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CORPORATE ADMINISTRATION

Directors

Marcel John Anthony Golding (Chairman)
Longkloof Studios B,
Darters Road, Gardens,
Cape Town 8001

John Anthony Copelyn (Chief executive officer)
Longkloof Studios B,
Darters Road, Gardens,
Cape Town 8001

Mimi Freddie Magugu
Suite 624, Overport Towers
Overport City, Durban, 4001

Velaphi Elias Mphande
25 Forest Ridge, The Woodlands,
Western Service Road,
Woodmead, 2199

Amon Malencane Ntuli
Suite 624, Overport Towers
Overport City, Durban, 4001

Company secretary and registered office

T G Govender
Suite 624, Overport Towers
Overport City, Durban, 4001

Telephone (031) 209 0821
Telefax: (031) 209 3271

P O Box 70784
Overport City, 4067

Auditors

Fisher Hoffman PKF (Jhb) Inc
Registration number 1994/001166/21
FHS House
15 Girton Road
Parktown, 2193

Suite 200
Postnet Parktown
Private Bag X30500
Houghton, 2041

Attorneys

Prinsloo, Tindle and Andropoulos Inc
1st Floor
25 Sturdee Avenue
Rosebank
Johannesburg, 2003

P O Box 2589
Saxonwold
2132

Bankers

First National Bank of Southern Africa Limited

Transfer secretaries

Computershare Investor Services Limited
8th Floor
11 Diagonal Street
Johannesburg, 2001

P O Box 1053
Johannesburg, 2001

Sponsor

Nedbank Corporate, A Division of Nedbank Limited
1 Newtown Avenue, Killarney, 2193

Company registration number

1973/007111/06

Share Code

HCI ISIN: ZAE000003257

Website address

www.hci.co.za

DIRECTORATE AND MANAGEMENT

EXECUTIVE

MARCEL GOLDING (43) 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.

JOHN COPELYN (53) 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 from 1974 before becoming a member of parliament in 1994. He holds various directorships and is non-executive chairman of MIDI TV (Pty) Ltd. and Mettle Limited.

KEVIN GOVENDER (32)

B. Com. (Hons) B. Compt. (Hons)

Company Secretary and Chief Financial Officer

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.

NON-EXECUTIVE

VELAPHI ELIAS MPHANDE (46) 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 MIDI TV (Pty) Ltd. and Africa-on-Air (Pty) Ltd.

FREDDIE MAGUGU (44)

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.

AMON NTULI (45)

Non-Executive Director

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

BOARD OF DIRECTORS: (FROM LEFT TO RIGHT) M. Golding, V. Mphande, J. Copelyn, F. Magugu, A. Ntuli



REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

HCI has been significantly transformed over the last twelve months. In particular, it disposed of its major asset, namely its stake in Vodacom, and used the money primarily to pay off debt and effect a buyback of over 70% of its shares.

Effectively it has left HCI as a far smaller company with its major interests being in the media and the financial services industries.

Likewise its shareholding base has been significantly narrowed with only 25% or so of its shares being publicly held. Even these shares, are in the main managed by a single asset management company.

The Board of HCI has proposed that HCI voluntarily delist from the JSE Securities Exchange South Africa ("JSE"). Implementation of this decision was approved by shareholders subsequent to year-end but is currently on hold pending litigation on the issue. Pending outcome of the litigation, trading of HCI shares on the JSE is currently suspended.

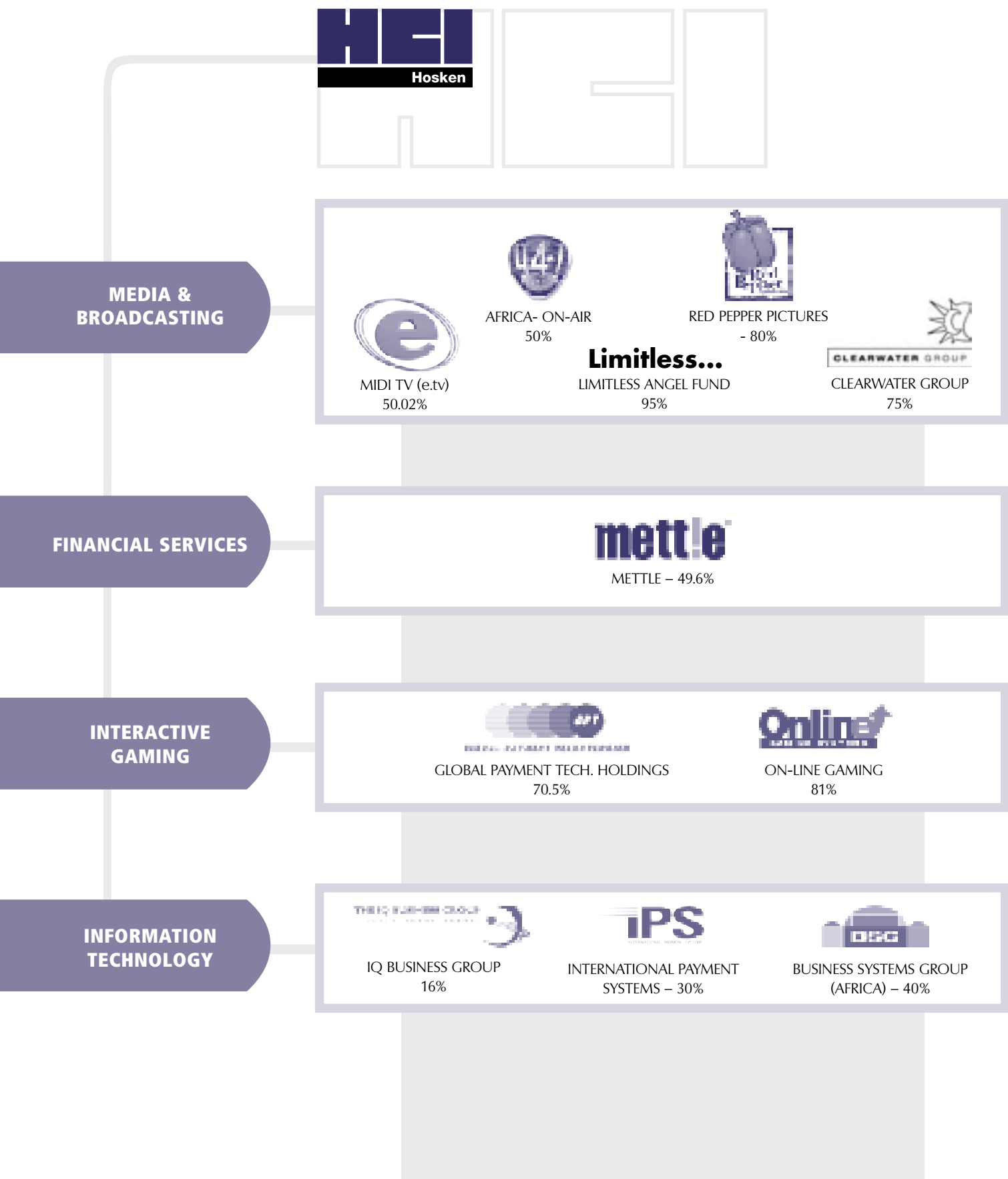
Notwithstanding the above, management remain firmly committed to HCI and are confident of its future. The company remains a significant empowerment entity with a number of assets which should, in our opinion, perform reasonably well into the future and we hope our next report will find the direction of the company more clearly resolved.

