CONTENTS

(FROM LEFT TO RIGHT) *M. Golding, V. Mphande, A. Shapiro, F. Magugu, J. Copelyn, A. Ntuli*

Marcel Golding (42) B.A. Hons.

Executive Chairman

Marcel joined HCI as chairman in 1997. Previous to this he was a member of parliament and deputy general secretary of the National Union of Mineworkers. He is also chief executive officer of MIDI TV (Pty) Ltd, non-executive chairman of Softline Ltd and holds directorships in numerous companies.

Velaphi Elias Mphande (45) Elec. Eng. (dip)

Non-Executive Director

Elias is marketing manager of Viamax Fleet Solutions (Pty) Ltd. He was appointed to the board of HCI in January 1997. He holds directorships in BatoStar Fishing (Pty) Ltd., MIDI TV (Pty) Ltd., and Africa-on-Air (Pty) Ltd.

Arnold Shapiro (40) B. Bus Sci.

Non-Executive Director

Arnold has spent the past fifteen years in investment analysis and management. He is currently an independent consultant. Arnold was elected to the board of HCI as a non-executive director in June 2002.

Freddie Magugu (43)

Non-Executive Director

Freddie worked for the SA Clothing and Textile Workers Union, reaching the position of national organising secretary. He was appointed to the board of HCI in April 1998. He holds directorships at Tsogo Investment Holdings (Pty) Ltd. and Tsogo Sun (Pty) Ltd.

John Copelyn (52) B.A. (Hons), B.Proc.

Chief Executive Officer

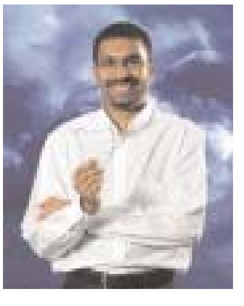
John joined HCI as chief executive officer in 1997. He was general secretary of various unions in the clothing and textile industry since 1974 before becoming a member of parliament in 1994. He holds various directorships and is non-executive chairman of MIDI TV (Pty) Ltd, Mettle Limited and On-Line Gaming Systems Limited.

Amon Ntuli (44)

Non-Executive Director

Amon has been the president of the Southern African Clothing and Textile Workers Union for the past 10 years and non-executive chairman of Sactwu Investment Group since inception. He is also director of various trade union investment companies. He was elected to the board of HCI as a non-executive director in June 2002.

Kevin Govender (31) B. Com. B. Compt. (Hons)



Company Secretary

Kevin was appointed as company secretary and chief financial officer of HCI in December 2001. He has been with HCI since 1997 as financial manager. He is a non-executive director of Mettle Limited, Midi TV (Pty) Ltd, and the Clearwater Group.

It is with pleasure that we present the sixth Annual Report of Hosken Consolidated Investments Ltd ("HCI"), since the union investment companies took control of the company.

The past year was exceptionally difficult by any measurement. The global recession bit deep into the South African economy, affecting many of the sectors in which HCI has investments.

This was compounded by the negative global investment sentiment towards high technology industries and small cap companies which have had a knock on effect for developing economies.

During the past financial year, substantial financial and intellectual resources have been devoted to restructuring MIDI Television ("e.tv"). Although not all the benefits have become apparent in this financial year, the share of audience and revenue have increased over 30%, making it the largest English speaking channel, and the third largest TV channel in the country.

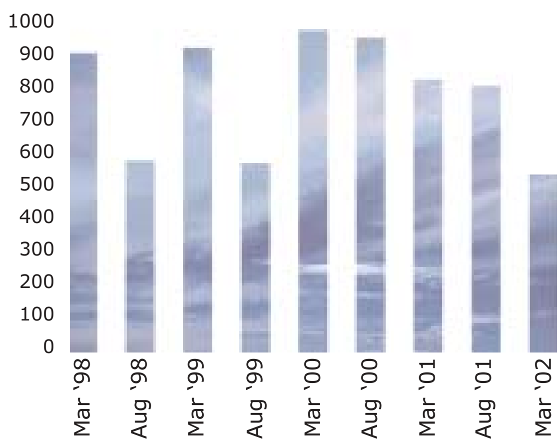
We remain convinced that the changes effected will yield long-term benefits for the company.

We have also, remained focused on unlocking the underlying value in the company, and will make determined strides in the coming year to achieve these objectives.

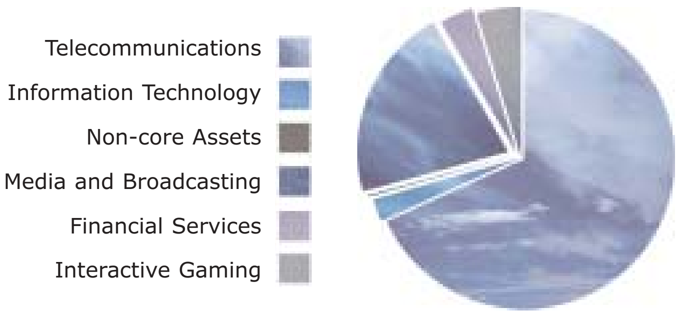
We would like to thank the board of directors for their valued support over the past year and welcome Arnold Shapiro and Amon Ntuli as new members to our board. A very special thanks to Mohamed Ahmed who resigned as company secretary in December 2001 for his loyal support and advice since we took over in 1997. Kevin Govender has replaced Mohamed and we are sure he will prove to be as successful.

Chairman: M. Golding (RIGHT)
and Chief Executive Officer: J. Copelyn (LEFT)

NET ASSET VALUE



ANALYSIS OF ASSET VALUE



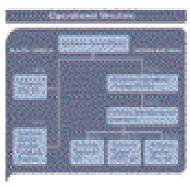
TELECOMMUNICATIONS

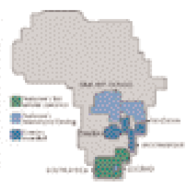
5% INTEREST IN VODACOM GROUP (PTY) LTD

HCI holds a 5% shareholding in pan-African cellular communications company Vodacom Group (Pty) Ltd ("Vodacom"). The remaining shareholders in Vodacom are Telkom South Africa Ltd (50% shareholding), Vodafone Group plc (31.5% shareholding) and VenFin Ltd (13.5% shareholding).

Black economic empowerment is clearly a key driver in Vodacom's business strategy, being well represented at shareholder level. Furthermore, Vodacom has a deliberate procurement policy to ensure that black-owned and managed companies receive a significant share of Vodacom's business. Finally, two thirds of the company's 4 300-strong workforce come from previously disadvantaged groups.

Based in South Africa, Vodacom's core business is the provision of GSM (Global System for Mobile Communications) cellular services to 6,8 million customers throughout South Africa, Tanzania, Lesotho and the Democratic Republic of the Congo (DRC). Vodacom also won a license to operate a GSM network in Mozambique in June 2002 and has been offered a GSM license in Zambia. The majority of Vodacom's customers reside in the Republic of South Africa where they remain the dominant player and claim a 60% share of that market.





Vodacom offers all of its African customers a quality of service that is on a par, or better, than the quality of service enjoyed by GSM users around the world. In South Africa, the company offers customers a choice of 17 different tariff packages with many valued-added products and services complementing its core bouquet of tariff options.

Vodacom has remained at the forefront of cellular innovation during the 2001/2002 financial year and was responsible for the development and introduction to the market of over 20 products and services. The African Renaissance moved a step forward during the last quarter of 2001, with the launch of Vodacom Congo (DRC) s.p.r.l. following the ratification of a joint venture agreement between Congolese Wireless Networks (CWN) and the board of Vodacom. Vodacom Congo eventually built an impressive 88-base station GSM cellular network in Africa's fourth largest country in less than three months.

Vodacom received an invitation to purchase a GSM license in Zambia in December 2001, however it has not yet accepted the invitation from that country's regulator as issues regarding spectrum still have to be addressed to Vodacom's satisfaction.

Adding sparkle to Vodacom's African crown was the news in June 2002 that the company had won a GSM license in Mozambique. Vodacom is convinced that the fundamentals underpinning Africa's fastest-growing economy are very much in order and that Vodacom Mozambique will in time impact positively on Vodacom's bottom line. Vodacom is forecasting a total market of some one million customers after ten years of operations and expects to win a market share of at least 50%.

That Vodacom is a leader in many fields was readily acknowledged over the past financial year. Vodacom was the winner in the Best Unlisted Company category of the 2001 Growth Awards and the winner in the Telecoms category of the 2001 Professional Management Review emPower Awards.

MEDIA AND BROADCASTING

50,1% INTEREST IN MIDI TV (PTY) LTD

Deregulation of South Africa's airwaves, followed by Midi TV's hard-fought campaign to win the license, saw the launch of e.tv in October 1998. Midi TV successfully took on six other bidding consortia by winning the coveted free-to-air licence.

From February 1, 1999 the station launched its full 24-hour programme schedule.

At present the channel's terrestrial signal reaches 77 percent of the South African population. Viewers throughout the country can also access e.tv on satellite through both Sentech's VIVID and Multichoice's DSTV services. e.tv continues to make inroads as the fastest growing television channel in South Africa, adding another 35% to the daily viewing figures.

The latest All Media Product Survey (AMPS) figures, released in March 2002, show e.tv having an average 'yesterday' audience of 8 million adult viewers during the year under review. In total some 18.9 million adults claimed to have watched television 'yesterday'. This was four percent more than in the period February-December 2000 and reflects the growing incidence of TV sets in homes as more and more households join the electricity grid in South Africa. Against this modest four percent increase, e.tv's 'yesterday' audience grew by 35%.

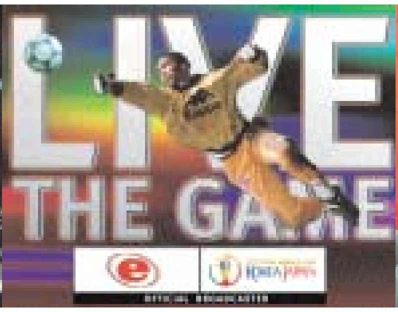
In comparison to the prior financial year, the station has grown its share of the total available audience significantly across all major time periods. In January 2002, of our top 20 rated programmes, 19 had audiences in excess of one million adult viewers.

This growth has been reflected in all other research databases over the past year. The weekly TAMS (Television Audience Measurement Survey) as well as the TV and Radio Diary research also show that e.tv is the fastest growing television station in the country.

