Explorer 66-seater buses. The buses suited Golden Arrow's needs perfectly and by 2016 the company received their one thousandth MAN bus.

MAN buses now make up approximately 95% of the Golden Arrow fleet. The latest generation of MAN buses are fitted with powerful common-rail diesel engines that have the torque and economy to match its exceptional reliability. The buses are fitted with 176 kW (240 hp) engines and Voith automatic transmissions. The buses provide exceptional driving performance, fuel economy and passenger comfort. The common-rail injection system is quieter and complies with Euro 3 emission standards.

The chassis has many safety features, including ABS (anti-lock brakes), ASR (traction control) and EPB (electro-pneumatic brakes). The buses are fitted with acceleration control software to improve driver behaviour and reduce costs with improved fuel consumption.

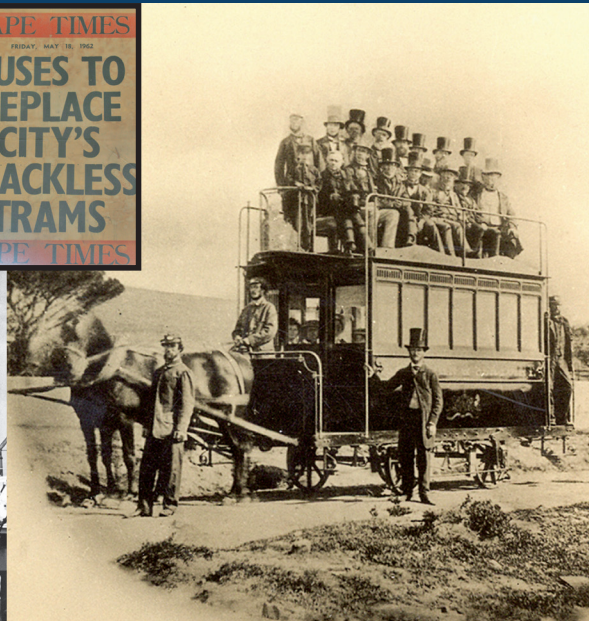
This year, Golden Arrow began testing two fully electric buses in the metropole. The data obtained will determine what role electric buses could play in the fleet in future.

160

ROUTED IN THE COMMUNITY SINCE 1861



CAPE TIMES
FRIDAY, MAY 19, 1962
**BUSES TO
REPLACE
CITY'S
TRACKLESS
TRAMS**
CAPE TIMES



SHAREHOLDER ANALYSIS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2021.

DISTRIBUTION OF SHAREHOLDERS

SHARE RANGE	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 - 1 000	1 988	54.01%	716 222	0.25%
1 001 - 10 000	1 241	33.71%	4 400 434	1.52%
10 001 - 50 000	359	9.75%	7 288 353	2.51%
50 001 - 100 000	43	1.17%	2 948 125	1.02%
100 001 - 500 000	30	0.81%	5 500 208	1.90%
500 001 - 1 000 000	8	0.22%	5 597 352	1.93%
1 000 001 shares and over	12	0.33%	263 549 306	90.88%
Total	3 681	100.00%	290 000 000	100.00%

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Bank	2	0.05%	82 336	0.03%
Broker	14	0.38%	2 263 424	0.78%
Close corporation	23	0.62%	282 356	0.10%
Endowment fund	3	0.08%	27 987	0.01%
Fund	4	0.11%	4 305 188	1.48%
Individual	2 975	80.82%	15 393 427	5.31%
Investments company	29	0.79%	3 449 774	1.19%
Other corporation	141	3.83%	1 030 418	0.36%
Pension fund	2	0.05%	60 510	0.02%
Private company	228	6.19%	20 938 940	7.22%
Provident fund	2	0.05%	152 489	0.05%
Public company	11	0.30%	238 061 002	82.09%
School	5	0.14%	226 088	0.08%
Trust	242	6.57%	3 726 061	1.28%
Total	3 681	100.00%	290 000 000	100.00%

SHAREHOLDING GREATER THAN 5%

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

SHAREHOLDER	Number of shares	% of issued capital
Hosken Consolidated Investments Limited ("HCI")	238 403 025	82.21%

SHAREHOLDER SPREAD

To the best of the knowledge of the directors and after reasonable enquiry, the spread of shareholders at 31 March 2021, was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Public shareholding	3 672	99.76%	50 565 922	17.44%
Non-Public shareholding	9	0.24%	239 434 078	82.56%
HCI (direct)	1	0.03%	232 777 041	80.27%
HCI (indirect)	1	0.03%	5 625 984	1.94%
FE Meyer (direct)*	1	0.03%	116 813	0.04%
FE Meyer (indirect)*	4	0.11%	4 756	0.00%
TG Govender (direct)*	1	0.03%	87 808	0.03%
TG Govender (indirect)*	1	0.03%	821 676	0.28%
Total	3 681	100.00%	290 000 000	100.00%

* directors

STAKEHOLDERS

Passengers



Delivery of safe and reliable scheduled passenger transport

Suppliers



Long-term planning, contracting and subsequent payment for goods and services

Government



Participation in optimised regulation of industry and lobbying

Regulatory bodies



Long-term engagement with Provincial Regulating Entity to ensure compliance

Industry



Involvement at various levels in the South African Bus Operators Association (SABOA)

Employees/ unions



Employment, wages and other employee benefits

Shareholders/ investors



Dividends and share price appreciation

Communities



Investment in community projects through transport projects and direct monetary contributions



STRATEGY

HPLR's strategy entails:

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

HPLR will seek to increase shareholder value through:

- Enhancing the value of established business operations

The Group will seek to enhance the value of its current business operations by improving operating margins and refining operating efficiencies across the full spectrum of the entire business value chain.

- Entrenching first tier status of entities in public transport contracts

The Group will strive to deliver over and above the stipulated mandate in contracts that are subsidy based to entrench the Group's legacy as a proficient public transport service operator.

- Harnessing competencies in logistic driven operations to gain entrée into niche markets.

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

STRATEGIC ACTIVITIES:

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

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



CHAIRPERSON AND CHIEF EXECUTIVE OFFICER'S REPORT

The past year will be remembered for the impact COVID-19 had on people's lives and business fortunes. While COVID-19 restrictions curtailed movement it brought flexibility, ranging from working from home to working more flexible hours at the office. This fundamentally shaped the performance of the Group over the reporting period.

The recognition of the Group's commuter bus operations as an essential service provided a reprieve from the severe limitations placed on the number of passengers allowed to be carried and restricted hours of operations imposed on public transport operators during the early lockdown period.

Innovative ways of scheduling buses, utilising manpower, instituting protocols for overseeing the management of the pandemic and tapping into regulatory relief measures typified the Group's operations during the review period. It was heartening to observe a steady albeit gradual recovery in passenger numbers as lockdown restrictions were eased and an upward trajectory towards pre-COVID levels appears imminent barring any further limitations.