We would like to thank the board of directors for their valuable support over the past year.



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

GROUP STRUCTURE



SHAREHOLDERS' INFORMATION

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2003.

	Number of members			Number of shares		
	Individuals	Other	% of total	Individual	Other	% of total
1 - 1000	542	41	58.6	211 056	21 625	0.2
1001 - 5000	204	43	24.8	508 423	112 674	0.6
5001 - 10000	32	21	5.3	241 864	165 992	0.4
10000 - 100000	29	41	7.1	660 562	1 554 062	2.0
Over 100000	5	37	4.2	6 223 272	98 558 259	96.8
	812	183	100.0	7 845 177	100 412 612	100.0

SIGNIFICANT SHAREHOLDINGS

At 31 March 2003 insofar as HCI is aware, the following members held directly or indirectly 5% or more of the issued shares :

	2003 Percentage held	2002 Percentage held
Sactwu Investment Group (Pty) Ltd and associated entities	46,5	29,2
J A Copelyn	8,8	1,9
Boston Safe Deposit and Trust Company	8,2	-
HCI Employee Share Trust (2001)	7,2	-
Mineworkers Investment Company (Pty) Ltd and associated entities	-	16,4
Old Mutual Nominees (Pty) Ltd	-	14,7
Standard Bank Nominees Tvl (Pty) Ltd	-	17,6
	70,7	79,8

SHAREHOLDER SPREAD

	Percentage held 2003	Number of shareholders 2003
Public	28,4	979
Non-public	71,6	16
Controlling shareholders	46,5	3
Directors	12,1	7
Associates of directors	5,7	4
Share trust	7,2	1
Treasury shares	0,1	1
	100,0	995

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 2003
Total number of shares traded (000's)	105 924
Total value of shares traded (R'000)	232 688
Market price (cents per share)	
- Closing	356
- High	356
- Low	150
Market capitalisation (R'000)	385 398

CORPORATE GOVERNANCE

Hosken Consolidated Investments Limited ("HCI") and its subsidiaries subscribe to the Code of Corporate Practices and Conduct (the code) as set out in the second 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 three 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. Directors are provided with full board papers to enable them to consider the issues on which they are requested to make decisions.

Executive directors entered into three year service contracts with the company which commenced on 1 January 2001. 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.

BOARD ATTENDANCE

Director's name	June 2002	August 2002	December 2002	March 2003
M J A Golding	Yes	Yes	Yes	Yes
J A Copelyn	Yes	Yes	Yes	Yes
V E Mphande	Yes	Yes	Yes	Yes
M F Magugu	Yes	Yes	Yes	Yes
A M Ntuli	Yes	Yes	No	Yes
A J Shapiro *	N/A	Yes	Yes	N/A

* Appointed 19 June 2002 - resigned 19 February 2003

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 it 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, accounting policies adopted in the group, compliance and regulatory matters.

Other areas covered include the review of important accounting issues, interim and annual financial statements and a review of major audit recommendations.

MEMBERS

M F Magugu (Chairman)
V E Mphande
A M Ntuli
J A Copelyn

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.

MEMBERS

V E Mphande (Chairman)
M F Magugu
A M Ntuli

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.

CORPORATE GOVERNANCE

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 judgments 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 the group will continue as a going concern for the ensuing financial year. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT

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.

The board is responsible for identifying and monitoring key risk areas and key performance indicators. Risk management is addressed in the areas of business and operational risk, foreign

exchange risk, credit risk, interest rate risk and liquidity risk.

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 any material breakdown in the functioning of the internal controls and systems has occurred during the financial year under review.

Currently the HCI group does not have any internal audit function but a process has been implemented by the group and approved by the board to set up a separate audit function.

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. In presenting the accompanying financial statements, South African Statements of Generally Accepted Accounting Practice have been followed, applicable accounting assumptions have been used while prudent judgments and estimates have been made.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the company.

The financial statements have been audited by the independent accounting firm, Fisher Hoffman PKF (Jhb) Inc, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

The annual financial statements for the year ended 31 March 2003 which appear on pages 11 to 41 were approved by the board on 27 August 2003 and are signed on its behalf by :



M A GOLDING
Chairman



J A COPELYN
Chief Executive

Johannesburg
27 August 2003

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 2003, 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

Johannesburg
27 August 2003

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 set out on pages 11 to 41 for the year ended 31 March 2003. 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 2003 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 in South Africa.



FISHER HOFFMAN PKF (JHB) INC

Registration number 1994/001166/21

Chartered Accountants (S.A.)

Registered Accountants and Auditors

Johannesburg

27 August 2003

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the annual financial statements for the year ended 31 March 2003.

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 identified by the board of directors and to add value to these investments over time. As such, HCI has 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.

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

HCI SPECIFIC REPURCHASE OFFER

In terms of the specific pro rata offer approved by shareholders at a general meeting, held on 23 December 2002, HCI repurchased 271 740 603 HCI shares from shareholders, at a price of 2376 cents per share.

PROPOSED DELISTING OF HCI AND OFFER TO ALL SHAREHOLDERS.

As detailed in the circular to shareholders, dated 26 May 2003, the board has resolved that HCI be delisted and an offer has been made by a consortium, led by management, to purchase all the shares of minority shareholders at a price of R3,50 each.

All resolutions necessary to give effect to the delisting of HCI were passed by the requisite majority at a general meeting of shareholders held on Wednesday, 11 June 2003. As a result of an application by a shareholder of HCI, in the High Court of South Africa, the resolutions will not be carried into effect until such time as this application has been finalised.

REVIEW OF INVESTMENTS

TELECOMMUNICATIONS

Vodacom Group (Proprietary) Limited

During the year the group disposed of its 5% interest in unlisted Vodacom Group (Pty) Ltd for an amount of R1 500 040 000. The proceeds from this disposal were utilised primarily to repay a

substantial portion of the debt in the group and to effect the specific pro rata share repurchase offer by the company.

MEDIA AND BROADCASTING

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

At year end e.tv's 17:00 - 23:00 audience share had increased to 21,8%, which was according to expectations.

e.tv achieved 43% growth in revenue, partly due to revenue from the Soccer World Cup, for the year under review and reported net losses for the year of R90,67m before inter-group finance costs of R27,08m.

During the year under review HCI invested a further R100,25m in e.tv. Continued growth in revenue together with stable operating costs should enable the station to operate without any further cash injections.