Both local and international programmes are doing well. The weekend movies attract the lion's share of the local television audience. On Sunday nights e.tv attracts more viewers than any other station in the country.

e.tv has consistently increased the amount of sport on the channel and has successfully secured broadcast rights to some of the world's major sporting events. The most significant achievement to date was the acquisition of local broadcast rights to the FIFA World Cup Soccer Tournament - played in Korea/Japan this year. Coupled with this, the channel continues its broadcast of the UEFA Champions League, Europe's most prestigious soccer contest, and exclusive coverage of Bafana Bafana matches.

Despite the significant strides made by e.tv and the growth of all aspects of its business, the channel continues to make losses. It is anticipated that a further injection of funds is needed before the end of the 2003 financial year to take the station to a position where it becomes cash positive. This is anticipated from May 2003.





42.5 % FINANCIAL INTEREST IN AFRICA-ON-AIR (PTY) LTD

HCI has a 42.5% financial interest in Africa-on-Air (Pty) Ltd., which owns and operates the radio station, 94.7 Highveld Stereo. The station continues to be the premier station for adult contemporary music in the Gauteng market with its distinctive brand and personalities. Highveld's mission has always been to attract and hold a large, affluent, adult audience. Through its association with other Primedia radio stations, dedicated monthly research and a carefully designed programming format it has gained the benefits of top-class marketing, enabling the station to attract strong advertising support. A process of constant evolution has seen a huge increase in participation at 94.7's ever-growing calendar of events - a sure sign of Highveld's consistent growth in audience size and reach.

Looking forward, 94.7 Highveld Stereo will continue to embrace and encourage evolution as an essential part in retaining its position as the number one independent commercial radio station in South Africa.

75% INTEREST IN THE CLEARWATER GROUP

The Clearwater Group, ("Clearwater"), owned by the group subsidiary, Blue Ridge Investments (Pty) Ltd, has successfully managed to maintain its client base, turnover and profitability in 2001, despite a fairly disappointing year for the South African television industry. In the past 12 months, the group has re-focused its energies to adapt to the reductions in spending on local television branding elements. To this end, Clearwater has embarked on the development and production of numerous long-form television formats for both local and international markets.

Last year saw the company undergo a corporate makeover inside each of its five subsidiaries, while this year saw the introduction of Clearwater's marketing campaign 'Be Entertained'. With the company's experience in creating some of the most recognised identities in television, combined with it's experience in producing in excess of 90 minutes per week of live television entertainment, Clearwater is positioning itself as one of our country's entertainment production leaders. Clearwater's future plans will see the company growing in the entertainment field with plans to introduce a record label and music recording studios as well as a music publishing division.

Clearwater's five subsidiaries have continued re-securing existing contracts as well as introducing various new clients to its already blue chip stable. Some projects undertaken by the subsidiaries in the year include innovative imagery for satellite, local and overseas TV channels; production of a live daily show and more than 35 promo trailers per month for Ktv; a weekly music show called Playback for M-Net; creative consulting and strategic marketing development for esteemed clients such as Hansa Pilsner, 5FM, SL Magazine, Anglogold and Smirnoff; and a franchise store design for German shoe manufacturer, Birkenstock. Clearwater has also recently landed a contract to produce a series of television commercials for Sony South Africa and are currently developing two long format television shows slated for broadcast in the early months of 2003.

Finally, future prospects for the Clearwater Group lie in the international sale of its television formats and services. Clearwater believes that with the focus on the entertainment industry and not television exclusively, new doors will be opened to further maximise the talents this company has nurtured.

80% INTEREST IN RED PEPPER PICTURES (PTY) LTD

Established in 1995, Red Pepper Pictures (Pty) Ltd ("Red Pepper") has grown from a small production company, with a few contracts, to a world-class creative powerhouse with script to screen capabilities. Clients include SABC, M-Net, e.tv, Discovery Channel, various local production companies and a few international distributors of content.

Having developed the ability to produce content in-house, has allowed Red Pepper to compete globally with a number of exciting prospects looming.Red Pepper's core business remains the production of content including programming, corporates and commercials.

A lot of effort has gone into procuring international work and a number of opportunities have become tangible. Local market conditions remain tough and margins are currently achieved by introducing economies of scale on volume driven contracts.

75% INTEREST IN LIMITLESS ANGEL FUND (PTY) LTD

The Limitless Angel Fund (Pty) Ltd was set up in August 2001 as a nursery fund to invest in start-up businesses and provide the seed capital and strategic handholding to build, essentially, an idea into a viable business. The strategy is to build the business to a level where it becomes self-sustainable and ready for a buy-out by a strategic industry partner to assist in taking the business forward to its next level, or where it is ready for a private equity investment, or even a possible listing.

The fund has the following three investments:

Three Blind Mice Communications (80%)

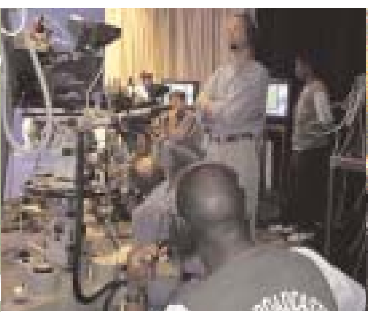
Three Blind Mice Communications ("TBM") has developed specialist technologies for audio-visual communications, which essentially involves the distribution of high quality video to individually addressable locations, via satellite, in an extremely cost effective way. TBM have over 720 sites installed countrywide, on which advertising is sold. 120 of these sites are owned, including Johannesburg International Airport. Additionally, TBM manages communications networks for various corporate clients, such as South African Revenue Services. Other revenue is generated through content production and DVD authoring.

Limtech Biometric Solutions (50.1%)

Limtech Biometric Solutions ("Limtech") is involved in the hardware and software development of biometric fingerprint access control solutions, providing authentic user verification, and doing away with all key and card replacement and associated administration costs. Limtech has manufactured a proprietary stand-alone biometric sensor and together with proprietary software, has developed the Biolink Access Control System. Biolink has been installed at Werksmans Attorneys' new head office in Sandton. Limtech has recently completed development of a biometric clocking station for Time and Attendance and payroll calculations.

Nexrealm Technologies (40%)

Nexrealm Technologies ("Nexrealm") has developed CLAM (Continuous Logon Authentication Mechanism), which uses keystroke dynamics to monitor behaviour patterns and thus authenticate the validity of genuine users. CLAM is being marketed as an enhancement to current security systems by offering additional protection, especially targeting on-line transactions, where knowing a username and password is not enough to access a system. CLAM is currently undergoing testing to assess its commercial viability.




FINANCIAL SERVICES

39.1% INTEREST IN METTLE LTD

Specialising in structured products, equity, treasury and derivative structuring, Mettle Limited's ("Mettle") ability to originate and develop leading products and methodologies bear testament to the exceptional talent vested in the team. Through close collaboration across these disciplines Mettle is able to provide their clients, some of Southern Africa's leading companies and institutions, with solutions that go beyond convention and their interest rate and equity skills continue to attract the attention of large corporate borrowers and institutional investors.

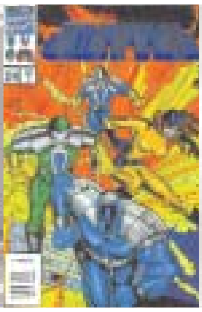
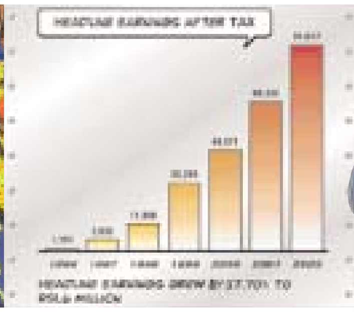
Since inception operations have expanded from Johannesburg and Cape Town into Southern Africa, London and New York.

Mettle's reputation for challenging convention is underpinned by the substance of their performance. Since inception, Mettle has experienced robust levels of activity and profitability, with an average earnings growth of 78% over the past five years. Mettle has recently released their results for the year ended March 2002. The year in review produced interesting times for Mettle. Not only has the group had to deal with a changing economic environment and its toll on the financial services sector, but also with the impact of specific events within Mettle, such as the integration of Greenwich and the de-listing issue. It is therefore particularly pleasing to the group the 37.70% rise in headline earnings to R91.6 million (2001: R66.5 million) and the return on equity at a highly creditable 31.04%.

In June 1998, HCI was secured as a black empowerment shareholder. HCI currently holds 39.1% of Mettle, making it one of the most significant black owned stakes in the financial sector. Mettle places great emphasis on ensuring that its team is fully representative of the people of South Africa and believes that its empowerment policy leads the market, both at shareholder and operational level. The past year has seen 50% of all new recruits coming from previously disadvantaged backgrounds. The group actively pursues a mentorship programme which ensures that this process operates as smoothly and effectively as possible.

In May 2000 and again in September 2001, CA Ratings accorded Mettle a "zaBBB" long-term credit rating and a "zaA2" short-term credit-rating. These ratings were based on their strong financial results, evidencing that the 2002 results will further improve market ratings.

Going forward, Mettle is entering into a more mature phase in it's business cycle after the explosive growth of its early years. The directors and management believe that this next phase will strengthen the business through a shift in focus towards longer term projects and prospects that will bear fruit over years to come.

INTERACTIVE GAMING

70,5% INTEREST IN GLOBAL PAYMENT TECHNOLOGIES HOLDINGS (PTY) LTD

Global Payment Technologies Holdings (Pty) Ltd, ("GPT") remains the market leader in the field of automated currency acceptance and validation systems. The Argus range of validation systems was launched successfully and a replacement market for the validators will materialise in the last quarter of 2002, leaving GPT well placed due to the successful launch of the Argus as well as their extensive existing installed base.

Vukani Gaming Corporation (Pty) Ltd, ("Vukani"), a 90% owned subsidiary of GPT, is a gaming machine route operator. The use of the licence previously granted by the Mpumalanga Gaming Board is imminent and the sites involved are anticipated to go live in Mpumalanga by the end of 2002. GPT has already submitted 59 site applications for which they expect approval to be granted within the 2003 financial year. The regulations of the central monitoring system connecting all slot machines to the National Gaming Board have been completed, allowing the above to commence.

A number of major competitors in this industry have not been able to sustain operations during previous phases and are no longer operating. This has strengthened the outlook for Vukani, resulting in Vukani being a market leader.

It is anticipated that some of the remaining eight provinces will call for route operator licences during the second half of 2002.