Regrettably, road based public transport remained under siege from disgruntled communities and rogue elements intent on wreaking havoc through criminality and acts of intimidation. In conjunction with law enforcement agencies, alliances have been forged on several fronts to counter these threats and management and staff remain resolute in protecting assets, passengers and employees in order to ensure that operations are maintained to fulfil contractual obligations.

Measures to comply with new regulatory prescripts such as the Protection of Personal Information (POPIA) Act and the Administrative Adjudication of Road Traffic Offences (AARTO) Act have been implemented across the Group and management closely follow a raft of proposed policy changes that have been initiated by the Department of Transport (DoT) and Competition Commission.

The impending local government elections will usher in a new cadre of elected officials who will undoubtedly harbour intents to make their mark

in the shaping of public transport policy in the Cape Town metropole during their terms of office. Management continues to maintain close links with both elected office-bearers and employed officials to ensure that the Group's contractual rights and interests are preserved in the development and execution of public transport policies and plans.

REVIEW OF GROUP RESULTS

Reduced passenger numbers, because of COVID-19 lockdowns and the restriction on passenger mobility, resulted in a 19.9% decrease in revenue from FY2020. The resultant contraction in operations over the year coupled with various cost saving initiatives gave rise to a 19.4% saving in operating expenses from the year prior.

This resulted in an EBITDA for the period of R385.3 million (21.1% lower than FY2020 of R488.6 million).

Attributable Group profit for the year is reflected at R204.8 million (21.5% lower than FY2020 of R261.0 million) and headline earnings at R203.0 million (18.9% lower than FY2020 of R250.5 million).

The Group put all major capital expenditure, including its fleet replacement programme, on hold for FY2021 which resulted in a net reduction in debt of R152.8 million for the year.

The acquisition of the remaining shares in Sibanye and TBRT in the prior year, proved opportune as both entities performed above expectations during the review period, impacting positively on the Group's results.

During the ensuing financial year, the Group will continue to explore ways to optimise operations within the confines of a lingering pandemic.

GOLDEN ARROW BUS SERVICES (GOLDEN ARROW)

The changing travel patterns of passengers brought opportunities as more passengers moved to travelling in the off-peak, enabling cost savings during the peak operation and scheduling more off-peak services which are operated with existing staff and buses at a reduced cost.

The consequence of lockdown patently manifested in a significant drop in passenger volumes. This triggered a commensurate reduction in operations, downsizing of manpower and the implementation of short-time schedules to optimally align demand with supply to contain operational expenses. The curtailment of regular operations resulted in a 19% drop in revenue which led to a 28% decline in EBITDA and a reduction of 28% in NPAT. Management also temporarily suspended long term operational strategies and adopted problem-solving approaches to deal with the unpredictability ushered in by lockdown.

The institution of stringent COVID-19 protocols incurred unplanned expenditure in the procurement of Personal Protective Equipment (PPE) and the deployment of dedicated teams to effectively manage the pandemic across all the Group's operational facilities and fleet.

Applications to access the Temporary Employee Relief Scheme (TERS) through the South African Road Passenger Bargaining Council (SARPBC) were lodged with the Unemployment Insurance Fund (UIF) to supplement employee earnings impacted by short time whilst an agreement to be reimbursed a standing kilometre rate for the disruption of scheduled services was concluded with the Provincial Contracting Authority.

During the reporting period, a dramatic increase in armed robberies on buses was experienced. After a series of high-level meetings, the Authorities agreed to install cameras on buses and deploy a dedicated public transport police force. Additionally, Golden Arrow has begun to install drop-safes in buses for drivers' takings.

With municipal elections on the horizon, a rise in public protests ensued and 13 buses were lost due to arson. Operational staff levels were reinforced to keep buses and passengers out of harm's way.

The installation of solar electricity continued to generate significant yields with annual cost reductions in electricity usage of 98% recorded at the company's central engineering complex.

During the reporting period, solar panel installations were also rolled out to the largest depot which is projected to generate close to 295 000 kWh per year. This will effectively contribute to the offsetting of Scope 1 emissions emanating from diesel consumed by the Golden Arrow bus fleet.

Over the review period Golden Arrow negotiated the testing of two electric buses from a leading international manufacturer. This provides an opportune base for the testing and commissioning of electric buses and the results will afford an empirical basis for the comparison of running costs *vis-à-vis* diesel powered buses.

A significant 4.9% improvement in kilometres travelled per litre of diesel consumed was achieved in relation to the previous year, which denotes a significant saving in the second highest element of the Group's operational cost structure.

Innovative scheduling of buses and optimum allocation of manpower as passenger volumes stabilise to pre-COVID levels are the focus in operations whilst the application of appropriate new age technologies is imbedded in the strategic blueprint of engineering and support services.

Management remains vigilant in pursuing growth opportunities that are presented from fallouts in the broader mobility sector which have been caused by the pandemic and continues to keep a close watch on a raft of amendments (such as a proposed National Public Transport Subsidy Policy and the Competition Commission's Public Passenger Transport Market Inquiry) that have been proposed in the regulatory environment of the transport sector.

TABLE BAY AREA RAPID TRANSIT (TBRT)

TBRT capped creditable performance overall by positioning itself as the top performing Vehicle Operating Company (VOC) in the MyCiTi system. This was largely underpinned by registering a minimal amount of operating infringements and consistently maintaining efficient driver ratios.

Furthermore, due to the nature of the gross-based operating contract, the Company was able to avert

acute revenue losses associated with the decline in passengers generally experienced by public transport operators during the lockdown.

Revenue for the reporting period decreased by 4%, which was eclipsed by an 11% decline in operating expenses that yielded a notable 16% increase in EBITDA from the prior year.

Disruptions to operations were mainly due to ineffective management of the Optare vehicle maintenance contract by the City's appointed service provider. Disputes related to the recognition of TBRT as the most compliant operator and claims for the payment of training allowance bonuses remain ongoing.

SIBANYE BUS SERVICES (SIBANYE)

Notwithstanding a 4% reduction in revenue, operating expenses reflected a 21% decline which resulted in the realisation of a notable 21% increase in EBITDA from the prior year.

Passenger numbers, after the easing of lockdown restrictions, showed a comparatively earlier restoration to pre-COVID levels largely due to the high demand for services from passengers residing in the relatively remote hubs along the western seaboard routes operated by the Company.

During the first quarter of the reporting period severe service delivery protests were experienced in the Witsands area during peak time periods. Close liaison with law enforcement agencies and the intervention of the Western Cape Department of Transport resulted in the arrests of the perpetrators.

ELJOSA TRAVEL & TOURS (ELJOSA)

With its business model grounded in the luxury coach, charter hire and scholar transport sectors, ELJoSa regrettably bore the brunt of the downward cycle experienced by businesses during the varying levels of lockdown restrictions.

Revenue was decimated by 84% *vis-à-vis* the prior year, yielding a negative attributable EBITDA of R5.97million.

In mitigation of the losses incurred, management introduced short-time measures and mutually agreed payment for actual hours worked by operations staff.