As indicated in the interim report to shareholders, attempts were being made to resolve certain regulatory issues in relation to Venfin's participation in e.tv and the exit of Warner Bros as a shareholder in e.tv. All necessary approvals for Venfin's effective participation in e.tv and the exit of Warner Bros as a shareholder of e.tv were finally granted by ICASA by 30 May 2003. The effect is that the debt to Venfin in the group will be converted into a direct interest in Sabido Investments (Pty) Ltd ("Sabido") and the capital of Sabido will be restructured in such a manner that HCI will effectively own approximately between 59% and 66% of e.tv. Implementation is scheduled to take place on 1 October 2003.

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 a 85% owned subsidiary, Zerilda Investments (Proprietary) Limited which owns 60% of the issued share capital of Africa-on-Air. HCI's effective interest in the profits of Africa-on-Air at year-end was 50% (before minority share).

Primedia Broadcasting (Proprietary) Limited ("Primedia Broadcasting") has management control of and owns the remaining interest in Africa-on-Air. As the group does not have control over the financial operating policies of Africa-on-Air, it is not consolidated.

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

GAMING

Limited trading operations in the route business commenced in May 2003 in Mpumalanga. It is anticipated that approximately R10m - R15m will be required to complete the rollout. Bids will be made for licences in other regions, as these are made available which is likely to happen during the current financial year.

DIRECTORS' REPORT

FINANCIAL SERVICES

Mettle Limited ("Mettle")

Mettle reported net earnings attributable to ordinary shareholders of R58,47m for the year ended 31 March 2003. The group has equity accounted its proportionate share of these earnings.

Prompted by depressed share prices and due to investor nervousness about the small cap segment of the financial services sector, Mettle's board decided to delist Mettle from the JSE Securities Exchange South Africa. In reverting to an unlisted company, Mettle will continue to operate as in the past and your directors expect solid earnings in the year ahead.

OTHER

During the year the group acquired 16070142 N-shares in Seardel Investment Corporation Limited at a cost of R39 693 250.

RESULTS FOR THE YEAR

The group reported a headline loss per share of 32,12 cents compared with the headline loss per share of 38,00 cents for the prior year which represents an improvement of 15,47%. The largest contributor to the headline loss per share is the group's share of the losses of e.tv. As in the previous year, the group has absorbed the full losses of e.tv as the minority's share of such losses exceeded their investment. Income from the group's associate companies contributed R30,71m. The investment loss arose primarily from the sale of the group's 5% interest in Vodacom Group (Proprietary) Limited measured against the carrying value in the previous year.

SHARE CAPITAL

On 13 January 2003 the company cancelled 279 740 603 shares, including 271 740 603 shares repurchased in terms of the specific repurchase offer. Details of this transaction were included in a circular to shareholders dated 29 November 2002.

Details of the authorised and issued share capital are set out in note 6.

HCI EMPLOYEE SHARE OPTION SCHEME

Details of the HCI Employee Share Option Scheme are set out in note 19.

DIRECTORS' EMOLUMENTS AND SHAREHOLDINGS

Details of directors' emoluments and shareholdings are set out in note 20.

BORROWING POWERS

There are no limits placed on borrowings in terms of the articles of association or current funding covenants.

DIVIDEND

The directors have decided not to declare a dividend for the year ended 31 March 2003. 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 3 of this annual report.

A J Shapiro resigned on 19 February 2003.

In terms of the company's articles of association, J A Copelyn and V E Mphande retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

SECRETARY

T G Govender held office throughout the period covered by this report. His business and postal address appear on page 2 of this annual report.

SUBSEQUENT EVENTS

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the group or company for the year ended 31 March 2003 or the financial position at that date.

Johannesburg
27 August 2003

BALANCE SHEETS

at 31 March 2003

		GROUP		COMPANY	
		2003	2002	2003	2002
Notes		R'000	R'000	R'000	R'000
ASSETS					
<i>Non-current assets</i>		453 524	2 618 524	656 686	2 458 492
Investments	1	393 473	2 533 991	93 105	59 953
- Associated companies		255 721	276 591	10 795	12 103
- Listed companies		56 550	1 307	1 108	1 307
- Other		81 202	2 256 093	81 202	46 543
Deferred tax		-	49	-	-
Subsidiary companies	2	-	-	563 581	2 398 539
Property, plant and equipment	3	60 051	84 484	-	-
<i>Current assets</i>		644 158	663 145	161 548	108 490
Inventories	4	319 222	393 738	-	-
Trade and other receivables		101 871	89 100	14 790	20 318
Trading securities		18 087	-	-	-
Bank balances and deposits	5	203 921	179 686	145 933	87 766
Taxation		1 057	621	825	406
Total assets		1 097 682	3 281 669	818 234	2 566 982
EQUITY AND LIABILITIES					
<i>Ordinary shareholders' equity</i>		545 019	2 051 852	549 258	2 201 173
Ordinary share capital	6	26 950	91 882	27 064	94 392
Share premium		496 138	1 036 426	497 645	1 067 360
Non-distributable reserves		624 586	1 644 600	-	994 909
Accumulated (loss) / profit		(602 655)	(721 056)	24 549	44 512
<i>Preference share capital</i>	7	22 785	407 785	-	-
<i>Minority interest</i>	8	42 591	15 844	-	-
<i>Non-current liabilities</i>		254 051	336 118	238 000	329 120
Interest bearing	9	253 943	336 118	238 000	329 120
Deferred taxation		108	-	-	-
<i>Current liabilities</i>		233 236	470 070	30 976	36 689
Trade and other payables		150 938	263 568	244	354
Bank overdrafts		2 429	80 394	-	-
Short term loans		42 095	11 406	7 880	11 335
Current portion of long term loans		199	1 059	-	-
Preference dividends accrued		913	76 037	-	-
Taxation		10 760	12 606	-	-
Provisions	10	25 902	25 000	22 852	25 000
Total equity and liabilities		1 097 682	3 281 669	818 234	2 566 982

INCOME STATEMENTS

for the year ended 31 March 2003

	Notes	GROUP		COMPANY	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
Revenue		508 559	390 266	-	-
Operating expenses	12	(630 348)	(731 487)	1 817	(4 132)
Cost of sales		(399 209)	(529 654)	-	-
Other		(231 139)	(201 833)	1 817	(4 132)
Net operating loss		(121 789)	(341 221)	1 817	(4 132)
Investment income		53 310	60 681	40 267	26 397
Dividends		30 961	26 860	961	2 983
Interest received	13	22 349	33 821	39 306	23 414
Associates		30 711	34 410	-	-
Share of income retained		28 994	37 902	-	-
Dividends received		11 590	6 381	-	-
Amortisation of goodwill		(9 873)	(9 873)	-	-
Investment (loss) surplus	14	(698 591)	18 813	1 116 539	8 247
Impairment of goodwill and investments		(50 185)	(296 324)	(52 418)	(82 739)
(Loss) / profit before finance costs and taxation		(786 544)	(523 641)	1 106 205	(52 227)
Preference dividends and interest payable ¹⁵		(82 623)	(72 181)	(27 229)	(11 463)
(Loss) / profit before taxation		(869 167)	(595 822)	1 078 976	(63 690)
Taxation	16	5 509	5 469	3 242	3 414
Group (loss) / profit		(874 676)	(601 291)	1 075 734	(67 104)
Minority share of loss		(1 832)	166 398	-	-
(Loss) / profit for the year		(876 508)	(434 893)	1 075 734	(67 104)
(Loss) per share (cents)	17				
Headline		(32,1)	(38,0)		
Basic		(286,4)	(115,9)		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2003