81% INTEREST IN ON-LINE GAMING SYSTEMS LTD

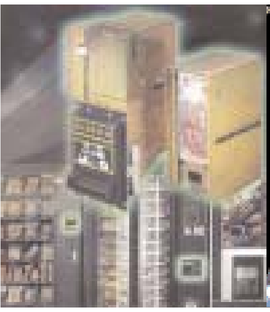
Online Gaming Systems, Ltd. ("OGAM"), is a Las Vegas-based publicly traded company listed on the NASDAQ Over The Counter Bulletin Board, OTC. It develops and markets internet and private network transaction based products that are offered to licensed gaming operators in regulated jurisdictions. These products include FIRE, (Fully Integrated Regulated Environment), premier interactive casino system, Internet Casino Extension™ ("ICE"), a growing suite of casino games, and webSports™, a sports wagering system.

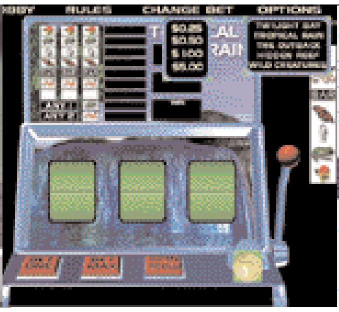
The Company is positioning itself to benefit from trends apparent in the Internet gaming industry, including the participation of major brand land-based gaming and entertainment companies, which are expected to dominate the space, and the business of providing internet casino management services in a turnkey approach. Legal and regulatory hurdles, and the events of September 11, 2001 have caused delays for many of these potential entrants, and the benefit from these trends is much slower than anticipated. The company has not generated significant revenues to date, and will likely require additional funding to complete requisite development and licensing to capitalize on the identified market opportunities. HCI has continued to fund OGAM's losses thus far in 2002.

OGAM has refocused its business activities and reduced costs during the past six months, having released a new, leading edge Internet casino product (FIRE), and closed down its business offering portable gaming devices.

Finally, the company expects that it may be selected for additional development and software licensing projects over the course of the next year, as some of the large companies enter the industry.

HCI has converted about half of its debts with OGAM to ordinary equity thereby increasing its shareholding to 81%. OGAM remains speculative and continues to lose money.





INFORMATION TECHNOLOGY

16% INTEREST IN IQ BUSINESS GROUP (PTY) LTD

The IQ Business Group (Pty) Ltd ("IQ") is a global, premier provider of comprehensive business process solutions. IQ's focus is on the holistic design, implementation and management of technology-enabled strategies in the financial services, health-care and supply chain industries. With in excess of 700 employees globally, IQ has become the largest privately held business process company in South Africa.

A minor dilution of HCI's initial 17.2 percent interest in the business occurred due to the increase of Investec's stake from 10% to 15%. Taking the current and widespread uncertainty in the equities markets into account, plans for an initial public offering are uncertain within the next two years. This does, however, provide additional opportunities to gain market share, prepare for a listing opportunity and institutionalise corporate governance.

IQ aims to maintain it's fundamentally organic growth by means of strategic global initiatives, exporting 40 percent of its locally designed and built technology internationally. South Africa is being seen as an alternative offering to the pioneers of India, especially to European companies seeking a solution and out-sourcing partner in the same time zone. Should strategic acquisition opportunities arise in the present levels of the equities markets, IQ will be in the position to accelerate growth dramatically in the next year.

Despite the observed slow down in the current trend worldwide, the current trend for a mixture of cost cutting through improvement in process efficiency and business process outsourcing makes for a fertile market in which IQ can operate. IQ's unique mix of project and risk management, process consulting, technology development and outsourcing skills, continue to make it an attractive supplier and business partner.

30% INTEREST IN INTERNATIONAL PAYMENT SYSTEMS (PTY) LTD

International Payment Systems (Pty) Ltd, ("IPS") currently owns 100% of Ingenico S.A. (Pty) Ltd ("Ingenico") and 80% of Global Payment Technologies Cash Systems (Pty) Ltd, ("GPTCS").

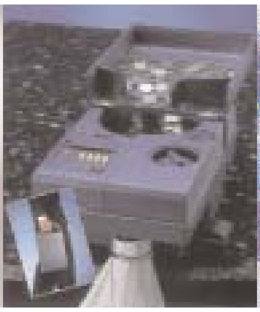
Ingenico International, in terms of market share, has recently been declared the number one terminal supplier in the world market, subsequently to the recent acquisition of Canadian manufacturer IVI Checkmate. Similarly Ingenico S.A., through its aggressive strategies and partnerships with leading technology providers, has made significant inroads into the South African Market.

Ingenico's leading range of terminals are currently certified with two of South Africa's leading Banks and are all EMV (Europay, Mastercard, Visa) level 1 certified, positioning Ingenico perfectly for the impending conversion of all bank cards to the new EMV smart card standards. Ingenico is currently involved with an EMV initiative with a leading bank in South Africa. In addition, the totally secure multi-application environment, supported by the Ingenico terminals, is bringing countless value added services to the retail environment, by virtual vending of cellular airtime, third party payments and loyalty programmes.

GPTCS is an integrated solutions provider of currency handling systems and exclusive distributor of De La Rue and Scan Coin currency processing equipment in South Africa. GPTCS has been placed as the leading supplier of cash recycling technology in South Africa. The cash recycler is able to accept mixed note deposits from a customer, verify and authenticate the notes, credit the clients account on-line, as well as pay out the same cash to the next customer.

The introduction of cash deposit systems by Scan Coin has also provided GPTCS with new growth opportunities, particularly for self-service deposit systems in banking lobbies as well as in retail shops where customers will be able to deposit mixed coin and notes in convenient locations.






40% INTEREST IN BUSINESS SYSTEMS GROUP (AFRICA) (PTY) LTD

Every business today is striving to delight their customers hence huge investments are made in technology and people. Few businesses today are able to maximise the return on these investments. The greatest strength of Business Systems Group (Africa) (Pty) Ltd ("BSG") is in ensuring that their clients realise these benefits.

BSG is a services-focused organisation that, through intimacy-based relationships, helps businesses to become more effective by ensuring their technology works harder for them and their customers.

WE'RE THE DETAIL IN YOUR CUSTOMER'S DELIGHT

BSG's approach has been developed to drive out the detail in every process and to innovate in order to find the best solution for their client's customer. The growth in BSG over the last few years is testament to the fact that they are filling a previously unfilled gap in the market and helping their clients to translate their business vision into reality.

As part of the service, BSG provides a practical plan to allow an organisation to make their strategy a reality. On individual projects BSG will provide business consultants that innovate business processes through working in the detail that ensures better service delivery to the end customer. BSG also have a team of highly skilled technical staff that can design and build systems to meet the needs of a business. It is people who make projects successful, hence BSG ensure the business owns and will support the change required for the new initiative. Managing the process of change and related soft people issues is central to the success of a solution implementation project. A successful solution will not be realised if users do not accept change. BSG's success is due to their working with the client's own teams and sharing how and what they do to achieve this end.

OTHER INVESTMENTS

41.7% INTEREST IN PRETORIA INTERNATIONAL AIRPORT CORPORATION (PTY) LTD

Pretoria International Airport Corporation (Pty) Ltd ("PIAC") is responsible for the operation and development of Wonderboom Airport, located in the City of Tshwane Metropolitan Municipality (Tshwane), previously known as Pretoria.

The future viability of Wonderboom Airport depends on the airport being granted international status and the introduction of scheduled passenger services and growth in flight training school activities. There are at present three training schools at the airport attracting students from all over Africa and as far afield as Europe. Sale of fuel and activities related to aviation, including aircraft maintenance and sales, are available.

During the period under review, HCI invested a further R1.5 million in loan capital, and increased their shareholding in PIAC from 33,3% to 41,7%. PIAC ended the period under review with total revenues of R14 million and a loss of R3.8 million.




GROUP STRUCTURE
31 March 2002

HCI Hosken

- **TELECOMMUNICATIONS**
  - VODACOM - 5%
- **MEDIA & BROADCASTING**
  - MIDI TV (e.tv) - 50.1%
  - AFRICA- ON-AIR - 42.5%
  - CLEARWATER GROUP -75%
  - RED PEPPER PICTURES - 80%
  - Limitless... — LIMITLESS ANGEL FUND - 75%
- **FINANCIAL SERVICES**
  - METTLE - 39.1%
- **INTERACTIVE GAMING**
  - GLOBAL PAYMENT TECH. HOLDINGS - 70.5%
  - ON-LINE GAMING - 81%
- **INFORMATION TECHNOLOGY**
  - IQ BUSINESS GROUP -16%
  - INTERNATIONAL PAYMENT SYSTEMS - 30%
  - BUSINESS SYSTEMS GROUP (AFRICA) - - 40%
- **OTHER**
  - PRETORIA INTERNATIONAL AIRPORT - 41,7%

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2002.

	Number of shareholders	% of total	Number of shares	% of total
1 - 1 000	467	69,9	151 833	0,1
1 001 - 5 000	123	18,4	302 757	0,1
5 001 - 10 000	25	3,7	175 795	0,1
10 001 - 100 000	30	4,5	875 822	0,2
Over 100 000	23	3,5	376 062 185	99,5
	668	100,0	377 568 392	100,0

Type of shareholder	Number of holders	% of current holders	Number of shares	% of issued capital
Individuals	592	88,6	1 330 445	0,3
Nominee companies or trusts	28	4,1	15 224 430	4,0
Private companies	15	2,3	13 572 869	3,6
Close corporations	6	0,9	1 891	0,0
Trustees of trusts	5	0,8	13 600	0,0
Other corporate bodies	3	0,5	16 535 185	4,4
Investment companies	18	2,7	129 324 109	34,3
Central securities depository	1	0,1	201 565 863	53,4
	668	100,0	377 568 392	100,0

SHAREHOLDERS' DIARY

Financial year end	31 March
Annual general meeting	November
Reports	
- Preliminary report and dividend announcement	June
- Interim report at 30 September	December
- Annual financial statements	September

STOCK EXCHANGE PERFORMANCE	31 March 2002
Total number of shares traded (000'S)	96 526
Total value of shares traded (R'000)	303 959
Market price (cents per share)	
- Closing	210
- High	400
- Low	200
Market capitalisation (R'000)	771 813

Hosken Consolidated Investments Limited ("HCI") and its subsidiaries subscribe to the Code of Corporate Practices and Conduct (the code) as set out in the King Report on Corporate Governance. HCI believes that in all material respects it complies with the major recommendations of the code and in particular those set out below.

Board of directors

The board of directors of HCI comprises two executive and four non-executive directors. The board retains control over HCI and its subsidiaries, meeting at least quarterly, to review performance of subsidiary and associated companies and group strategy and other matters relating to the achievement of HCI's objectives.

Executive directors have entered into three year service contracts with the company. These contracts have been approved by the remuneration committee and define the terms of employment of the executive directors.