The Company remains geared for the anticipated opening of the international tourism market and the return to normality of school academic and sporting programmes.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS



Yunis Shaik (“Yunis”)
Non-executive chairperson
 B.Proc
Appointed: 1 February 2018
Nationality: South African
Age: 63
Board Committees:
 Social and Ethics

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



Theventheran Govindsamy Govender (“Kevin”)
Non-executive director
 B.Comm (Hons), B.Compt (Hons)
Appointed: 1 February 2018
Nationality: South African
Age: 51
Board Committees:
 Remuneration

Expertise and experience: Kevin joined the HCI Group in 1997 where he held the position of company secretary until his promotion to chief financial officer in 2001 which he held until 2018. Kevin is a non-executive director of Deneb Investments Limited, eMedia Holdings and Montauk Holdings Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2006.



Francois Eckhard Meyer (“Francois”)
Chief executive officer
 Dip Trans, B.Comm, MBA
Appointed: 6 March 2018
Nationality: South African
Age: 59
Board Committees:
 Social and ethics

Expertise and experience: Francois has been working in the scheduled bus operations industry for over 30 years and started his career in transport at United Transport’s Western Bus Lines, in the North West, in 1985. He joined Golden Arrow Bus Services Proprietary Limited in 1991 as project manager overseeing the company’s Moss gas contract. He was appointed operations manager in 1993, assumed the position of general manager in 2004 and became chief executive officer in 2015. He was appointed to the Board of HPLR as chief executive officer on 6 March 2018. He is a director of the South African Bus Operators Association (SABOA).



Mark Llewellyn Wilkin (“Mark”)
Chief financial officer
 B.Comm, CA(SA)
Appointed: 6 March 2018
Nationality: South African
Age: 67
Board Committees:
 None

Expertise and experience: Mark worked for Deloitte Haskins and Sells in London, United Kingdom, from 1980 to 1982. He joined City Tramways in 1983 and was appointed financial director in 1988. In 1992 he was part of the consortium formed by the management team to buy the business of City Tramways from TGH Limited and formed Golden Arrow Bus Services Proprietary Limited, where he has been financial director since 1992. He was appointed to the Board of HPLR as chief financial officer on 6 March 2018.



Loganathan Govender (“Logie”)
Lead independent non-executive director
 B.Comm, CA(SA)
Appointed: 6 March 2018
Nationality: South African
Age: 73
Board Committees:
 Remuneration, Audit and Risk

Expertise and experience: Logie is the sole proprietor of the auditing firm, Logie Govender & Co which is the oldest black-owned auditing practice in South Africa. He has over 40 years’ experience as a practising auditor. Logie is an independent non-executive director of eMedia Holdings Limited.



Naziema Begum Jappie (“Naziema”)
Independent non-executive director
 B.SocSc (Hons), M.SocSc, PGDip (HE)
Appointed: 6 March 2018
Nationality: South African
Age: 61
Board Committees:
 Remuneration, Social and Ethics,
 Audit and Risk

Expertise and experience: Naziema brings with her a varied background in fields including education, labour law, conflict resolution and performance and project management. She has served as SACTWU’s National Education Officer, Executive Director at the Durban University of Technology and Dean of Students at the University of the Witwatersrand. She is currently employed as director for the Centre for Educational Testing for Access & Placement at University of Cape Town. Naziema is an independent non-executive director of Deneb Investments Limited and Montauk Holdings Limited. She has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2013.



Rachel Doreen Watson (“Rachel”)
Independent non-executive director
Appointed: 17 April 2019
Nationality: South African
Age: 62
Board Committees:
 Audit and Risk, Social and Ethics

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

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

APPROACH TO CORPORATE GOVERNANCE

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

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

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

THE BOARD

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

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

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

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

The Board has delegated powers and responsibilities to the elected Committees to execute the strategy

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

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

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

CHAIRPERSON AND CEO

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

The division of responsibilities of the Chairperson and CEO has been documented and approved by the Board to ensure a balance of power. There is a clear division between the role of the Chairperson and the

CEO who is fully responsible and accountable for the operations of the Company, and whose role and function is formalised.

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

BOARD COMPOSITION AND GENDER AND RACE DIVERSITY

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

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

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

MEETINGS OF THE BOARD

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

	May 2020	August 2020	November 2020	March 2021
Y Shaik	✓	✓	✓	✓
TG Govender	✓	✓	✓	✓
L Govender	✓	✓	✓	✓
NB Jappie	✓	✓	✓	✓
RD Watson	✓	✓	✓	✓
FE Meyer	✓	✓	✓	✓
ML Wilkin	✓	✓	✓	✓

✓ Attendance

CONFLICTS OF INTEREST

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

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

DEALING IN THE COMPANY'S SECURITIES

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

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

WHISTLE-BLOWER HOTLINE

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

COMPANY SECRETARY

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

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

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

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

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act of South Africa, is included on page 41 of this Annual Report.

COMMITTEES OF THE BOARD

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

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

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

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

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

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (“the Committee”) submits this report for the financial year ended 31 March 2021, as required by section 94 of the Companies Act.

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

- L Govender (Chairperson)
- NB Jappie
- RD Watson

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

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

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

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

The Committee is expected to hold at least four meetings per financial year. At least two non-conflicting members are required to form a quorum. The Committee held four formal meetings during the financial year ended 31 March 2021 which were attended by all Committee members.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The Committee is satisfied that, in respect of the financial period under review, it has performed all the functions required of it by law, including those set out in section 94 of the Companies Act and in terms of the Committee’s terms of reference. In connection with the above, the Committee has:

- satisfied itself that the external auditor is independent of HPLR, as set out in section 94(8) of the Companies Act, and suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listing Requirements;
- assessed and nominated for re-election at the next annual general meeting, BDO South Africa Incorporated, as the external audit firm, and the appointment of Stephan Cillié as the designated auditor for the following year;
- in consultation with management, agreed the engagement letter, terms, audit plan and budgeted fees for the 2021 financial year;
- considered the nature and extent of non-audit services provided by the external auditor for the financial year ended 31 March 2021 and the fees thereof to ensure the independence of the external auditor is maintained;
- in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements, satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial control is effective and forms a basis for the preparation of reliable financial statements;
- reviewed the external audit report on the annual financial statements and confirmed no reportable irregularities were identified or reported by the external auditor;
- reviewed the accounting policies and consolidated annual financial statements for the year ended 31 March 2021 and based on the information provided to the Committee, considers the Group complies, in all material aspects, with the requirements of International Financial

Reporting Standards, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), the Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council), in the manner required by the Companies Act, and the JSE Listing Requirements;

- satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listing Requirements that the chief financial officer, as well as the finance function, has the appropriate expertise and experience; and
- reviewed and ensured that the interim condensed consolidated financial statements of the Group, in respect of the first six-month period of the financial year, complied with all statutory and regulatory requirements.

INTERNAL AUDIT

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Committee's responsibilities in terms of risk are to ensure that:

- management designs, implements and monitors the risk management policies (as approved by the Board);
- risk assessments are performed on an ongoing basis;
- frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the Board receives assurance regarding the effectiveness of Group risk management.