	Share capital	Share premium	Non-distributable reserve	Investment surplus	Accumulated profits	Total
	R'000	R'000	R'000	R'000	R'000	R'000
GROUP						
Balances at 31 March 2001	97 397	1 109 163	1 430 288	495 683	(267 350)	2 865 181
<i>Share capital and premium</i>						
Shares issued	200	2 040	-	-	-	2 240
Shares repurchased and cancelled	(3 205)	(41 665)	-	-	-	(44 870)
Shares issue and cancellation costs	-	(2 178)	-	-	-	(2 178)
Treasury shares acquired by subsidiary	(2 510)	(30 934)	-	-	-	(33 444)
<i>Current operations</i>						
Loss for the year	-	-	-	-	(434 893)	(434 893)
Transfer on realisation of investments	-	-	-	18 813	(18 813)	-
<i>Revaluation</i>						
Current revaluation deficit	-	-	(300 184)	-	-	(300 184)
Balances at 31 March 2002	91 882	1 036 426	1 130 104	514 496	(721 056)	2 051 852
<i>Share capital and premium</i>						
Shares issued	2 607	26 032	-	-	-	28 639
Shares repurchased and cancelled	(69 935)	(594 121)	-	-	-	(664 056)
Share issue and cancellation costs	-	(1 626)	-	-	-	(1 626)
Treasury shares sold by subsidiary	2 396	29 427	-	-	-	31 823
<i>Current operations</i>						
Loss for the year	-	-	-	-	(876 508)	(876 508)
Transfer on realisation of investments	-	-	(480 413)	(514 496)	994 909	-
<i>Revaluation</i>						
Current revaluation deficit	-	-	(25 105)	-	-	(25 105)
Balances at 31 March 2003	26 950	496 138	624 586	-	(602 655)	545 019

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2003

	Share capital	Share premium	Non-distributable reserve	Investment surplus	Accumulated profits	Total
	R'000	R'000	R'000	R'000	R'000	R'000
COMPANY						
Balances at 31 March 2001	97 397	1 109 163	1 057 022	487 469	119 863	2 870 914
<i>Share capital and premium</i>						
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)
<i>Current operations</i>						
Loss for the year	-	-	-	-	(67 104)	(67 104)
Transfer on realisation of investments	-	-	-	8 247	(8 247)	-
<i>Revaluation</i>						
Current revaluation deficit	-	-	(557 829)	-	-	(557 829)
Balances at 31 March 2002	94 392	1 067 360	499 193	495 716	44 512	2 201 173
<i>Share capital and premium</i>						
Shares issued	2 607	26 032	-	-	-	28 639
Shares repurchased and cancelled	(69 935)	(594 121)	-	-	-	(664 056)
Share issue and cancellation costs	-	(1 626)	-	-	-	(1 626)
<i>Current operations</i>						
Profit for the year	-	-	-	-	1 075 734	1 075 734
Transfer on realisation of investments	-	-	(499 193)	(495 716)	994 909	-
<i>Revaluation</i>						
Current revaluation deficit	-	-	-	-	(2 090 606)	(2 090 606)
Balances at 31 March 2003	27 064	497 645	-	-	24 549	549 258

CASH FLOW STATEMENTS

for the year ended 31 March 2003

Notes	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
CASH FLOWS FROM OPERATING ACTIVITIES	(232 345)	(395 875)	3 129	3 405
Cash utilised by operations 18.1	(92 721)	(298 826)	(331)	20 868
Investment income	64 900	67 062	40 267	26 397
Changes in working capital 18.2	(39 143)	(103 370)	(5 917)	(28 731)
Cash (utilised) generated by operating activities	(66 964)	(335 134)	34 019	18 534
Interest paid	(37 695)	(26 620)	(27 229)	(11 463)
Taxation paid	(7 634)	(5 498)	(3 661)	(3 666)
Preference dividends paid	(120 052)	(28 623)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	1 382 025	(21 624)	775 321	(213 151)
Investment in :				
· Subsidiary companies	-	-	(282 901)	(299 215)
· Associated companies	(136)	(2 716)	2 829	-
· Listed companies	(39 693)	-	-	-
· Other	(57 396)	-	(61 146)	-
Proceeds on disposal of investments	1 500 040	144 264	1 116 539	86 064
Property, plant and equipment additions	(20 790)	(43 581)	-	-
Goodwill additions	-	(119 591)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	(1 047 480)	541 779	(720 283)	284 312
Ordinary shares issued and treasury shares sold	58 836	2 240	27 013	2 240
Ordinary shares repurchased	(664 056)	(80 492)	(664 056)	(47 048)
Preference shares (redeemed) issued	(385 000)	300 000	-	-
Investment by minority shareholders	24 915	-	-	-
Term funding (repaid) raised	(82 175)	320 031	(83 240)	329 120
INCREASE IN CASH AND CASH EQUIVALENTS	102 200	124 280	58 167	74 566
Cash and cash equivalents at beginning of year	99 292	(24 988)	87 766	13 200
CASH AND CASH EQUIVALENTS AT END OF YEAR	201 492	99 292	145 933	87 766

18.3

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 except where otherwise stated. The accounting policies have been consistently applied in all material respects.

1. CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of the company, its controlled companies and similar entities (referred to as subsidiaries in this report). 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 subsidiaries 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 subsidiaries acquired are included in the balance sheet at their estimated fair values to the group as at the date of acquisition.

Subsidiaries are restated at net asset value. Any impairment in this value is not recognised if it is considered to be temporary in nature.

2. 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 profit for the year 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.

Where the value of the interest in an associate is, in the opinion of the directors, below the carrying value and the diminution is considered to be permanent, the investment is written down to the higher of value in use and net realisable value.

3. GOODWILL

Goodwill, being the excess of the purchase consideration of shares in subsidiaries, 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.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The carrying value of property, plant and equipment is assessed on an annual basis and written down if there is a permanent impairment in its value.

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

Land is not depreciated. Other items of property, plant and equipment are depreciated on the straight line basis over their estimated economic lives as follows :

Plant and equipment	3 to 5 years
Buildings	10 to 20 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	Lease period

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.

5. 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

ACCOUNTING POLICIES

for the year ended 31 March 2002

under the leases is included as a liability in the balance sheet. Lease payments are allocated between the liability and finance charges.