The roles of the chairman and the chief executive are separated. The chairman is an executive director which is considered acceptable in relation to the company and board which has a majority of non-executive directors.

Audit committee

HCI has an audit committee which has written terms of reference setting out its scope and objectives. The members of the audit committee comprise of a majority of non-executive directors and is also chaired by a non-executive director. The external auditors have unrestricted access to this committee. The audit committee meets at least three times a year. It reviews the effectiveness of internal control in the group with reference to the findings of the external auditors.

Other areas covered include the review of important accounting issues, specific disclosures in the financial statements and a review of major audit recommendations.

Remuneration committee

The remuneration committee for HCI and its subsidiaries comprises non-executive directors who approve remuneration and terms of employment of executive directors and senior management.

Financial statements

The company's directors are responsible for preparing the financial statements and other information presented in reports to members in a manner that fairly presents the financial position and results of the operations and cash flow position of the HCI group.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based on appropriate accounting policies which have been consistently applied except where otherwise stated and are supported by reasonable and prudent judgements and estimates. Adequate accounting records have been maintained throughout the financial year under review.

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with generally accepted auditing standards and in the manner required by the Companies Act.

After making enquiries, the directors are of the opinion that HCI and its subsidiaries will continue as going concerns for the ensuing financial year. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal control

HCI and its subsidiaries maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets of the group. All employees are expected to maintain the highest ethical standards in a manner which, in all reasonable circumstances, is above reproach.

The effectiveness of the internal controls and systems is monitored through, inter alia, the external auditors, adherence to performance standards and the aid of internal control procedures.

Nothing has come to the attention of the directors or the external auditors to indicate that anymaterial breakdown in the functioning of the internal controls and systems has occurred during the financial year under review.

Management reporting

The company has established comprehensive management reporting disciplines which include the preparation of annual budgets by HCI and its subsidiaries. Performance relative to budget and prior years is monitored on a regular basis and reported to the board of directors.

Affirmative action

HCI and its subsidiaries are committed to providing equal opportunities to all their employees, irrespective of ethnic origin or gender.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and objectivity of the financial statements and for other information contained in this annual report. To fulfil this responsibility, the group maintains controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the group.

The annual financial statements are prepared in terms of South African Statements of Generally Accepted Accounting Practice and examined by our auditors in conformity with generally accepted auditing standards. The annual financial statements for the year ended 31 March 2002 which appear on pages 17 to 42 were approved by the board on 24 June 2002 and are signed on its behalf by :

M A GOLDING
Chairman

J A COPELYN
Chief Executive

Johannesburg

CERTIFICATION BY COMPANY SECRETARY

I certify that Hosken Consolidated Investments Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2002, all such returns as are required by a public company in terms of the Companies Act and that such returns are true, correct and up to date.

T G GOVENDER
Company secretary

24 June 2002

REPORT OF THE INDEPENDENT AUDITORS

to the members of Hosken Consolidated Investments Limited

We have audited the annual financial statements and group annual financial statements of Hosken Consolidated Investments Limited ("HCI") set out on pages 17 to 42 for the year ended 31 March 2002. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 March 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

Fisher Hoffman PKF

FISHER HOFFMAN PKF (JHB) INC
Registration Number 1994/001166/21
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
24 June 2002

The directors have pleasure in submitting their report and the annual financial statements for the year ended 31 March 2002.

NATURE OF BUSINESS

Hosken Consolidated Investments Limited ("HCI") is an investment holding company which is listed on the JSE Securities Exchange South Africa.

OPERATIONS AND RESULTS FOR THE YEAR

The business operations of HCI include the making of investments in opportunities as identified by the board of directors and to add value to these investments over time. As such HCI has consciously established itself and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them. Your directors are confident that the group will deliver satisfactory growth in the future.

The group's principal areas of investment are telecommunications and information technology, media and broadcasting, interactive gaming and financial services.

Details of significant investments are set out below. Shareholders are referred to the report of the chairman and chief executive for an overview of all the investments.

Certain subsidiaries that were previously considered to be held for sale or subject to potential dilution have been reclassified, resulting in the full consolidation of their assets, liabilities and results of operations with those of the rest of the group. To aid comparability, the prior year figures have been restated. This has no effect on earnings per share for the prior year as the group's share of losses had previously been equity accounted.

REVIEW OF INVESTMENTS

Vodacom Group (Proprietary) Limited ("Vodacom")

The group's 5% interest in unlisted Vodacom remained unchanged during the year. Vodacom continued its exceptional performance showing strong growth in headline earnings of 37% to R2 438 million. Despite the entry of Cell-C into the local cellular market the company's subscriber base continues to grow making Vodacom the leading cellular network operator on the African continent.

Mettle Limited ("Mettle")

Despite the adverse market conditions in which Mettle operated during the year the company has performed well with growth in headline earnings of 37%. The company's return on equity remains in excess of 30% and we believe this ratio can be sustained going forward. Your directors are confident of Mettle's ability to respond to changes in the small cap sector and to deliver long-term growth to investors. This view was supported by the actions of institutional investors who rejected the proposed delisting of Mettle.

Midi TV (Proprietary) Limited ("e.tv")

17:00 - 23:00 audience share of the channel has grown by an average of 45% for the year.

Revenues over the same period increased some 58% bringing the ratio of revenue to audience more in line with expectations.

The growth in general television adspend over the year was disappointing particularly after the September 11 events. The rapid decline of the rand against the US Dollar also adversely affected the station's performance.

Financial year 2003 ought to see audience share climb to an average of close to 20% and the accompanying growth in revenue should substantially reduce the operating losses of the station in the coming year. The station is expected to be cash positive from May 2003.

e.tv has successfully negotiated the exit of Warner Bros. from the station subject to ICASA approval and has also suitably adjusted its programme licencing arrangements for the period until October 2004. As previously announced this is not expected to have any negative effect on the station. HCI anticipates committing further resources to e.tv until its turnabout is affected.

Regulatory difficulties in relation to ICASA remain outstanding and HCI remains committed to resolving the matter amicably with ICASA.

Africa-on-Air (Proprietary) Limited ("Africa-on-Air")

HCI has a financial interest in Africa-on-Air which operates the "94.7 Highveld Stereo" radio station. The interest in that company is held by 85% owned subsidiary, Zerilda Investments (Proprietary) Limited which owns 60% of the issued share capital of Africa-on-Air. This will reduce to 50% and hence HCI's interest to 42.5% in August 2002 and accordingly it is not regarded as a subsidiary.

Primedia Broadcasting (Proprietary) Limited ("Primedia Broadcasting") has management control of and owns the remaining interest in Africa-on-Air.

Summarised financial information of Africa-on-Air which is equity accounted is included in note 1.4.

Gaming

In June 2001, the group consolidated its gaming interests into one vehicle by disposing of its entire interest in Vukani Gaming Corporation (Proprietary) Limited to Global Payment Technology Holdings (Proprietary) Limited ("GPT Holdings") in exchange for shares in GPT Holdings. This merger has resulted in the group effectively owning 88% of the issued share capital of GPT Holdings.

Progress towards the commencement of business in the route business was delayed by litigation. This litigation has been settled/determined and the business is again advancing slowly. We anticipate the roll out will only effectively commence towards the end of this financial year.

The group has converted about half of its debts with On-line Gaming Systems Ltd ("OGAM") to ordinary equity. This conversion has given the group 81% of the ordinary equity. This investment remained speculative and the company continues to lose money. Nevertheless your directors believe there is great potential in internet gaming and that this company has reasonable prospects of concluding contracts which over time should make OGAM profitable. The investment in OGAM was written off at 31 March 2002.

Financial results

The group reported a headline loss per share of 38 cents compared with the headline loss per share of 54,9 cents for the prior year which represents an improvement of 31%. The largest contributor to the headline loss per share is the group's share of the losses of e.tv after adjusting for minorities. Income from the group's investments in associate companies contributed R34,4 million.

The investment surplus arose from the sale of certain non-core investments. The impairment of goodwill and investments relates principally to goodwill arising on e.tv and the provision for the diminution in the value of the group's offshore gaming interests.

Share capital

In terms of a specific buyback, the company repurchased and cancelled 12 820 000 shares during the year under review. Details of this transaction were included in a circular to shareholders dated 7 August 2001.

Details of the issued share capital and premium and changes during the year are as follows :

	Number of shares '000	Share capital R'000	Share premium R'000
In issue at 31 March 2001	389 588	97 397	1 109 163
Repurchased and cancelled	(12 820)	(3 205)	(41 665)
Issued for cash	800	200	2 040
Share issue and cancellation expenses			(2 178)
	377 568	94 392	1 067 360
Treasury shares acquired by subsidiary	(10 038)	(2 510)	(30 934)
	367 530	91 882	1 036 426

On 8 June 2001, the group raised an amount of R300 million by the issue of redeemable cumulative variable rate preference shares by a subsidiary company to a consortium of banks.

HCI EMPLOYEE SHARE OPTION SCHEME

The HCI Employee Share Trust (2001) was tabled and adopted at a general meeting of shareholders on 4 July 2001. The total number of shares in terms of which options may be granted is limited to not more than 7.5% of the entire issued share capital of the company. During the year options were granted to employees to subscribe for 9 725 000 shares at R3 per share, of which 1 925 000 options were forfeited. At 31 March 2002 the following options were outstanding:

- 1 827 890 shares at R 1.52 per share
- 7 780 000 shares at R 3.00 per share

DIVIDEND

The directors have decided not to declare a dividend for the year ended 31 March 2002. The company requires its cash resources for further investments. Payment of a dividend will be considered in future years out of dividends received by the company from its investments when circumstances warrant it.

DIRECTORATE

The names of the directors of the company in office at the date of this report are given on page 2 of this annual report.

AJ Shapiro and AM Ntuli were appointed on 19 June 2002.

In terms of the company's articles of association, MA Golding, MF Magugu, AM Ntuli and AJ Shapiro retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

SECRETARY

TG Govender was appointed in place of MH Ahmed during the year. His business and postal address appear on the inside back cover of this annual report.

DIRECTORS' SHAREHOLDING

At 31 March 2002 the directors were directly and indirectly beneficially interested in 10 128 814 (2001 : 9 798 123) shares in the company. Subsequent to the year end, JA Copelyn had indirectly acquired a further million shares in the company. JA Copelyn was the only director who held in excess of 1% of the issued share capital.