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

Material risks

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

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The Committee has evaluated the 2021 Integrated Annual Report and based on the information provided, has recommended it for approval by the Board.



L Govender
Chairperson

Audit and Risk Committee





REPORT OF THE REMUNERATION COMMITTEE

The Group's Remuneration Committee has the following members:

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

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

The Remuneration Committee held three formal meetings during the financial year ended 31 March 2021, which were attended by all Committee members.

The Group's Remuneration Policy and the Implementation Report is tabled at each annual general meeting of the Group for a separate non-binding advisory vote by shareholders. Such policy will record the measures that the Board will adopt should either the Remuneration Policy or the Implementation Report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such Policy or Report, HPLR will in its voting results announcement include an invitation to dissenting shareholders to engage with HPLR and the Board, as well as the manner and timing of such engagement.

FUNCTION AND ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is primarily responsible for reviewing and approving the remuneration and incentives of the executive directors and approving and awarding share incentives to executives and key management of the Group. It takes cognisance of local best practice relating to remuneration to ensure that such total remuneration is fair and reasonable to both the employee and the Company.

In addition, the Remuneration Committee assists the Board in reviewing non-executive directors' remuneration recommendations, which are voted on at each annual general meeting of shareholders.

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

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

REMUNERATION POLICY

Executive directors remuneration

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

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

- Fixed: representing basic salaries and benefits commensurate with market levels and with the goal of attracting and retaining suitable executives.

- Annual incentive awards: an incentive bonus linked to performance of the Group. Upon the Group achieving the required performance targets, executives are entitled to two-thirds of the performance bonus following the respective financial year-end, while the remaining one-third is carried over to be paid in the following financial year.
- Long term incentives: The Group operates a share scheme, The HPLR Group employee option scheme, which is discussed in more detail below. Awards are linked to corporate performance measures and subject to holding periods.

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

Non-executive directors' remuneration

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

The proposed fee structure, subject to shareholder approval, effective from 1 September 2021 to the 2022 annual general meeting of shareholders is set out in the table below:

Type of fee	Current Fee (excl VAT)	New Proposed Fee (excl VAT)
Board members – annual fee	R 116 850	R 123 900
Board committee members – annual fee*	R 48 310	R 51 210

* Where a non-executive director is a member of more than one Board committee of the Company, the annual Board committee fee is limited to R 51 210.

These fees are comparable with those of similarly sized companies. Non-executive directors do not receive short-term incentives and do not participate in the Group share option scheme.

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

The HPLR Group employee option scheme

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

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

Refer to the Implementation Report below for details of the share options awarded to executive directors.

IMPLEMENTATION OF THE REMUNERATION POLICY

The Remuneration Committee is satisfied that the Group complied with the Remuneration Policy for the 2021 financial year. The Board endorses the Remuneration Committee's position that the Group's Remuneration Policy appropriately takes into account the remuneration and employment conditions of employees in the Group as well as relevant external factors.

REMUNERATION

The executive directors' remuneration and incentive bonuses were approved by the Remuneration Committee and endorsed by the Board. Due to the potential effect of the COVID-19 pandemic on the Group's performance for the 2021 financial year-end the Remuneration Committee (supported by the Board) proposed no salary increases be implemented for the 2021 financial year-end.

Executives agreed to delay the payment of the two-thirds bonus entitlement relating to the 2020 financial year end until later in the 2021 financial year once further certainty was had on the cashflow position of the Group.

The following sets out the remuneration paid to directors for the years ended 31 March 2021 and 31 March 2020.

Year ended 31 March 2021	HPLR Group directors' fees R'000	Directors' fees R'000	Salary R'000	Fringe benefits including medical aid R'000s	Pension contributions R'000	Bonus R'000	Gain from share schemes R'000	Total R'000
Executive directors								
FE Meyer	-	-	3 160	774	295	5 056	-	9 285
ML Wilkin	-	-	2 476	503	231	4 181	-	7 391
	-	-	5 636	1 277	526	9 237	-	16 676
Non-executive directors								
Y Shaik	-	-	3 976	-	-	-	2 619	6 595
TG Govender	-	-	2 003	-	-	-	2 629	4 632
L Govender	190	190	-	-	-	-	-	380
NB Jappie	165	198	-	-	-	-	-	363
RD Watson	165	1 044	-	-	-	-	-	1 209
Paid by HCI subsidiaries not in the HPLR Group	-	(1 432)	(5 979)	-	-	-	(5 248)	(12 659)
Total paid by HPLR Group	520	-	5 636	1 277	526	9 237	-	17 196

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2021 and 31 March 2020.

Y Shaik and TG Govender were remunerated by HCI as executive directors for the years ended 31 March 2021 and 31 March 2020.

L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2021 and 31 March 2020.

NB Jappie was remunerated by Deneb Investments Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2021 and 31 March 2020.

RD Watson was remunerated by HCI and E-Media Holdings Limited as non-executive director for the years ended 31 March 2021 and 31 March 2020 and by Deneb Investments Limited as non-executive director for the year ended 31 March 2020.

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

Year ended 31 March 2020	HPLR Group directors' fees R'000s	Directors' fees R'000s	Salary R'000s	Fringe benefits including medical aid R'000s	Pension contributions R'000s	Bonus R'000s	Gain from share schemes R'000s	Total R'000s
Executive directors								
FE Meyer	-	-	3 115	784	291	3 833	-	8 023
ML Wilkin	-	-	2 440	509	228	3 288	-	6 465
	-	-	5 555	1 293	519	7 121	-	14 488
Non-executive directors								
Y Shaik	-	-	3 976	-	-	-	2 017	5 993
TG Govender	-	-	1 965	-	-	-	2 373	4 338
L Govender	185	187	-	-	-	-	-	372
NB Jappie	160	193	-	-	-	-	-	353
RD Watson	153	1 165	-	-	-	-	-	1 318
KF Mahloma	7	-	-	-	-	-	-	7
Paid by HCI subsidiaries not in the HPLR Group	-	(1 545)	(5 941)	-	-	-	(4 390)	(11 876)
Total paid by HPLR Group	505	-	5 555	1 293	519	7 121	-	14 993

THE HPLR GROUP EMPLOYEE OPTION SCHEME

Based on the share price at year end (20-day volume weighted average share price: R3.03) the first tranche of options granted on 31 March 2018 at an option price of R6.98 were underwater and did not vest on this date. On 31 March 2021, the Remuneration Committee awarded a total of 1 896 071 options to management at a weighted average option price of R2.72 (2020 year end: 1 194 437 options at a weighted average option price of R3.33). The acceptance of these options was conditional on employees electing to waive the options granted on 31 March 2018. All employees accepted these options and as such the 31 March 2018 grant of options were forfeited by employees.