Leases of assets to the group under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged against income systematically over the period of the lease.

6. FINANCIAL INSTRUMENTS

Financial instruments are initially measured at cost, which includes transaction costs.

Investments

Equity investments are held as available for sale. They are initially recognised at cost and are subsequently revalued to fair value through equity on an annual basis. The surplus or deficit on valuation is transferred to or from non-distributable reserve. On disposal of an investment the valuation surplus or deficit is transferred from the non-distributable reserve to the income statement.

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.

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.

Financial liabilities

Financial liabilities comprise redeemable preference shares and long and short term borrowings. Financial liabilities are measured at amortised cost.

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.

7. INVENTORIES

Inventories comprise international, local and sports programmes for TV transmission. They are valued at the lower of cost and estimated net realisable value.

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.

8. 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.

9. DEFERRED 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.

ACCOUNTING POLICIES

for the year ended 31 March 2002

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated tax deductible temporary differences can be utilised.

10. 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.

11. REVENUE RECOGNITION

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

Dividends are brought to account when the right to receive the payment vests. Interest is brought to account on the effective yield basis over the period to maturity.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks and other financial institutions and investments in money market instruments.

13. EMPLOYEE BENEFITS

Pension obligation

Certain subsidiaries provide defined contribution funds for employees. Current contributions to these funds are charged against income when incurred.

Medical aid obligation

Medical aid costs are recognised as an expense in the period during which employees render service to the group. The group does not have any obligation for medical aid costs for former employees.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the annual leave liability at the balance sheet date.

14. CORRESPONDING AMOUNTS

Corresponding amounts have been re-aligned to conform with current presentation.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
1. INVESTMENTS				
1.1 ASSOCIATED COMPANIES				
<i>Listed</i>				
Mettle Ltd				
49,6% (2002 : 39%) interest				
244 524 299 shares at net asset value at acquisition	45 756	45 756	-	-
Goodwill at acquisition	94 998	94 998	-	-
Cost	140 754	140 754	-	-
Equity accounted earnings	111 301	99 026	-	-
Goodwill amortisation	(28 500)	(19 000)	-	-
Impairment	(108 629)	(86 292)	-	-
	114 926	134 488	-	-
<i>Unlisted</i>				
Africa-on-Air (Pty) Ltd				
50% financial interest				
Shares at net asset value on acquisition	1	1	-	-
Goodwill on acquisition	753	753	-	-
Cost	754	754	-	-
Loan receivable	-	784	-	-
Equity accounted earnings	20 163	7 690	-	-
Amortisation of goodwill	(225)	(150)	-	-
Revaluation	109 308	120 922	-	-
	130 000	130 000	-	-
Business Systems Group (Africa) (Pty) Ltd				
40% interest				
800 shares at net asset value at acquisition	20	20	3 000	3 000
Goodwill at acquisition	2 980	2 980	-	-
Cost	3 000	3 000	3 000	3 000
Equity accounted earnings				
(company : revaluation)	2 813	390	1 919	(206)
Amortisation of goodwill	(894)	(596)	-	-
	4 919	2 794	4 919	2 794

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
International Payment Systems (Pty) Ltd				
36 shares at cost - 30% interest	-	-	-	-
Loan receivable	2 804	5 633	2 804	5 633
Equity accounted earnings (company : revaluation)	3 072	1 249	3 072	1 249
	5 876	6 882	5 876	6 882
Pretoria International Airport Corporation (Pty) Ltd				
1 000 000 shares at cost - 41,7% interest	1	1	1	1
Loan receivable	4 229	4 229	4 229	4 229
Equity accounted earnings (company : impairment)	(4 230)	(1 803)	(4 230)	(1 803)
	-	2 427	-	2 427
Total associated companies	255 721	276 591	10 795	12 103
Aggregate :				
· Market value of listed associates	114 926	134 488	-	-
· Directors' valuation of unlisted associates	140 795	142 103	10 795	12 103
	255 721	276 591	10 795	12 103
1.2 LISTED COMPANIES				
<i>At market value</i>				
Corpcapital Limited				
947 350 shares	1 108	1 307	1 108	1 307
Searadel Investment Corporation Limited				
16 070 142 shares	55 442	-	-	-
	56 550	1 307	1 108	1 307

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
1.3 OTHER				
Vodacom Group (Pty) Ltd				
500 shares at directors' valuation - 5% interest	-	2 154 000	-	-
Loan receivable	-	46 000	-	-
	-	2 200 000	-	-
The IQ Business Group (Pty) Ltd				
31 376 shares at cost - 16% interest	20 074	20 074	6 688	6 688
(Impairment) revaluation	(20 074)	13 926	(6 688)	17 762
	-	34 000	-	24 450
IQ Management Holdings (Pty) Ltd				
1 preference share at cost	760	760	760	760
Impairment	(760)	-	(760)	-
	-	760	-	760
HCI Employee Share Trust				
Loan	23 340	-	23 340	-
Sundry loans and investments	57 862	21 333	57 862	21 333
Total other investments	81 202	2 256 093	81 202	46 543

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	2003 Mettle R'000	2003 Africa-on-Air R'000	2002 Mettle R'000	2002 Africa-on-Air R'000
1.4 SUMMARISED FINANCIAL INFORMATION OF SIGNIFICANT ASSOCIATES				
<i>Non-current assets</i>	113 990	140 723	88 136	173 425
Fixed assets	23 601	5 596	11 570	6 503
Trademarks	-	135 127	-	166 922
Long term receivables	17 667	-	24 947	-
Investments	25 684	-	29 641	-
Deferred tax	47 038	-	21 978	-
<i>Current assets</i>	3 923 945	40 191	3 605 166	27 310
Accounts receivable	43 021	28 356	90 617	24 854
Trading assets	3 674 142	-	3 221 490	-
Cash and cash equivalents	206 782	11 835	293 059	2 456
Total assets	4 037 935	180 914	3 693 302	200 735
Capital and reserves	313 925	51 899	331 758	27 186
Non-current liabilities	80 950	104 179	80 289	157 867
Net financial liabilities	55 369	103 436	69 805	155 432
Interest-bearing loans	9 165	-	-	-
Deferred tax	16 416	743	10 484	2 435
Current liabilities	3 643 060	24 836	3 281 255	15 682
Accounts payable	46 485	12 554	49 847	8 139
Trading liabilities	3 596 372	-	3 227 515	-
Taxation	203	12 282	3 893	7 543
Total equity and liabilities	4 037 935	180 914	3 693 302	200 735
<i>Income statement information</i>				
Share of earnings	23 865	12 473	26 287	7 690
Dividend received	11 590	-	6 381	-
Retained equity earnings	12 275	12 473	19 906	7 690

Information extracted from annual financial statements of :

Mettle Ltd - 31 March 2003

Africa-on-Air (Pty) Ltd - 30 June 2002

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
2. SUBSIDIARY COMPANIES				
Shares at valuation			38 665	2 114 216
Amounts owing				
- by subsidiary companies			525 507	545 712
- to subsidiary companies			(591)	(261 389)
			563 581	2 398 539

Full details of subsidiary companies are provided on page 40.