SIGNIFICANT SHAREHOLDINGS

At 31 March 2002 the company's share register reflected the following members as holding 5% or more of the issued shares :

	2002 Percentage held	2001 Percentage held
Sactwu Investment Group (Pty) Ltd and associated entities	**29,2**	29,3
Mineworkers Investment Company (Pty) Ltd and associated entities	**16,4**	19,7
Old Mutual Nominees (Pty) Ltd	**14,7**	14,7
First National Nominees (Pty) Ltd	**-**	7,1
Nedcor Bank Nominees Ltd	**-**	5,7
Standard Bank Nominees Tvl (Pty) Ltd	**17,6**	5,2
	77,9	81,7

Shareholder spread	**Percentage**	Percentage
Public	**51.7**	49,0
Non-public	**48.3**	51,0
	100,0	100,0

BALANCE SHEETS

at 31 March 2002

	Notes	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
ASSETS					
Non-current assets		**2 618 524**	3 113 070	**2 458 492**	2 877 662
Investments	1	**2 533 991**	2 928 447	**59 953**	120 861
- Associated companies		**276 591**	313 807	**12 103**	37 687
- Listed companies		**1 307**	58 671	**1 307**	51 711
- Other		**2 256 093**	2 555 969	**46 543**	31 463
Deferred tax		**49**	-	**-**	-
Goodwill		**-**	116 692	**-**	-
Interest in subsidiary companies	2	**-**	-	**2 398 539**	2 756 801
Property, plant and equipment	3	**84 484**	67 931	**-**	-
Current assets		**663 145**	411 503	**108 490**	13 367
Inventories	4	**393 738**	294 588	**-**	-
Accounts receivable		**89 100**	62 961	**20 318**	13
Bank balances and deposits		**179 686**	53 737	**87 766**	13 200
Taxation		**621**	217	**406**	154
Total assets		**3 281 669**	3 524 573	**2 566 982**	2 891 029
EQUITY AND LIABILITIES					
Ordinary shareholders' equity		**2 051 852**	2 865 181	**2 201 173**	2 870 914
Ordinary share capital	5	**91 882**	97 397	**94 392**	97 397
Share premium		**1 036 426**	1 109 163	**1 067 360**	1 109 163
Non-distributable reserves		**1 644 600**	1 925 971	**994 909**	1 544 491
Accumulated (loss) profits		**(721 056)**	(267 350)	**44 512**	119 863
Preference share capital	6	**407 785**	107 785	**-**	-
Minority shareholders' interest	7	**15 844**	117 459	**-**	-
Non-current liabilities	8	**336 118**	6 670	**329 120**	-
Current liabilities		**470 070**	427 478	**36 689**	20 115
Accounts payable		**263 568**	255 649	**354**	513
Bank overdrafts and loans		**80 394**	78 725	**-**	-
Short term loans		**11 406**	21 882	**11 335**	19 602
Current portion of long term loans		**1 059**	-	**-**	-
Preference dividends accrued		**76 037**	59 099	**-**	-
Taxation		**12 606**	12 123	**-**	-
Provision	9	**25 000**	-	**25 000**	-
Total equity and liabilities		**3 281 669**	3 524 573	**2 566 982**	2 891 029

INCOME STATEMENTS
for the year ended 31 March 2002

	Notes	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
Revenue		**390 266**	258 318	**-**	-
Operating expenses	10	**(731 487)**	(571 045)	**(4 132)**	(927)
Cost of sales		**(529 654)**	(410 903)	**-**	-
Other		**(201 833)**	(160 142)	**(4 132)**	(927)
Net operating loss		(**341 221**)	(312 727)	**(4 132)**	(927)
Investment income		**34 061**	16 503	**14 934**	6 372
Dividends		**26 860**	2 674	**2 983**	2 674
Net interest received	11	**7 201**	13 829	**11 951**	3 698
Associates		**34 410**	20 609	**-**	-
Share of income retained		**37 902**	10 605	**-**	-
Dividends received		**6 381**	5 257	**-**	-
Amortisation of goodwill		**(9 873)**	4 747	**-**	-
Investment surplus	12	**18 813**	10 946	**8 247**	9 128
Impairment of goodwill and investments		**(296 324)**	-	**(82 739)**	-
(Loss) profit before taxation		**(550 261)**	(264 669)	**(63 690)**	14 573
Taxation	13	**5 469**	11 153	**3 414**	926
(Loss) profit before preference dividends		**(555 730)**	(275 822)	**(67 104)**	13 647
Preference dividends payable		**(45 561)**	(75 647)	**-**	-
Minority share loss		**166 398**	148 041	**-**	-
(Loss) profit attributable to ordinary shareholders		**(434 893)**	(203 428)	**(67 104)**	13 647
(Loss) earnings per share (cents)	14				
Headline		**(38,0)**	(54,9)	**-**	-
Basic		**(115,9)**	(53,3)	**-**	-

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2002

	Share capital R'000	Share premium R'000	Revaluation surplus R'000	Investment surplus R'000	Accumulated profits R'000	Total R'000
Group						
Balances 31 March 2000	92 760	1 015 356	1 859 512	484 737	(52 976)	3 399 389
Share capital and premium						
Shares issued	4 637	94 131	-	-	-	98 768
Share issue expenses	-	(324)	-	-	-	(324)
Current operations						
Loss attributable to ordinary shareholders	-	-	-	-	(203 428)	(203 428)
Transfer on realisation of investments	-	-	-	10 946	(10 946)	-
Revaluation						
Current revaluation deficit	-	-	(429 224)	-	-	(429 224)
Balances 31 March 2001	97 397	1 109 163	1 430 288	495 683	(267 350)	2 865 181
Share capital and premium						
Shares issued	200	2 040	-	-	-	2 240
Shares repurchased and cancelled	(3 205)	(41 665)	-	-	-	(44 870)
Share issue and cancellation costs	-	(2 178)	-	-	-	(2 178)
Treasury shares acquired by subsidiary	(2 510)	(30 934)	-	-	-	(33 444)
Current operations						
Loss attributable to ordinary shareholders	-	-	-	-	(434 893)	(434 893)
Transfer on realisation of investments	-	-	-	18 813	(18 813)	-
Revaluation						
Current revaluation deficit	-	-	(300 184)	-	-	(300 184)
Balances 31 March 2002	91 882	1 036 426	1 130 104	514 496	(721 056)	2 051 852

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2002

	Share capital R'000	Share premium R'000	Revaluation surplus R'000	Investment surplus R'000	Accumulated profits R'000	Total R'000
Company						
Balances 31 March 2000	92 760	1 015 356	1 691 414	478 341	115 344	3 393 215
Share capital and premium						
Shares issued	4 637	94 131	-	-	-	98 768
Share issue expenses	-	(324)	-	-	-	(324)
Current operations						
Profit attributable to ordinary shareholders	-	-	-	-	13 647	13 647
Transfer on realisation of investments	-	-	-	9 128	(9 128)	-
Revaluation						
Current revaluation deficit	-	-	(634 392)	-	-	(634 392)
Balances 31 March 2001	97 397	1 109 163	1 057 022	487 469	119 863	2 870 914
Share capital and premium						
Shares issued	200	2 040	-	-	-	2 240
Shares repurchased and cancelled	(3 205)	(41 665)	-	-	-	(44 870)
Share issue and cancellation costs	-	(2 178)	-	-	-	(2 178)
Current operations						
Loss attributable to ordinary shareholders	-	-	-	-	(67 104)	(67 104)
Transfer on realisation of investments	-	-	-	8 247	(8 247)	-
Revaluation						
Current revaluation deficit	-	-	(557 829)	-	-	(557 829)
Balances 31 March 2002	94 392	1 067 360	499 193	495 716	44 512	2 201 173

CASH FLOW STATEMENTS

for the year ended 31 March 2002

	Notes	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
Operating activities		**(395 875)**	(28 948)	**3 405**	8 928
Cash utilised by operations	16.1	**(298 826)**	(19 657)	**20 868**	(927)
Investment income		**67 062**	33 976	**26 397**	9 196
Changes in working capital	16.2	**(103 370)**	5 889	**(28 731)**	7 092
Cash (utilised) generated by operating activities		**(335 134)**	20 208	**18 534**	15 361
Interest paid		**(26 620)**	(12 216)	**(11 463)**	(2 824)
Taxation paid		**(5 498)**	(4 940)	**(3 666)**	(3 609)
Preference dividends paid		**(28 623)**	(32 000)	**-**	-
Investing activities		**(21 624)**	(82 945)	**(213 151)**	(102 719)
Investment in subsidiary companies		**-**	-	**(299 215)**	(146 812)
Investment in associated companies		**(2 716)**	(50 858)	**-**	(16 147)
Other investments acquired		**-**	(73 685)	**-**	(7 784)
Proceeds on disposal of investments		**144 264**	68 024	**86 064**	68 024
Property, plant and equipment additions		**(43 581)**	(20 425)	**-**	-
Goodwill additions		**(119 591)**	(6 001)	**-**	-
Financing activities		**541 779**	114 013	**284 312**	98 444
Ordinary shares issued		**2 240**	98 444	**2 240**	98 444
Ordinary shares repurchased		**(80 492)**	-	**(47 048)**	-
Preference shares issued		**300 000**	35 785	**-**	-
Term funding		**320 031**	(20 216)	**329 120**	-
Increase in cash and cash equivalents		**124 280**	2 120	**74 566**	4 653
Cash and cash equivalents at beginning of year		**(24 988)**	(27 108)	**13 200**	8 547
Cash and cash equivalents at end of year	16.3	**99 292**	(24 988)	**87 766**	13 200

ACCOUNTING POLICIES

for the year ended 31 March 2002

This summary of the principal accounting policies of the Hosken Consolidated Investments Limited group is presented to assist with the evaluation of the annual financial statements. The financial statements of the company and the group comply with South African Statements of Generally Accepted Accounting Practice and are prepared on the historical cost basis modified by the revaluation of investments. The accounting policies have been consistently applied.

1. Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the company, its subsidiary companies and similar entities (also referred to as subsidiaries in this report). In prior years subsidiary companies where the group did not exercise control or where control was of a temporary nature were not consolidated. All subsidiaries are now consolidated and corresponding amounts have been restated accordingly. Control is determined when the group has a major financial interest in and control over the financial and operating policies of an entity. The results of subsidiary companies are included from the effective dates of acquisition up to the effective dates of disposal. Material inter-group transactions and balances are eliminated on consolidation.

The assets and liabilities of companies acquired are included in the balance sheet at their estimated fair values to the group as at the date of acquisition.

The carrying value of subsidiaries is compared with their attributable net asset value. Declines in value are not recognised if it is anticipated that these are temporary in nature.

2. Investments

Equity investments are revalued to fair value.