IMPLEMENTATION OF THE REMUNERATION POLICY (continued)

The following share options have been awarded to executive directors:

	2021		2020	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
FE Meyer				
Balance at the beginning of the year	2 499 951	6.30	2 227 244	6.67
Options granted	589 111	2.72	272 707	3.28
Options forfeited	(2 016 345)	6.98	-	-
Balance at the end of the year	1 072 717	3.06	2 499 951	6.30
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	-	-	672 115	6.98
Between 22 March 2022 and 22 September 2022	70 300	3.70	70 300	3.70
Between 31 March 2022 and 30 September 2022	-	-	672 115	6.98
Between 16 March 2023 and 16 September 2023	90 902	3.28	90 902	3.28
Between 22 March 2023 and 22 September 2023	70 300	3.70	70 300	3.70
Between 31 March 2023 and 30 September 2023	-	-	672 115	6.98
Between 16 March 2024 and 16 September 2024	90 902	3.28	90 902	3.28
Between 22 March 2024 and 22 September 2024	70 300	3.70	70 300	3.70
Between 31 March 2024 and 30 September 2024	196 370	2.72	-	-
Between 16 March 2025 and 16 September 2025	90 902	3.28	90 902	3.28
Between 31 March 2025 and 30 September 2025	196 370	2.72	-	-
Between 31 March 2026 and 30 September 2026	196 371	2.72	-	-
ML Wilkin				
Balance at the beginning of the year	1 566 607	6.30	1 395 724	6.67
Options granted	369 162	2.72	170 883	3.28
Options forfeited	(1 263 484)	6.98	-	-
Balance at the end of the year	672 285	3.06	1 566 607	6.30
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	-	-	421 161	6.98
Between 22 March 2022 and 22 September 2022	44 080	3.70	44 080	3.70
Between 31 March 2022 and 30 September 2022	-	-	421 161	6.98
Between 16 March 2023 and 16 September 2023	56 961	3.28	56 961	3.28
Between 22 March 2023 and 22 September 2023	44 080	3.70	44 080	3.70
Between 31 March 2023 and 30 September 2023	-	-	421 162	6.98
Between 16 March 2024 and 16 September 2024	56 961	3.28	56 961	3.28
Between 22 March 2024 and 22 September 2024	44 080	3.70	44 080	3.70
Between 31 March 2024 and 30 September 2024	123 054	2.72	-	-
Between 16 March 2025 and 16 September 2025	56 961	3.28	56 961	3.28
Between 31 March 2025 and 30 September 2025	123 054	2.72	-	-
Between 31 March 2026 and 30 September 2026	123 054	2.72	-	-

No additional share options have been awarded to directors from year end to the date of this report. As the first tranche of share options only vest in the 2022 financial year end, there are no long-term incentive outcomes to report for the year ended 31 March 2021.



TG Govender
Chairperson

Remuneration Committee

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

- NB Jappie (Chairperson)
- FE Meyer
- Y Shaik
- RD Watson

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

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

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

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

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

The Committee held two formal meetings during the financial year ended 31 March 2021 which were attended by all Committee members.

Please refer to the Corporate Responsibility section of this Report on pages 34 to 38 which details the various aspects overseen by the Social and Ethics Committee and encompasses the Report of the Social and Ethics Committee.



NB Jappie
Chairperson

Social and Ethics Committee



CORPORATE RESPONSIBILITY

INTRODUCTION

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

ENVIRONMENT

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

Group policy includes:

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

ENVIRONMENTAL SUSTAINABILITY

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

METHODOLOGY

Catalyst Solutions calculated the carbon and water footprints for FY2021. The carbon footprint was calculated according to the World Resources Institute

(WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, a widely used corporate GHG accounting and reporting standard.

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

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

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

EMISSIONS SUMMARY

Golden Arrow, TBRT and Sibanye

Scope 1 emissions were 58 407 tCO₂e in FY2021. This is a 27% decrease relative to the Scope 1 emissions in FY2020.

The biggest contributor to Scope 1 emissions was diesel consumed in Golden Arrow's buses. Emissions from diesel consumed in Golden Arrow's buses constituted 99% of Golden Arrow's Scope 1 emissions.

Of the remaining 1%, mobile diesel consumption constituted 82%. This is diesel used in vehicles other than Golden Arrow's buses. Mobile petrol consumption constituted 14%, which is also used in vehicles other than the buses. Stationary diesel consumption constituted the other 4%. It is used in generators.

The decrease in Scope 1 emissions is primarily as a result of decrease in emissions associated with diesel consumed in Golden Arrow's buses. COVID-19 and the associated lockdown resulted in a decrease in kilometres travelled and diesel consumed. This, in turn, resulted in a decrease in GHG emissions.

Scope 2 emissions totalled 2 337 t CO₂e in the reporting year. This is a 27% decrease relative to the Scope 2 emissions in FY20.

The biggest contributors to Golden Arrow’s Scope 2 emissions were Arrowgate (54%), Epping (15%), Philippi (18%) and Southgate (11%) depots.

The decrease in Scope 2 emissions is mainly due to decrease in electricity consumption at Arrowgate and Southgate.

The decrease at Arrowgate is as a result of the solar energy project where solar panels were installed at the car park and admin block. It is also reported to be as a result of the impact of COVID-19.

Some of the depots have solar systems installed. These solar power plants generate electricity for own consumption and also export, in some cases, to the electricity grid. For electricity exported, credit is provided by the municipality.

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

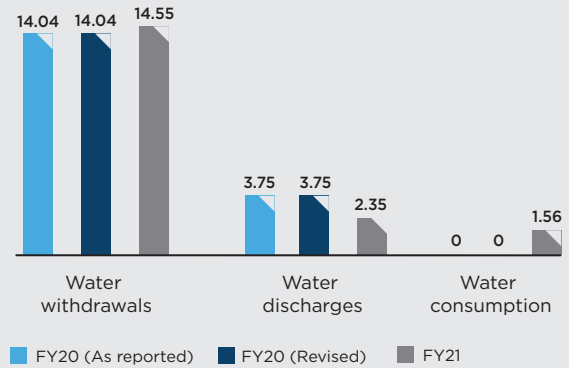
Scope 3 emissions totalled 8 333 tCO₂e in the reporting year. This is a 21% decrease relative to emissions in FY20 which were 10 547 tCO₂e.

Diesel consumed in MyCiTi is the largest contributor to Scope 3 emissions. The significant decrease in Scope 3 emissions results from a decrease in the diesel consumed in MyCiTi buses. The decrease was as a result of reduced distance travelled due to COVID-19 and the associated restrictions.

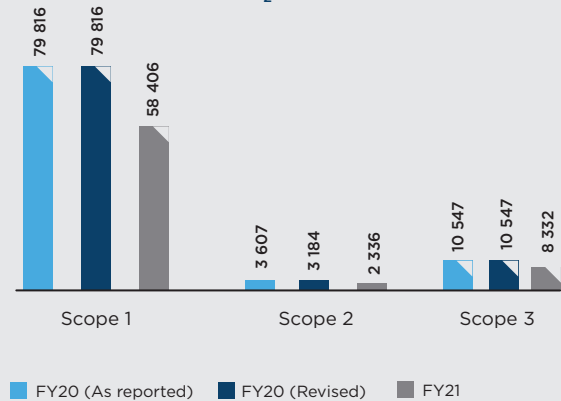
EIJoSa

EIJoSa’s Scope 1 and 2 emissions in the FY2021 were 375 tCO₂e. This represents a decrease of 87% relative to the Scope 1 and 2 emissions for FY2020 which were 2 829 tCO₂e.