3. PROPERTY, PLANT AND EQUIPMENT

Cost

Plant and equipment	65 648	60 477
Property	24 553	5 527
Video and studio equipment	25 102	28 399
Computer equipment	21 730	25 679
Furniture and fittings	8 029	3 720
Leasehold improvements	8 249	8 400
Motor vehicles	3 100	2 803
Gaming machines	703	20 942
	157 114	155 947

Accumulated depreciation

Plant and equipment	46 547	34 688
Property	2 075	-
Video and studio equipment	17 720	13 615
Computer equipment	18 506	15 938
Furniture and fittings	4 108	1 473
Leasehold improvements	6 160	4 411
Motor vehicles	1 927	1 325
Gaming machines	20	13
	97 063	71 463

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
<i>Net carrying value</i>				
Plant and equipment	19 101	25 789		
Property	22 478	5 527		
Video and studio equipment	7 382	14 784		
Computer equipment	3 224	9 741		
Furniture and fittings	3 921	2 247		
Leasehold improvements	2 089	3 989		
Motor vehicles	1 173	1 478		
Gaming machines	683	20 929		
	60 051	84 484		
<i>Movement for the year</i>				
Opening balance	84 484	67 931		
Additions	27 323	43 778		
Plant and equipment	5 170	5 502		
Property	19 025	115		
Video and studio equipment	389	7 333		
Computer equipment	978	7 491		
Furniture and fittings	490	900		
Leasehold improvements	278	634		
Motor vehicles	306	871		
Gaming machines	687	20 932		
<i>Disposals</i>	(511)	(197)		
Plant and equipment	-	(86)		
Video and studio equipment	-	(4)		
Computer equipment	(32)	(101)		
Furniture and fittings	(479)	(6)		
Depreciation	(25 656)	(27 028)		
Impairment	(25 589)	-		
Closing balance	60 051	84 484		
Certain assets are subject to instalment sale and leases as set out in note 8.				
<i>Property</i>				
Video production house and parking 58 Fourth Avenue, Linden, Johannesburg - at cost in 1999 - mortgaged	5 553	5 527		
Head office and studios for e.tv 5 Summit Road, Dunkeld, Johannesburg - at cost in 2003 - mortgaged	19 000	-		
	24 553	5 527		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
4. INVENTORIES				
International programmes	286 218	370 041		
Local programmes	30 545	19 170		
Sports programmes	-	458		
Other	2 459	4 069		
	319 222	393 738		

5. PLEDGED SECURITIES AND DEPOSITS

5.1 A bank deposit of R3,275 million has been pledged to support a guarantee of R2,5 million issued by a bank in favour of a group investee.

5.2 Bank deposits totalling R50,7 million (2002 : R46,2 million) have been pledged in support of guarantees of R41,2 million (2002 : R36 million) given to loan financiers of the company and certain subsidiary companies. R22,852 million has been provided in terms of this guarantee (see note 10).

6. ORDINARY SHARE CAPITAL

	2003	2002		
	Number	Number		
	'000	'000		
Authorised				
Ordinary shares of 25 cents each	450 000	450 000	112 500	112 500
Issued				
In issue	108 258	377 568	27 064	94 392
Held by subsidiary	(456)	(10 038)	(114)	(2 510)
	107 802	367 530	26 950	91 882

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

	Number of shares	Share capital	Share premium
	'000	R'000	R'000
In issue at 31 March 2002	377 568	94 392	1 067 360
Issued for cash	2 650	662	4 637
Repurchased and cancelled *	(279 740)	(69 935)	(594 121)
Issued to employee share trust	7 780	1 945	21 395
Share issue and cancellation expenses	-	-	(1 626)
	108 258	27 064	497 645
Treasury shares held by subsidiary	(456)	(114)	(1 507)
	107 802	26 950	496 138

* Includes 271 740 603 shares repurchased in terms of specific pro rata offer approved on 23 December 2002.

The unissued shares are under the control of the directors until the next annual general meeting.

Details of options granted over shares are set out in note 19.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
7. PREFERENCE SHARE CAPITAL				
Redeemable cumulative variable rate preference shares issued by subsidiaries including premium	22 785	407 785	-	-
Details of preference share issues are as follows :				
R300 million				
· Redeemed during year.				
R72 million				
· Redeemed during year.				
R22,785 (2002 : 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.				
8. MINORITY INTEREST				
Share of equity of subsidiaries	7 008	(264 156)	-	-
Loans owing by subsidiaries to minority shareholders	35 583	280 000	-	-
	42 591	15 844	-	-
The loans are interest free at present and are only repayable in proportion to repayments to all shareholders.				
No repayment terms have been fixed.				

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
9. NON-CURRENT LIABILITIES				
<i>Term loans</i>				
Loan which is interest free subject to resolution of ownership by Venfin Ltd of portion of indirect shareholding in Midi TV (Proprietary) Limited	238 000	38 645	238 000	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.	-	290 475	-	290 475
<i>Mortgage loans</i>	12 333	2 475	-	-
A loan of R1 911 000 (2002 : R2 475 000) bears interest at prime plus 1% and is repayable in monthly instalments of R50 000 inclusive of interest. Secured by mortgages of fixed property stated at R5 553 000 (2002: R5 527 000).				
A loan of R10 422 000 (2002 : nil) bears interest at prime less 1%. Capital repayments commence in December 2003. Secured by mortgage over fixed property stated at 19 000 000 (2002 : nil).				
<i>Instalment sale agreements</i>	333	319	-	-
The instalment sale agreements bear interest at prime plus 2% and are repayable in monthly instalments inclusive of interest.				
<i>Capitalised finance leases</i>	86	571	-	-
Repayable in instalments over periods between one to three years at prime plus 2% and secured over equipment stated at R731 000 (2002 : R2 039 000).				
<i>Sundry unsecured loans</i>	3 390	4 692	-	-
Current portion	(199)	(1 059)	-	-
	253 943	336 118	238 000	329 120