Fair values of listed investments are based on market values.

Fair values of unlisted investments are calculated generally on an earnings multiple taking into account independent valuations and the price earnings ratios of similar listed investments with allowance for minority holdings.

Investments are revalued annually in the financial statements and the surplus or deficit on valuation is transferred to or from non-distributable reserve.

3. Associated companies

Investments in operations which the group does not control but in which it owns a long-term interest and over which it exercises significant influence and which are neither subsidiaries nor joint ventures, are classified as associated companies.

The group's share of the retained income of the associated companies is included in the consolidated income statement. The results of companies requiring specific business licences or authorities are only equity accounted once the licence or authority has been granted.

Attributable retained income or losses and movements on reserves since acquisition, less dividends received, are included in the carrying value of these investments.

4. Goodwill

Goodwill, being the excess of the purchase consideration of shares in subsidiary companies/associates or businesses over the attributable fair value of their net identifiable assets at date of acquisition, is capitalised and amortised on a straight line basis over the lesser of its effective economic life and ten years. Negative goodwill, being the excess of the attributable fair value of the identifiable assets over the purchase consideration is recognised in income on a systematic basis over the useful life of these assets.

5. Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

The direct costs attributable to the construction of sets for in-house productions are capitalised. Depreciation will be provided on these costs when the viewing of the productions commences.

Depreciation is provided on all property, plant and equipment to write down the cost less estimated residual value by equal instalments over their estimated economic lives as follows:

Plant and equipment	3 to 5 years
Buildings	40 years
Video and studio equipment	4 to 5 years
Computer equipment	2 to 3 years
Furniture and fittings	5 years
Motor vehicles	5 years
Gaming machines	3 years

Improvements to leased premises are written down over the period of the lease.

Maintenance and repairs which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income. Minor items of machinery, plant and equipment are expensed directly against income.

6. Leased assets

Leases involving plant and equipment which provide finance to the group with the asset as security and where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets acquired in terms of finance leases are capitalised and depreciated over the useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated between the liability and finance charges.

7. Financial instruments

Trade and other receivables
Trade and other receivables originated by the group are stated at cost less provision for doubtful debts.

Cash and cash equivalents
Cash and cash equivalents are measured at fair value.

8. Inventories

Inventories comprise international, local and sports programmes for TV transmission. They are valued at the lower of cost and estimated net realisable value. Cost is determined on the following basis:

Programme rights are stated at the contracted costs incurred in obtaining the rights to transmit the programmes, less the cost of programmes transmitted or written off during the year. For commissioned South African programmes, contracted costs exceeding a period of one year are disclosed as commitments to recognise that certain programmes are still being produced.

9. Translation of foreign currencies

Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transactions.

At each balance sheet date:

- foreign currency monetary items are reported using the closing rate

- non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and

- non-monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised in the results of the year in which they arise.

10. Foreign exchange contracts, financial future options and warrants

Foreign exchange contracts, financial future options and warrants are revalued to market value at the balance sheet date and both realised and unrealised profits and losses are accounted for in the income statement for the year.

11. Taxation

Deferred taxation is provided using the balance sheet liability method on temporary differences between the carrying amounts for financial reporting purposes and the amounts for taxation purposes.

Deferred taxation is calculated using taxation rates that have been enacted at balance sheet date. The effect on deferred taxation of any changes in taxation rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity. Deferred tax assets are recognised to the extent that it is probable that future profits will be avail able against which the associated tax deductible temporary differences can be utilised.

12. Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue and ranking for dividends in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is based on profits before investment surplus or deficit (including impairment) and goodwill amortisation and impairment.

13. Revenue recognition

Dividends are brought to account when the right to receive the dividend vests. Interest is brought to account on the accrual basis.

Revenue from the sale of advertising and programme sponsorship and services is recognised on an accrual basis in accordance with the substance and term of the relevant agreements when the services are delivered.

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
1. INVESTMENTS				
1.1 Associated companies				
Listed				
Mettle Ltd				
244 524 299 shares at cost				
- 39% interest	**140 754**	140 754	**-**	-
(2001 : 242 459 942 shares at cost				
- 33% interest)				
Revaluation	**(86 292)**	(52 136)	**-**	-
Equity accounted earnings	**80 026**	56 858	**-**	-
	134 488	145 476	**-**	-
Unlisted				
Africa-on-Air (Pty) Ltd				
Shares at cost - 42.5% financial interest	**1**	1	**-**	-
Revaluation less goodwill amortisation	**121 525**	101 140	**-**	-
Loan receivable	**784**	26 784	-	**-**
Equity accounted earnings	**7 690**	-	**-**	-
	130 000	127 925	**-**	-
Business Systems Group (Africa)				
(Pty) Ltd				
800 shares at cost				
- 40% interest	**3 000**	4 000	**3 000**	4 000
Equity accounted earnings/revaluation	**(206)**	(116)	**(206)**	(116)
	2 794	3 884	**2 794**	3 884
Global Payment Technologies Holdings				
(Pty) Ltd - now a subsidiary				
2 350 shares at cost - 23,5% interest	**-**	7 713	**-**	4 994
Loan receivable	**-**	4 600	**-**	4 600
Equity accounted earnings/revaluation	**-**	591	**-**	591
	-	12 904	**-**	10 185
International Payment Systems (Pty) Ltd				
36 shares at cost - 30% interest	**-**	-	**-**	-
Loan receivable	**5 633**	4 822	**5 633**	4 822
Equity accounted earnings/revaluation	**1 249**	503	**1 249**	503
	6 882	5 325	**6 882**	5 325

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
Pretoria International Airport Corporation (Pty) Ltd				
1 000 000 shares at cost				
- 41,7% interest (2001: 33,3% interest)	**1**	1	**1**	1
Loan receivable	**4 229**	2 729	**4 229**	2 729
Equity accounted earnings/revaluation	**(1 803)**	(749)	**(1 803)**	(749)
	2 427	1 981	**2 427**	1 981
Vukani Gaming Corporation (Pty) Ltd				
- now a sub-subsidiary				
544 505 shares at cost - 26% interest	**-**	3 540	-	3 540
Loan receivable	**-**	15 753	**-**	15 753
Equity accounted earnings/revaluation	**-**	(7 523)	**-**	(7 523)
	-	11 770	**-**	11 770
Three Blind Mice Communications (Pty) Ltd - now a sub-subsidiary				
343 782 shares at cost				
- 44,5% interest	**-**	8 263	**-**	8 263
Equity accounted earnings/revaluation	**-**	(3 721)	**-**	(3 721)
	-	4 542	**-**	4 542
Total associated companies	**276 591**	313 807	**12 103**	37 687
Aggregate Market value of listed associates	**134 488**	145 476	**-**	-
Directors' valuation of unlisted associates	**142 103**	168 331	**12 103**	37 687
	276 591	313 807	**12 103**	37 687

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
1.2 Listed companies				
At market value				
Online Gaming Systems Ltd				
77 942 153 (2001: 2 058 468) shares	**-**	6 960	**-**	-
Corpcom Limited				
828 899 shares	**-**	754	**-**	754
Corpcapital Limited				
947 350 shares	**1 307**	1 762	**1 307**	1 762
Unifer Holdings Limited				
57 203 674 shares	-	49 195	**-**	49 195
	1 307	58 671	**1 307**	51 711
1.3 Other				
Vodacom Group (Pty) Ltd				
500 shares at director's valuation				
- 5% interest	**2 154 000**	2 454 000	**-**	-
Loan receivable	**46 000**	46 000	**-**	-
	2 200 000	2 500 000	**-**	-
The IQ Business Group (Pty) Ltd				
308 942 shares at cost				
- 16% interest (2001: 17% interest)	**20 074**	20 074	**6 688**	6 688
Revaluation	**13 926**	-	**17 762**	-
	34 000	20 074	**24 450**	6 688
IQ Management Holdings (Pty) Ltd				
1 preference share at cost	**760**	760	**760**	760
Sundry loans	**21 333**	35 135	**21 333**	24 015
Total other investments	**2 256 093**	2 555 969	**46 543**	31 463

	2002 Mettle R'000	2002 Africa-on-Air R'000	2001 Mettle R'000	2001 Africa-on-Air R'000
1.4 Summarised financial information of significant associates				
Non-current assets	**88 136**	**173 425**	86 929	202 499
Fixed assets	**11 570**	**6 503**	15 934	3 782
Trademarks	**-**	**166 922**	-	198 717
Long term receivables	**24 947**	**-**	28 668	-
Investments	**29 641**	**-**	38 768	-
Deferred tax	**21 978**	**-**	3 559	-
Current assets	**3 605 166**	**27 310**	1 332 203	22 653
Short term loans	**-**	**-**	20 000	-
Accounts receivable	**90 617**	**24 854**	82 984	19 904
Trading assets	**3 221 490**	**-**	980 938	-
Cash and cash equivalents	**293 059**	**2 456**	248 281	2 749
Total assets	**3 693 302**	**200 735**	1 419 132	225 152
Capital and reserves	**331 758**	**27 186**	298 168	7 961
Non-current liabilities	**80 289**	**157 867**	119 572	209 523
Net financial liabilities	**69 805**	**155 432**	113 666	207 608
Deferred tax	**10 484**	**2 435**	5 906	1 915
Current liabilities	**3 281 255**	**15 682**	1 001 392	7 668
Accounts payable	**49 847**	**8 139**	64 775	5 160
Trading liabilities	**3 227 515**	**-**	930 225	-
Taxation	**3 893**	**7 543**	6 392	2 508
Total equity and liabilities	**3 693 302**	**200 735**	1 419 132	225 152

Information extracted from annual financial statements of :

Mettle Ltd - 31 March 2002
Africa-on-Air (Pty) Ltd - 30 June 2001

1.5 Pledged securities

1.5.1 The shares in the wholly owned subsidiaries, Descarte Investments No 8 (Proprietary) Limited and Merilyn Investments (Proprietary) Limited, are pledged as part security for a bank facility of R78 million and to the holders of redeemable cumulative preference shares of R372 million issued by subsidiaries. The shares in Descarte Investments No. 8 (Pty) Ltd are further pledged as security for a loan of R290 million as detailed in note 8.

1.5.2 A bank deposit of R2,5 million has been pledged to support a guarantee of the same amount issued by a bank in favour of a group investee.

1.5.3 Bank deposits totaling R46.2 million have been pledged in support of a guarantee of R36 million given to loan financiers of the company and certain subsidiary companies.