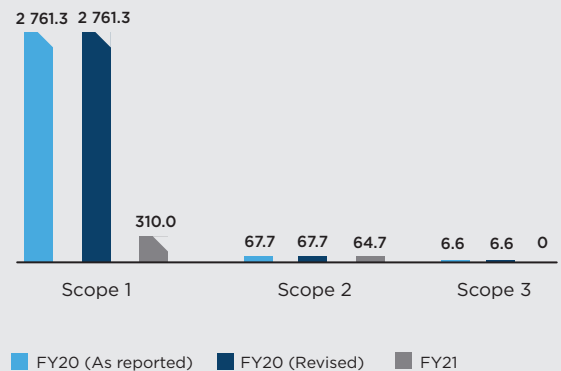
Golden Arrow (Water ML)



Golden Arrow, TBRT and Sibanye (GHG emissions tCO₂e)



EIJoSa (GHG emissions tCO₂e)



The biggest contributor to ElJoSa's Scope 1 and 2 emissions was diesel consumed in ElJoSa's buses and constituted 81% of ElJoSa's Scopes 1 and 2 emissions.

The decrease of 87% in ElJoSa's Scopes 1 and 2 emissions was primarily as a result of COVID-19 and the associated restrictions.

Scope 2 emissions totalled 65 t CO₂e in the reporting year. This is a 4% decrease relative to the Scope 2 emissions in FY2020.

There were no Scope 3 emissions for FY2021 due to the impact of COVID-19 and the associated lockdown on travel.

WATER USAGE

Golden Arrow, TBRT and Sibanye

Golden Arrow's water withdrawals in FY2021 were 15 ML. This represents a 4% increase relative to the water withdrawals in FY2020.

Philippi is the largest water user (51%), followed by Epping (28%). Arrowgate was responsible for 17% of Golden Arrow's water withdrawals.

Philippi is the largest water user as it combines the water used at Philippi and at Southgate.

The increase in water withdrawals is mainly due to significant increases in water withdrawals for Epping and the Training and Recruitment Centre.

CORPORATE SOCIAL INVESTMENT

PROJECTS AND PROGRAMMES

Community Transport Programme

The Community Transport Programme is an extension of the Golden Arrow Foundation Grassroots Programme, which through the HCI Foundation has extended its reach from seven beneficiaries in 2005 to 31 beneficiaries in 2021.

The Programme benefits more than 110 000 children on an annual basis.

Beneficiaries include, amongst others, the Amy Foundation, Applauz Arts Initiative, the Artscape, the Baxter Theatre, Bridgetown Theatre Company, Cape Town Opera, the College of Magic, the Cape Town Science Centre, Grassroots, the Junior Traffic Training

Centre (JTTC), Iziko Museums, The Magnet Theatre, Sisanda Fundaytion and the Zip Zap Circus School.

Supporting the Arts

In 2009 Golden Arrow, through the HCI Foundation became the naming rights sponsor of the Baxter Theatre's 172-seater venue now known as the Baxter Golden Arrow Studio. The Studio is designed as an innovative, adaptable space that can be modified to different layouts to fit the requirements of each production or event.

It has played host to many incredibly memorable productions and has given up and coming artists an opportunity to showcase their skills, whilst also giving more established performers an opportunity to pursue experimental productions or passion projects.

Unfortunately the pandemic has negatively affected all facets of the performing arts with the need for social distancing effectively closing spaces such as the Baxter Golden Arrow Studio for long periods.

Zip Zap Circus

Zip Zap is a vibrant, uniquely South African social and professional circus. Through circus arts they inspire and empower young people from all walks of life. Zip Zap promotes social cohesion, creates opportunities, unlocks potential and transfers skills for life.

Zip Zap's outreach and youth programmes are offered free of charge to all participants. The HCI Foundation specifically contributes to the Dare 2 Dream (D2D), Khula Nathi and 2nd Chance programmes.

The overall objective of the D2D programme is to aid in the alleviation of poverty and contribute to the reduction of unemployment in our country. By using circus arts as a practical medium, participants learn soft skills, social skills, technical skills, artistic development, circus techniques, and teaching skills. D2D students create and manage their own performances, and work as a team in collaborating to create shows for corporates, public performances and special events.

All these skills help prepare the D2D students to teach and coach the younger children, which is an integral part of the curriculum. A 'professional insertion' year post-learnership aids in bridging the gap between

learning and working, provides holistic development, and guides them in becoming both work and life ready.

The *Khula Nathi* programme targets young children between four and six years old from the informal settlements, Imizamo Yethu and Hangberg, in Hout Bay. Through bi-monthly workshops children are exposed to exciting surroundings and fun activities that stimulate fine- and gross-motor skills. With the support of positive role models they experience new learning opportunities and are encouraged to tackle unfamiliar challenges. They meet and engage with other children, which provides valuable opportunities to practice English, especially for children for whom this is not their home/first language. The children discover, learn, and play in a safe environment, and gain a sense of security. Through the workshops, we are able to highlight the need to maintain good physical health and fitness through fun and play and supplement the physical education participants may already be receiving at their pre-schools and crèches.

The 2nd Chance Programme is a specific collaboration between Zip Zap, the HCI Foundation and Golden Arrow. The Programme engages beneficiaries from primary schools, high schools, NGOs, orphanages, and children's homes in the most under-served areas across Cape Town. The children are transported to the Zip Zap training dome and exposed to hands-on workshops comprising games, circus techniques and fun activities, geared toward teaching teamwork and instilling discipline and all this takes place in a safe, fun, and exciting environment. Participants experience a sense of belonging whilst engaging in a fun and creative circus workshop that inspires interest and a willingness to learn new skills. These interventions aim to inspire participants to envision an alternative, more positive future and develop an expanded awareness about possible career opportunities.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

HPLR's B-BBEE contribution is consolidated as part of the HCI group's B-BBEE certification process. At the date of this report, HCI holds a level 2 B-BBEE rating as per the certificate issued on 9 September 2020.

HPLR contributes to the overall rating through its ongoing commitment to skills development, preferential procurement and socio-economic initiatives.