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
10. PROVISIONS				
Due in terms of guarantees to loan financiers in insolvent subsidiary, Ahead Investments Limited.				
Balance at beginning of year	25 000	-	25 000	-
Raised during year	-	25 000	-	25 000
Adjustment for exchange difference	(2 148)	-	(2 148)	-
	22 852	25 000	22 852	25 000
Payment in terms of the guarantees is likely to occur by December 2003.				
Leave pay				
Raised during the year	3 050	-	-	-
Total provisions	25 902	25 000	22 852	25 000
11. COMMITMENTS				
Operating leases				
Future leasing charges for premises				
Payable within one year	8 214	4 744		
Payable two to five years	3 292	15 777		
	11 506	20 521		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
12. OPERATING EXPENSES				
<i>Operating expenses include the following :</i>				
Amortisation of goodwill	9 873	14 615	-	-
Auditors' remuneration				
· Audit fee	704	479	267	93
Depreciation	25 656	27 028	-	-
Foreign exchange loss (gain)	3 105	3 214	(2 731)	3 235
Listing fees	187	121	187	121
Loss (profit) on disposal of fixed assets	(21)	19 567	-	-
Operating lease charges				
· Premises	5 975	5 341	-	-
· Plant and equipment	396	265	-	-
Provision for leave pay	3 050	-	-	-
Staff costs	52 375	52 952	-	-
Number of employees 441 (2002 : 485).				
13. INTEREST RECEIVED				
Investments	4 582	7 770	545	612
Subsidiaries	-	-	25 175	12 762
Other	17 767	26 051	13 586	10 040
	22 349	33 821	39 306	23 414
14. INVESTMENT (LOSS) SURPLUS				
On realisation of investments	(698 591)	18 813	1 116 539	8 247
15. PREFERENCE DIVIDENDS AND INTEREST PAYABLE				
Preference dividends	44 928	45 561	-	-
Interest	37 695	26 620	27 229	11 463
	82 623	72 181	27 229	11 463

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
16. TAXATION				
Current normal tax	4 400	4 113	3 242	3 414
Deferred normal tax	65	(108)	-	-
Secondary tax on companies on preference dividends accrued	1 044	1 464	-	-
	5 509	5 469	3 242	3 414
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 likely that the losses will only be recouped over an extended period.				
Losses for tax purposes available for set off against future taxable income are estimated at	1 226 100	1 107 600	-	-
Tax relief at current rates at	367 830	332 280	-	-
<i>Reconciliation of tax rate</i>	%		%	
Normal tax rate	30,0		30,0	
Deferred tax not raised on losses	(4,9)		-	
Capital losses and non-deductible expenses	(28,5)		-	
Non-taxable income including share of associates income	2,6		(29,7)	
Other	0,2		-	
Effective rate	(0,6)		0,3	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
17. EARNINGS PER SHARE				
Earnings per share is based on the weighted average number of 306 030 572 ordinary shares in issue (2002 : 375 294 267). The dilutionary effect of options granted to employees to subscribe for shares in the company is not significant as the majority of options are covered by shares held in the share trust.				
<i>Reconciliation of headline earnings:</i>				
Loss attributable to ordinary shareholders	(876 508)	(434 893)		
Investment loss (surplus)	698 591	(18 813)		
Amortisation of goodwill	9 873	14 615		
Profit on sale of fixed assets	19 567	(21)		
Impairment of goodwill and investments	50 185	296 324		
Headline loss	(98 292)	(142 788)		
18. NOTES TO CASH FLOW STATEMENT				
18.1 CASH UTILISED BY OPERATIONS				
(Loss) profit before taxation	(869 167)	(595 822)	1 078 976	(63 690)
Depreciation	25 656	27 028	-	-
Impairment of less profit on disposal of equipment	19 567	-	-	-
Amortisation and impairment of goodwill and investments	60 658	310 939	52 418	82 739
Equity accounted profits	(28 994)	(37 902)	-	-
Investment income				
- Dividends	(42 551)	(33 241)	(961)	(2 983)
- Interest received	(22 349)	(33 821)	(39 306)	(23 414)
Preference dividends and interest payable	82 623	72 181	27 229	11 463
Investment loss (surplus)	698 591	(18 813)	(1 116 539)	(8 247)
Minority and other non-cash items	(17 657)	(14 375)	-	-
Movement in provisions	902	25 000	(2 148)	25 000
Cash utilised by operations	(92 721)	(298 826)	(331)	20 868

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
18.2 CHANGES IN WORKING CAPITAL				
<i>(Increase) decrease</i>				
Inventory	74 516	(99 150)	-	-
Trade and other receivables	(12 771)	(12 139)	5 528	(20 305)
Trading securities	(18 087)	-	-	-
Trade and other payables	(112 630)	7 919	(110)	(159)
Short term loans	29 829	-	(11 335)	(8 267)
	(39 143)	(103 370)	(5 917)	(28 731)
18.3 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	203 921	179 686	145 933	87 766
Bank overdraft and loans	(2 429)	(80 394)	-	-
	201 492	99 292	145 933	87 766

19. HCI EMPLOYEE SHARE OPTION SCHEME

In terms of the share option scheme, shares are offered on a combined share option and deferred sale basis. Participants can take up shares in tranches over a period of seven years from the date of the grant at the exercise price, provided that they remain in the group's employ until the options vest.

Options must be exercised within ten years of being granted, whereafter the options lapse. Options vest as follows : 25% after 1 year, 25% after 3 years 25% after 5 years and 25% after 7 years. Participants have ten years from date of grant to pay for the shares.

Share options granted to eligible participants, that have been exercised but have not yet become unconditional :

	2003	2002
Balance at the beginning of the year	9 607 882	3 414 783
Options granted and exercised	4 000 000	9 725 000
Options vested and paid for	(913 942)	(1 138 262)
Options forfeited	-	(2 393 639)
Balance at the end of the year	12 693 940	9 607 882

The options outstanding at 31 March 2003 become unconditional between the following dates :

	Number of share options	Exercise price R
9 November 1998 and 9 November 2003	913 940	1,52
10 August 2001 and 10 August 2008	7 780 000	3,00
9 December 2002 and 9 December 2009	4 000 000	2,15

Options granted to executive directors as at 31 March 2003 :

Executive director	Number of options	Weighted average exercise price R	Rights vest between the following dates
J A Copelyn	5 346 970	2,71	9/11/1998 - 9/12/2009
M J A Golding	5 346 970	2,71	9/11/1998 - 9/12/2009

NOTES TO THE FINANCIAL STATEMENTS*for the year ended 31 March 2003***20. DIRECTORS' SHAREHOLDINGS AND EMOLUMENTS****DIRECTORS' SHAREHOLDINGS**

At 31 March 2003 the directors held 12 588 420 shares, constituting 11,6% of the shares in issue. The beneficial direct and indirect interests of the directors in the issued share capital of the company, were as follows :

31 March 2003	Direct beneficial		Indirect beneficial	
	Number	Percentage holding %	Number	Percentage holding %
<i>Executive directors</i>				
J A Copelyn	3 220 736	3,0	6 300 537	5,8
M J A Golding	2 194 136	2,0	869 511	0,8
<i>Non-executive directors</i>				
M F Magugu	-	-	-	-
V E Mphande	-	-	-	-
A M Ntuli	3 500	-	-	-
	5 418 372	5,0	7 170 048	6,6

None of the directors have any non-beneficial interest in the share capital of the company, except for J A Copelyn who is non-beneficially indirectly interested in 549 638 shares (0,5% of the share in issue).

There were no material changes in these shareholdings subsequent to 31 March 2003.