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
2. INTEREST IN SUBSIDIARY COMPANIES				
Shares at valuation			**2 114 216**	2 425 266
Amounts owing				
- by subsidiary companies			**545 712**	331 535
- to subsidiary companies			**(261 389)**	-
			2 398 539	2 756 801
Full details of subsidiary companies are provided on page 42				
3. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Plant and equipment	**60 477**	55 102		
Property	**5 527**	5 412		
Video and studio equipment	**28 399**	20 806		
Computer equipment	**25 679**	18 254		
Furniture and fittings	**3 720**	2 656		
Leasehold improvements	**8 400**	7 765		
Motor vehicles	**2 803**	1 889		
Gaming machines	**20 942**	-		
	155 947	111 884		
Accumulated depreciation				
Plant and equipment	**34 688**	22 810		
Property	**-**	-		
Video and studio equipment	**13 615**	7 499		
Computer equipment	**15 938**	9 512		
Furniture and fittings	**1 473**	656		
Leasehold improvements	**4 411**	2 767		
Motor vehicles	**1 325**	709		
Gaming machines	**13**	-		
	71 463	43 953		
Net carrying value				
Plant and equipment	**25 789**	32 292		
Property	**5 527**	5 412		
Video and studio equipment	**14 784**	13 307		
Computer equipment	**9 741**	8 742		
Furniture and fittings	**2 247**	2 000		
Leasehold improvements	**3 989**	4 998		
Motor vehicles	**1 478**	1 180		
Gaming machines	**20 929**	-		
	84 484	67 931		

	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
Movement for the year				
Opening balance	**67 931**			
Additions	**43 778**			
Plant and equipment	**5 502**			
Property	**115**			
Video and studio equipment	**7 333**			
Computer equipment	**7 491**			
Furniture and fittings	**900**			
Leasehold improvements	**634**			
Motor vehicles	**871**			
Gaming machines	**20 932**			
Disposals	**(197)**			
Plant and equipment	**(86)**			
Video and studio equipment	**(4)**			
Computer equipment	**(101)**			
Furniture and fittings	**(6)**			
Depreciation	**(27 028)**			
Closing balance	**84 484**			
Property				
Video production house and parking				
58 Fourth Avenue, Linden, Johannesburg -				
at cost in 1999 - mortgaged	**5 527**	5 412		

Certain assets are subject to instalment sale and leases as set out in note 8.

4. INVENTORIES

	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
International programmes	**370 041**	237 935		
Local programmes	**19 170**	51 353		
Sports programmes	**458**	5 300		
Other	**4 069**	-		
	393 738	294 588		

5. ORDINARY SHARE CAPITAL

	Number '000	COMPANY 2002 R'000	COMPANY 2001 R'000
Authorised			
Ordinary shares of 25 cents each	450 000	**112 500**	112 500
Issued			
In issue	377 568	**94 392**	97 397
Held by subsidiary	(10 038)	**(2 510)**	-
	367 530	**91 882**	97 397

The unissued shares are under the control of the directors until the next annual general meeting.
Options granted to employees and outstanding at year end were as follows:

- 1 827 890 shares at R 1.52 per share
- 7 780 000 shares at R 3.00 per share

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
6. PREFERENCE SHARE CAPITAL				
Redeemable cumulative variable rate preference shares issued by subsidiaries including premium	**407 785**	107 785	**-**	-

The preference shares carry the following rights :

R300 million

- A dividend which will provide a return of 72,5% of the prime overdraft rate calculated on the issue price, including premium, of the preference shares. The dividend is payable on or before redemption.
- The shares are redeemable at the issue price on 8 June 2004 plus dividends accrued but unpaid at that date.

R72 million

- A dividend calculated at rates ranging from 70% to 72,5% of the prime overdraft rate calculated on the issue price, including premium, of the preference shares. The dividends generally are payable on redemption of the shares.
- The shares are redeemable on 30 June 2001 at the issue price plus dividends accrued but unpaid at that date.

R35,785 million

- A single primary dividend of R54,076 million plus a dividend calculated at a rate of 70% of the prime overdraft rate plus 4% calculated on the issue price and the primary dividend. The dividends are payable as and when the group receives cash from Africa-on-Air (Proprietary) Limited.
- The shares are redeemable after 3 years from the date of issue including premium, plus dividends accrued but unpaid at that date.

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
7. MINORITY SHAREHOLDERS INTEREST				
Share of equity of subsidiaries	**(264 156)**	(162 541)	**-**	-
Loans owing by subsidiaries to minority shareholders	**280 000**	280 000	**-**	-
	15 844	117 459	**-**	-
The loans are interest free at present and are only repayable in proportion to repayments to all shareholders. No repayment terms have been fixed.				
8. NON-CURRENT LIABILITIES				
Term loans				
Loan which is interest free subject to resolution of ownership by Venfin Ltd of portion of indirect shareholding in Midi TV (Proprietary) Limited.	**38 645**	-	**38 645**	-
Loan bearing interest at prime plus 2% p.a. repayable by no later than 14 June 2004. Secured by cession of reversionary rights in the shares in Descarte Investments No 8 (Proprietary) Limited which are pledged as set out in note 1.5.1.	**290 475**	-	**290 475**	-
Instalment sale agreements	**161**	317	**-**	-
The instalment sale agreements bear interest between 14,07% and 14,3% and are repayable in monthly instalments of R15 905 inclusive of interest.				
Mortgage loan	**1 574**	1 894	**-**	-
The loan bears interest at prime plus 1% and is repayable in monthly instalments of R50 000 inclusive of interest. Secured by mortgage over fixed property costing R5 527 000 (2001 : R5 412 000).				
Capitalised finance leases	**571**	1 084	**-**	-
Repayable in instalments over periods between one to three years at prime plus 2% and secured over equipment of R2 039 000 and motor vehicles of R67 000.				
Sundry unsecured loans	**4 692**	3 375	**-**	-
	336 118	6 670	**329 120**	-

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
9. PROVISION				
Provision for payments due in terms of guarantees given to loan financiers in subsidiary, Ahead Investments Limited.				
10. OPERATING EXPENSES				
Operating expenses include the following :				
Amortisation of goodwill	**14 615**	(4 747)	**-**	-
Audit fee	**479**	440	**93**	186
Depreciation	**27 028**	59	**-**	-
Foreign exchange loss	**3 214**	-	**3 235**	**-**
Listing fees	**121**	115	**121**	115
11. NET INTEREST RECEIVED				
Received	**33 821**	26 045	**23 414**	6 522
- Investments	**7 770**	8 371	**612**	471
- Subsidiaries	**-**	-	**12 762**	4 908
- Other	**26 051**	17 674	**10 040**	1 143
Paid	**(26 620)**	(12 216)	**(11 463)**	(2 824)
	7 201	13 829	**11 951**	3 698
12. INVESTMENT SURPLUS				
Profit on sale of investments	**18 813**	10 946	**8 247**	9 128
13. TAXATION				
Current normal tax	**4 113**	2 354	**3 414**	926
Deferred normal tax	**(108)**	-	**-**	-
Secondary tax on companies on preference dividends accrued	**1 464**	8 799	**-**	-
	5 469	11 153	**3 414**	926
Various subsidiaries have incurred operating losses which result in losses for tax purposes. The utilisation of these losses is dependant on the future profitability of the subsidiaries. Debit deferred tax assets have not been raised where it is only likely that the losses will be recouped over an extended period.				
Losses for tax purposes available for set off against future taxable income are estimated at	**1 100**	780	**-**	-

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000

14. EARNINGS PER SHARE

Earnings per share is based on the weighted average number of 375 294 267 ordinary shares in issue (2001 : 381 724 102). The dilutionary effect of options granted to employees to subscribe for shares in the company is not significant.

Reconciliation of headline earnings:

	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
Loss attributable to ordinary shareholders	**(434 893)**	(203 428)		
Investment surplus	**(18 813)**	(10 946)		
Amortisation of goodwill	**14 615**	4 975		
Profit on sale of fixed assets	**(21)**	-		
Impairment of goodwill and investments	**296 324**	-		
Headline loss	**(142 788)**	(209 399)		

15. DIRECTORS' EMOLUMENTS

	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
For services as directors			333	28
MF Magugu			168	14
VE Mphande			165	14
For executive and managerial services			3700	6546
JA Copelyn			1850	3273
- Basic salary			1370	1273
- Bonus			480	2000
MA Golding			1850	3273
- Basic salary			1370	1273
- Bonus			480	2000

16. NOTES TO CASH FLOW STATEMENT

16.1 **Cash utilised by operations**

	GROUP 2002 R'000	GROUP 2001 R'000	COMPANY 2002 R'000	COMPANY 2001 R'000
(Loss) profit before taxation	**(550 261)**	(264 669)	**(63 690)**	14 573
Depreciation	**27 028**	59	**-**	-
Amortisation and impairment of goodwill and investments	**310 939**	(4 747)	**82 739**	-
Equity accounted profits	**(37 902)**	(10 605)	**-**	-
Investment income				
- Dividends	**(33 241)**	(7 931)	**(2 983)**	(2 674)
- Interest received	**(33 821)**	(26 045)	**(23 414)**	(6 522)
Interest paid	**26 620**	12 216	**11 463**	2 824
Investment surplus	**(18 813)**	(10 946)	**(8 247)**	(9 128)
Minority and other non-cash items	**10 625**	293 011	**25 000**	-
Cash utilised by operations	**(298 826)**	(19 657)	**20 868**	(927)

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	R'000	R'000	**R'000**	R'000
16.2 **Changes in working capital**				
Inventory	**(99 150)**	-	-	-
Accounts receivable	**(12 139)**	(2 926)	**(20 305)**	80
Accounts payable	**7 919**	1 991	**(159)**	188
Short term loans	-	6 824	**(8 267)**	6 824
	(103 370)	5 889	**(28 731)**	7 092
16.3 **Cash and cash equivalents**				
Bank balances and deposits	179 686	53 737	**87 766**	13 200
Bank overdraft and loans	(80 394)	(78 725)	-	-
	99 292	(24 988)	**87 766**	13 200

17. SEGMENT REPORT

The following are the summarised results for various primary group segments:

	Segment Revenues R'000	**Segment Results R'000**	**Segment Assets R'000**	**Segment Liabilities R'000**
Telecommunications	-	31 209	2 200 000	-
Media and broadcasting	386 007	(565 806)	705 730	263 353
Financial services	-	29 549	134 488	-
Interactive gaming	3 678	(46 518)	30 979	19 684
Information technology	-	656	44 436	-
Other	581	(4 820)	166 036	946 780
	390 266	555 730	3 281 669	1 229 817

Taxation is included in Other as follows: Assets R 621 000, Liabilities R12 606 000 and Results R5 469 000

No secondary segment reporting has been included as the group derives substantially its revenues and income from within the Republic of South Africa.