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

OUR PEOPLE

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

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

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

TRAINING AND DEVELOPMENT ACHIEVEMENTS

- Small business unit managers embarked on a soft skills development programme.
- 88 candidates went through the bus driver training programme.
- 34 bursaries were awarded to staff for the 2021 academic year.
- Apprentices:
 - Eight apprentices passed their trade assessments and qualified in their respective trades.
 - 45 registered apprentices at the end of the financial period.
- The below is a list of active Discretionary Grant contracts award by Transport Education Training Authority (TETA):

Golden Arrow

- National Certificate in Professional Driving for 20 learners, learners were issued with certificates in November 2020.
- Bus Driver Skills Programme for seven employed learners.
- A contract awarded for eight diesel mechanic apprentices, they are currently in their last year.
- Two contracts awarded for a total of nine bursaries awarded for staff to study Road Transport Management Diploma. Four staff members completed this course last year and five are in their second year.
- Internship of four candidates ends in November 2021.
- Internship of eight candidates ended in August 2020 of which two were absorbed into the business.

Table Bay Rapid Transit:

- National certificate in professional driving for 19 learners, learners was issued with certificates in November 2020.
- National Certificate in Professional Driving was awarded to six employed learners.

Sibanye:

- National Certificate in Professional Driving for 15 unemployed learners.
- Bus Driver Skills Programme for nine unemployed candidates.

OCCUPATIONAL HEALTH AND SAFETY

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

COVID-19 RESPONSE

Golden Arrow, Sibanye and TBRT continue to play a vital role in providing a safe public transport option to frontline workers and others who returned to work as 2020 progressed.

The Group's COVID-19 response was guided by regulations and has remained in place throughout the pandemic. A number of preventative measures were implemented which include but are not limited to:

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

INCIDENCE OF DISCRIMINATION

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

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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



SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

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

The summarised consolidated annual financial statements, set out on pages 46 to 55, and the consolidated annual financial statements for the year ended 31 March 2021, available on HPLR’s website, have been prepared, in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the South African Companies Act, 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited consolidated annual financial statements.

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

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

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

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

The consolidated annual financial statements were audited by the independent auditor, BDO South Africa Incorporated, to whom unrestricted access was given to all financial records and related information. The report of the independent auditor is presented on page 45.

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

- (a) the consolidated annual financial statements set out on pages 46 to 55, fairly present in all material respects the financial position, financial performance and cash flows of the Company in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Company; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having applied the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated annual financial statements for the year ended 31 March 2021 were approved by the Board of directors on 28 July 2021 and are signed on its behalf by:



FE Meyer
Chief executive officer



ML Wilkin
Chief financial officer

Cape Town
28 July 2021

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Passenger Logistics and Rail Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2021, all such returns as required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
28 July 2021



DIRECTORS' REPORT

NATURE OF BUSINESS AND OPERATIONS

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

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

RESULTS

Refer to the Chairperson and CEO's Report on pages 13 to 15 for an overview of the performance of the Group for the period under review.

CASH DIVIDENDS

The Company paid an interim ordinary dividend for the year ended 31 March 2021 of 18 cents (gross) per share on 14 December 2020 (2020: 14 cents (gross) per share). The Board declared a final ordinary

dividend for the year ended 31 March 2021 of 26 cents (gross) per share on 27 May 2021 which was paid on 21 June 2021 (2020: 31 cents (gross) per share).

SHARE CAPITAL

There was no change in the authorised or issued share capital of the Company during the period under review. At 31 March 2021, the total shares in issue was 290 000 000.

MAJORITY SHAREHOLDER

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 82.21% of the issued share capital of the Company at 31 March 2021 (2020:82.11%).

DIRECTORATE

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

Directors	Office	Designation
Mr Y Shaik	Chairperson	Non-executive
Mr FE Meyer	Chief executive officer	Executive
Mr ML Wilkin	Chief financial officer	Executive
Mr TG Govender		Non-executive
Mr L Govender	Lead independent	Independent non-executive
Ms NB Jappie		Independent non-executive
Ms RD Watson		Independent non-executive

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

DIRECTORS' REPORT (continued)

DIRECTORS EMOLUMENTS

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

SHAREHOLDINGS OF DIRECTORS

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

Director	Direct number of shares held	Direct % of shares in issue held	Indirect number of shares held	Indirect % of shares in issue held	Total number of shares held	Total % of shares in issue held
FE Meyer	116 813	0.04%	4 756	0.00%	121 569	0.04%
TG Govender	87 808	0.03%	821 676	0.28%	909 484	0.31%
	204 621	0.07%	826 432	0.28%	1 031 053	0.36%

There were no changes in the directors' interest from 31 March 2021 to the date of this report.

COMPANY SECRETARY

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

INVESTMENTS

Investments of the Group as at 31 March 2021 are as follows:

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

GOING CONCERN

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

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

has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

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

AUDITORS

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Stephan Cillié as designated auditor for the year ended 31 March 2021.

DIRECTORS' REPORT (continued)

NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Group since the publication of its provisional results for the year ended 31 March 2021.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting held on 15 October 2020:

- Granting the Company a general authority to allot and issue the Company's unissued ordinary shares (or to issue options or convertible securities into ordinary shares) for cash, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listing requirements;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the Board sub-committees in respect of the financial period 1 November 2020 until the next annual general meeting of the Company;
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirement paragraph 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company; and
- Granting the Company authorisation to provide financial assistance to subsidiaries in accordance with sections 44 and 45 of the Companies Act.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

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

SUBSEQUENT EVENTS

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

PREPARER

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

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Hosken Passenger Logistics and Rail Limited

OPINION

The summarised consolidated annual financial statements of Hosken Passenger Logistics and Rail Limited, which comprise the summarised consolidated statement of financial position as at 31 March 2021, the summarised consolidated statement of profit or loss, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Hosken Passenger Logistics and Rail Limited for the year ended 31 March 2021.

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

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

THE AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated annual financial statements

in our report dated 28 July 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Stephan Cillié
Director
Registered Auditor

28 July 2021

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
Non-current assets		1 713 767	1 786 707
Property, plant and equipment	1	1 660 242	1 730 134
Right-of-use asset		25 295	25 360
Goodwill		27 298	27 298
Intangible assets		59	62
Investments in associates		378	3 358
Deferred taxation		495	495
Current assets		588 632	576 927
Inventories		18 890	19 541
Trade and other receivables		64 861	60 826
Taxation		7 100	6 937
Cash and cash equivalents		497 781	489 623
Total assets		2 302 399	2 363 634
EQUITY AND LIABILITIES			
Equity		1 284 243	1 226 588
Equity attributable to equity holders of the parent		1 292 472	1 228 751
Non-controlling interest		(8 229)	(2 163)
Non-current liabilities		597 413	695 780
Borrowings		9 351	25 700
Instalment sale obligations		199 988	314 200
Lease liability		22 738	23 549
Post-employment medical benefit liability		68 939	55 835
Deferred taxation		296 397	276 496
Current liabilities		420 743	441 266
Trade and other payables		169 307	161 980
Post-employment medical benefit liability		5 233	4 559
Borrowings		19 498	22 603
Instalment sale obligations		135 858	155 027
Taxation		1 375	2 028
Provisions		89 472	95 069
Total equity and liabilities		2 302 399	2 363 634

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 R'000	2020 R'000
Revenue	3	1 641 025	2 048 402
Other income		16 070	18 827
Operating expenses		(1 271 759)	(1 578 572)
Operating profit (EBITDA)		385 336	488 657
Depreciation and amortisation		(92 189)	(93 411)
Investment income		13 413	25 774
(Loss)/Profit from equity accounted investment		(479)	436
Fair value adjustment on associate on change of control		-	9 163
Finance costs		(30 108)	(50 312)
Profit before taxation		275 973	380 307
Taxation		(77 240)	(117 397)
Profit for the year		198 733	262 910
Profit attributable to:			
Equity holders of the parent		204 799	261 042
Non-controlling interest		(6 066)	1 868
		198 733	262 910
Earnings per share (cents)			
Basic and diluted		70.62	90.01

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 R'000	2020 R'000
Profit for the year	198 733	262 910
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (losses)/gains on defined benefit plans	(10 704)	12 709
Taxation relating to actuarial (losses)/gains on defined benefit plans	2 997	(3 559)
Total comprehensive income for the year	191 026	272 060
Total comprehensive income attributable to:		
Equity holders of the parent	197 092	270 192
Non-controlling interest	(6 066)	1 868
	191 026	272 060

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2021

Reconciliation of headline earnings	2021		2020	
	R'000 Gross	R'000 Net	R'000 Gross	R'000 Net
Earnings attributable to equity holders of the parent		204 799		261 042
Profit on disposal of plant and equipment	(4 077)	(2 935)	(11 568)	(8 329)
Impairment of plant and equipment	10 262	7 389	13 151	9 469
Insurance claim for capital assets	(8 656)	(6 232)	(6 287)	(4 527)
Fair value adjustment on associate on change of control	-	-	(9 163)	(7 110)
Headline earnings		203 021		250 545
Earnings per share (cents)				
Basic and diluted		70.62		90.01
Headline earnings per share (cents)				
Basic and diluted		70.01		86.39
Weighted average number of shares in issue ('000)				
Basic and diluted		290 000		290 000
Actual number of shares in issue ('000)		290 000		290 000

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	2021	2020
	R'000	R'000
Balance at the beginning of the year	1 226 588	1 158 995
Total comprehensive income	191 026	272 060
Equity settled share-based payments	8 729	4 876
Acquisition of subsidiaries (non-controlling interest portion)	-	17 520
Effects of changes in shareholding	-	(105 063)
Dividends	(142 100)	(121 800)
Balance at the end of the year	1 284 243	1 226 588

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 R'000	2020 R'000
Cash flows from operating activities		186 993	276 403
Cash generated from operations		400 946	509 101
Investment income		13 413	25 774
Finance costs		(30 108)	(50 312)
Taxation paid		(55 158)	(86 360)
Dividends paid		(142 100)	(121 800)
Cash flows from investing activities		2 262	(9 584)
Dividends received		2 500	2 000
Business combinations		-	13 056
Acquisition of property, plant and equipment	4	(6 953)	(38 587)
Acquisition of intangible assets		-	(5)
Proceeds from sale of plant and equipment		6 715	13 952
Cash flows from financing activities		(181 097)	(298 153)
Funding raised	4	5 000	-
Funding repaid	4	(186 010)	(192 487)
Principal paid on lease liabilities		(87)	(603)
Transactions with non-controlling shareholders		-	(105 063)
Total cash movement for the year		8 158	(31 334)
Cash and cash equivalents			
At the beginning of the year		489 623	520 957
At the end of the year		497 781	489 623

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summarised consolidated annual financial statements were derived, are compliant in terms of IFRS and are consistent with those applied in the previous annual financial statements. Details of the standards adopted are provided in the Group’s consolidated annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 1/2019 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

OPERATING SEGMENT

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

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

1. Property, plant and equipment

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

	Carrying value at 31 March 2020 R'000	Additions R'000	Depre- ciation R'000	Disposals R'000	Impair- ments R'000	Carrying value at 31 March 2021 R'000
Buses	1 322 052	28 536	(82 002)	(2 624)	(9 708)	1 256 254
Computer hardware, fare collection and radio equipment	60 091	1 584	(6 591)	-	(554)	54 530
Land and building and leasehold improvements	339 216	3 825	(50)	-	-	342 991
Motor vehicles	5 153	925	(1 846)	(13)	-	4 219
Plant and machinery	2 778	229	(1 411)	-	-	1 596
Furniture and fixtures	844	29	(221)	-	-	652
Total	1 730 134	35 128	(92 121)	(2 637)	(10 262)	1 660 242

The Group acquired ten commuter buses totalling R23.1 million and two luxury coaches totalling R5.4 million which were committed prior to lockdown (2020: acquired 72 commuter buses totalling R159.2 million and six luxury coaches totalling R20.9 million).

The impairment of buses with a net book value of R9.7 million (2020: R12.5 million) relates to the destruction of 13 Golden Arrow buses (2020: 11 Golden Arrow buses and one EIJoSa bus), of which R8.7 million is receivable from insurance proceeds (2020: R6.3 million).

2. Change in accounting estimate of residual values

In line with the Group's accounting policies, management reassessed the residual values of buses during the year, revising the residual value of commuter buses at the end of their useful life from R200 000 to R250 000. The net effect of the changes in the current period was a decrease in depreciation of R7.2 million.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

3. Revenue

Group revenue for the year is made up as follows:

	2021 R'000	2020 R'000
Revenue from bus services provided		
<i>Revenue recognised over time</i>		
Operational contract carrying revenue risk	1 073 596	1 006 182
Operational contract with no revenue risk	130 399	136 433
Sale of multi-journey tickets	273 199	545 728
<i>Revenue recognised at a point in time</i>		
Sale of single journey tickets	149 277	263 244
Charter hire services	9 547	84 562
Total revenue from bus services	1 636 018	2 036 149
Revenue from automotive repair services		
<i>Revenue recognised at a point in time</i>		
Bus and vehicle repair and maintenance	174	1 332
Other income		
<i>Revenue recognised over time</i>	1 480	3 649
<i>Revenue recognised at a point in time</i>	3 353	7 272
	4 833	10 921
Total revenue	1 641 025	2 048 402

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

4. Borrowings arising from financing activities

Movements in the carrying value of borrowings are as follows:

	2021 R'000	2020 R'000
Carrying value at the beginning of the year	517 530	508 083
Cash-flows:		
Raising of new debt (term loan)	5 000	-
Debt repayments	(186 010)	(192 487)
Non-cash:		
Raising of instalment sales obligations	28 175	160 272
Arising on business combination	-	41 662
	364 695	517 530

R28.2 million (2020: R160.2 million) of debt raised in the period relates to instalment sale agreements used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

5. Commitments

	2021 R'000	2020 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	-	7 521
Property, plant and equipment authorised and contracted to be expended	4 600	109 008

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

6. Related party transactions

Related party transactions similar to those disclosed in the Group's 2020 annual financial statements took place for the year ended 31 March 2021 and are disclosed in the Group's annual financial statements for the year ended 31 March 2021.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require any adjustments to the consolidated annual financial statements.