18. RELATED PARTY TRANSACTIONS

18.1 The group entered into transactions in the ordinary course of business with various partly owned subsidiaries and associated companies. These transactions are conducted on an arms length basis and relate to funding and administrative services. Details of loans to these entities are set out in note 1 and annexure A.

18.2 The group holds by way of cession from two major shareholders, Sactwu Investment Group (Pty) Ltd and Mineworkers Investment Company (Pty) Ltd, the economic rights in certain investment trans actions relating to Francolin Investments (Pty) Ltd, Zerilda Investments and Africa-on-Air (Pty) Ltd.

18.3 A director and the company secretary have an interest in companies providing accounting and secretarial services to certain subsidiaries. Fees are charged at open market rates.

18.4 The company repurchased 12 820 000 shares at R3,50 per share in terms of a specific repurchase from Mineworkers Investment Company (Pty) Ltd. and associate entities. Details of this transaction were included in the circular to shareholders, dated 7 August 2001.

19. CONTINGENT LIABILITIES

19.1 Guarantees by the company for bank and credit facilities of subsidiaries and to the holders of redeemable cumulative variable rate preference shares issued by subsidiaries. As at 31 March 2002 the company's exposure in respect of these guarantees amounted to R 630.6 million, the liabilities of which have been fully disclosed in the group financial statements on consolidation.

19.2 The company has issued a guarantee for a maximum of R 13 million to facilitate the release of IGI Insurance Company Limited from curatorship. This guarantee is supported by the assets of IGI Insurance Company Limited and reduces as creditors of that company are paid.

20. FINANCIAL INSTRUMENTS

20.1 **Foreign exchange risk**

Certain subsidiaries within the group carry out a significant portion of their inventory purchases in foreign currencies. The hedging instruments are used to reduce the risks arising from foreign currency fluctuations against the various suppliers own currencies, and are designated either to accounts receivable or accounts payable, or to anticipated future transactions.

It is the practice of the group to take out partial cover on foreign transactions.

20.2 **Interest rate risk**

No material interest rate risk exists other than disclosed in notes 6 & 8.

20.3 **Credit risk**

The group maintains cash, cash equivalents and short term investments with various financial institutions. The group's policy is designed to limit exposure with any one financial institution and a high credit standing if necessary for the financial institutions with which transactions are executed.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Debtors are presented net of the allowance for doubtful debts. The group does not consider there to be any significant credit risk which it has not adequately provided for.

	2002 R'000	2001 R'000
20.4 **Hedges of foreign exchange risks**		
Outstanding hedges as of 31 March 2002 for all currencies, by nature and amount, are as follows:		
(In Rands, translated using exchange rates as of 31 March 2002)		
Instruments that hedge operating transactions:		
- Forward exchange contracts	**182 858**	92 259
20.5 **Unhedged and uncovered foreign currency items:**		
Liabilities:		
- Current, trade creditors balance of US$ 0 (2001: US$ 14 607 681)	**-**	116 465
- Current, trade payables balance of CHF 380 000 (2001: CHF 0)	**2 603**	-
- Non-current, US$ 0 (2001: US$ 6 000 000)	**-**	48 435

INTERESTS IN SUBSIDIARY COMPANIES

at 31 March 2002

	Issued share capital R'000	Interest %	2002 Shares R'000	2002 Loans R'000	2001 Shares R'000	2001 Loans R'000
Shares are stated at revalued amounts						
Investment holding companies						
Ahead Investments Ltd (BVI)	*	100	**-**	**32**	1	18 079
AIE (SA) (Proprietary) Limited	*	100	**-**	**-**	*	2 719
Almania Investments (Pty) Ltd	*	100	*****	**33 446**	-	-
Descarte Investments No 8 (Proprietary) Limited						
- Ords	2	100	**2 084 320**	**(261 389)**	2 389 086	34 138
- Prefs	300 000	-	**-**	**-**	-	-
Francolin Investments (Proprietary) Limited	*	100	**19 505**	**19 539**	33 371	19 540
Merilyn Investments (Proprietary) Limited						
- Ords	2	100	**1**	**33 824**	1	59 517
- Prefs	72 000	-	**-**	**-**	-	-
Sabido Investments (Proprietary) Limited	503	56,8	******	**300 476**	**	-
Self Nurturing Investments (Proprietary) Limited	*	67	**1**	**4 901**	1	180 479
Zerilda Investments (Proprietary) Limited						
- Ords	*	85	******	**-**	**	-
- Prefs	35 785	-	**-**	**-**	-	-
Gaming						
Global Payment Technologies Holdings (Proprietary) Limited		70,5	**7 248**	**15 123**	-	-
Media						
Blue Ridge Investments (Proprietary) Limited	*	100	**3 139**	**-**	2 805	1 532
Limitless Angel Fund (Proprietary) Limited	1	75	**1**	**-**	-	-
Red Pepper Pictures (Proprietary) Limited	*	80	**1**	**6 918**	1	7 133
Management services						
HCI Managerial Services (Proprietary) Limited	*	100	*****	**11 453**	*	8 398
TV Station						
Midi TV (Proprietary) Limited	860 488	50,02	******	**120 000**	**	-
Short term insurance						
IGI Insurance Company Limited 8 435 448 shares	37 546	55,4	**16 703**	**-**	16 703	-
Less provision			**(16 703)**	**-**	(16 703)	-
			2 114 216	**284 323**	2 425 266	331 535

* Under R1 000
** Indirectly held

Minor sub-subsidiaries excluded above. Details available from the company secretary.

	2002 R'000	2001 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**6 728**	60
Aggregate losses after tax	**(207 366)**	(88 101)
	(200 638)	(88 041)

The shares in subsidiaries which have issued preference shares are pledged as part security for the preference shares issued by those companies.

NOTICE TO MEMBERS

Notice is hereby given that the twenty ninth annual general meeting of members of Hosken Consolidated Investments Limited will be held at the offices of e.tv, Ground Floor, 138 West Street, Sandown, Sandton on 24 October 2002 at 14h00, for the following purposes:

1. To consider the annual financial statements of the company and of the group together with the directors' report and the report of the independent auditors for the year ended 31 March 2002.

2. To elect directors in the place of Messrs MA Golding, MF Magugu, AM Ntuli and AJ Shapiro, who retire in terms of the company's articles of association but, being eligible, offer themselves for re-election.

3. To determine the remuneration of the directors.

4. To authorise the directors to fix the auditors' remuneration for the past year.

5. To consider and, if deemed fit, to pass, with or with out modification, the following ordinary resolution :

   "That the authorised but unissued shares in the capital of the company be placed under the control of the directors of the company to allot or issue such shares at their discretion, subject to the pro visions of the Companies Act (Act 61 of 1973) ("the Act") as amended and the rules and regulations of the JSE Securities Exchange South Africa ("JSE").

6. To consider and, if deemed fit, to pass, with or with out modification, the following resolution as an ordinary resolution :

   "Resolved that, subject to 75% or more of the votes cast on this resolution being in favour of passing it, the directors are authorised to allot and issue from time to time, and as they in their discretion deem fit, the remaining unissued ordinary shares in the capital of the company in terms of and subject to the provisions of the Companies Act, for cash and without restriction as to whom those shares or any of them are to be allotted as and when suitable opportunities arise therefore but subject to the following further requirements of the JSE :

   6.1 the shares must be of a class already in issue;
   6.2 this authority shall not extend beyond 15 (months from the date of this meeting or the date of the next annual general meeting, whichever is the earlier date;
   6.3 a paid press announcement giving full details, including the impact on "net asset value" and "earnings per ordinary share" of the company is published at the time of any such issue rep resenting, on a cumulative basis within one year, 5% or more of the number of ordinary shares in issue prior to the issue in question;
   6.4 that issues in the aggregate in terms of this authority in any one financial year will not exceed 15% of the number of ordinary shares of the company's issued share capital;
   6.5 that any ordinary shares issued shall only be made to the "public" as defined by the JSE and not to related parties; and
   6.6 that the maximum discount at which ordinary shares may be issued will be 10% of the weighted average traded of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company."

7. To consider and, if deemed fit, to pass with or without modification, the following special resolution:

   "Resolved that, at the annual general meeting at which this resolution is proposed, the company and/or any of its subsidiary companies, be and is hereby authorised by way of a general authority, subject to the provisions of the the Act, as amended, and in compliance with the rules and requirements of any recognised stock exchange on which the ordinary shares of the company may be listed, to acquire ordinary shares in its issued share capital from time to time, subject to the following restrictions -

   7.1 that any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
   7.2 that this general authority shall be valid only until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of this annual general meeting;
   7.3 that the acquisition of ordinary shares under this general authority shall be limited in any one financial year to a maximum of 20% of the company's ordinary shares in existence as at the date of this annual general meeting;
   7.4 that no acquisition of ordinary shares shall be made at a price greater than 10% above the weighted average of the market value of

ordinary shares for the 5 business days immediately preceding the date on which the transaction was agreed;

7.5 that an announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the issue pursuant to which the 3% thresh old is reached, providing full details thereof as prescribed by the JSE."

The reason for this special resolution is to grant a renewable general authority in terms whereof the company's directors will be authorised to approve the purchase of the company's ordinary shares by the company.

The effect of this special resolution will be to grant the directors a general authority in terms of the Act, and subject to the rules and requirement of any recognised stock exchange on which the ordinary shares of the company may be listed, to achieve the aforegoing.

The directors are seeking a renewal of the general authority to provide them with the flexibility to repurchase ordinary shares should it be considered in the best interests of the company at any time while the general authority is in place.

Having considered the effect on the company of the maximum repurchase under this authority, the directors are of the opinion that :

- the company and the group will be in the ordinary course of business to pay its debts for a period of 12 months after the date of this notice.

- the consolidated assets of the company and the group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of the company and the group for a period of 12 months after the date of this notice;

- the share capital and reserves of the company and the group are considered adequate for the period of 12 months after the date of this notice; and

- the working capital of the company and the group are considered adequate for the period of 12 months after the date of this notice.

8. To transact such other business as may be trans acted at an annual general meeting.

VOTING AND PROXIES

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not to be a member of the company. For the convenience of registered members of the company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those shareholders who are:

- holding shares in certified form; or
- recorded on sub-register electronic form in "own name."

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the company secretary at least 24 hours before the time of the meeting.

By order of the board of the directors

T G GOVENDER
Secretary
Johannesburg
24 June 2002