31 March 2002	Direct beneficial		Indirect beneficial	
	Number	Percentage holding %	Number	Percentage holding %
<i>Executive directors</i>				
J A Copelyn	2 763 764	0,73	4 778 595	1,26
M J A Golding	1 737 164	0,46	849 291	0,22
<i>Non-executive directors</i>				
M F Magugu	-	-	-	-
V E Mphande	-	-	-	-
	4 500 928	1,19	5 627 886	1,48

None of the directors have any non-beneficial interest in the share capital of the company, except for J A Copelyn who is non-beneficially indirectly interested in 549 638 shares (0,14% of the share in issue).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

DIRECTORS' EMOLUMENTS

The emoluments paid to the directors were as follows :

	Year ended 31 March 2003				Year ended 31 March 2002			
	Board fees R'000	Salary R'000	Bonus R'000	Total R'000	Board fees R'000	Salary R'000	Bonus R'000	Total R'000
<i>Executive directors</i>								
M J A Golding	-	1 491	726	2 217	-	1 370	480	1 850
J A Copelyn	-	1 491	726	2 217	-	1 370	480	1 850
<i>Non-executive directors</i>								
M F Magugu	106	-	-	106	168	-	-	168
V E Mphande	106	-	-	106	165	-	-	165
A M Ntuli	79	-	-	79	-	-	-	-
A J Shapiro	67	-	-	67	-	-	-	-
	358	2 982	1 452	4 792	333	2 740	960	4 033

J A Copelyn who retires by rotation at the forthcoming annual general meeting and is eligible for re-election as a director, entered into a three year service contract commencing 1 January 2001.

Options to subscribe for 2 000 000 shares in the company at R2,15 per share were granted to directors on 9 December 2002.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

21. SEGMENT REPORT

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

	Revenue	Results	Assets	Liabilities	Fixed asset additions	Depreciation
2003	R'000	R'000	R'000	R'000	R'000	R'000
Telecommunications	-	(665 923)	-	-	-	-
Media and broadcasting	501 073	(83 048)	639 594	191 518	26 402	25 313
Financial services	-	14 365	114 926	-	-	-
Interactive gaming	6 871	(44 723)	13 685	13 187	898	322
Information technology	-	(33 239)	10 795	-	-	-
Other	615	(63 940)	318 682	347 958	23	21
	508 559	(876 508)	1 097 682	552 663	27 323	25 656

Taxation is included in Other as follows : Assets R1 057 000, Liabilities R10 760 000 and Results R5 509 000.

Amounts applicable to associates included above :

	Results	Investment in associate
	R'000	R'000
Media and broadcasting	12 398	130 000
Financial services	14 365	114 926
Information technology	3 948	10 795
	30 711	255 721

	Revenue	Results	Assets	Liabilities
2002	R'000	R'000	R'000	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 R621 000, Liabilities R12 606 000 and Results R5 469 000.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

22. RELATED PARTY TRANSACTIONS

Related parties include :

Direct and indirect shareholders
South African Clothing and Textile Workers Union
Sactwu Investment Group (Pty) Ltd
Mineworkers Investment Company (Pty) Ltd

- 22.1 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.
- 22.2 The group holds by way of cession from a major shareholder, Sactwu Investment Group (Pty) Ltd and Mineworkers Investment Company (Pty) Ltd, the economic rights in certain investment transactions relating to Francolin Investments (Pty) Ltd, Zerilda Investments and Africa on Air (Pty) Ltd.
- 22.3 The company holds by way of cession from a major shareholder, South African Clothing and Textile Workers Union, the economic rights in certain investment transactions relating to Tsogo Investment Holdings (Pty) Ltd. The company has made a loan of R35 million included in sundry loans in note 1.3 to the South African Clothing and Textile Workers Union to fund the company's obligations in regard to the investment. The company will only receive income from this investment to the extent that interest or dividends or sale proceeds are received by the investment.
- 22.4 A subsidiary paid an option fee of R8,035 million to the South African Clothing and Textile Workers Union in respect of the acquisition of the shares in Sear del Investment Corporation Limited.
- 22.5 A director and the secretary of the company have an interest in companies providing accounting and secretarial services to certain subsidiaries. Fees are charged at open market rates.

23. CONTINGENT LIABILITIES

- 23.1 Guarantees by the company for bank and credit facilities of subsidiaries. R22,852 million has been provided in terms of a guarantee. The remaining exposure under these guarantees at 31 March 2003 amounts to R778 million.
- 23.2 The company has issued a guarantee for a maximum of R13 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.
- 23.3 Guarantee of R2 750 000 to the bankers of an investee.
-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

24. FINANCIAL INSTRUMENTS

24.1 FOREIGN EXCHANGE RISK

Certain subsidiaries within the group carry out a significant portion of their inventory purchases in foreign currencies. Hedging instruments are used to reduce the risks arising from foreign currency fluctuations 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.

24.2 INTEREST RATE RISK

The group is exposed to interest rate risk as it borrows and places funds. The risk is managed by utilising floating rate borrowings and placing funds on short term deposit.

24.3 CREDIT RISK

Credit risk is the risk of loss due to borrower or counter-party default.

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 is 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. Loans are only made to or on behalf of entities in which the group is invested. The group does not consider there to be any significant concentration of credit risk which has not been adequately provided for.

24.4 LIQUIDITY RISK

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources and unutilised borrowing facilities are maintained.

24.5 HEDGES OF FOREIGN EXCHANGE RISKS

Outstanding hedges as at 31 March 2003 for all currencies, by nature and amount, are as follows :

(In Rands, translated using exchange rates as of 31 March 2003)

Instruments that hedge operating transactions :

- Forward exchange contracts

GROUP	
2003	2002
R'000	R'000
77 584	182 858

INTERESTS IN SUBSIDIARY COMPANIES

at 31 March 2003

ANNEXURE A

			2003		2002	
	Issued share capital R'000	Interest %	Shares R'000	Loans R'000	Shares R'000	Loans R'000
Shares are stated at revalued amounts						
Loans are stated less impairment where applicable						
<i>Investment holding companies</i>						
Ahead Investments Ltd (BVI)	*	100	-	-	-	32
AIE (SA) (Proprietary) Limited	*	100	-	-	-	-
Almania Investments (Proprietary) Limited	*	100	1	1 619	*	33 446
Ancestral Investments (Proprietary) Limited	*	100	*	(17)	-	-
Descarte Investments No 8 (Proprietary) Limited	2	100	574	(574)	2 084 320	(261 389)
Francolin Investments (Proprietary) Limited	*	100	33 134	19 539	19 505	19 539
Merilyn Investments (Proprietary) Limited	25 002	100	1	170 234	1	33 824
Sabido Investments (Proprietary) Limited	783	56,8	**	241 203	**	300 476
Self Nurturing Investments (Proprietary) Limited	1	67	1	-	1	4 901
Winslet Investments (Proprietary) Limited	*	100	533	17 469	-	-
Zerilda Investments (Proprietary) Limited						
- Ords	*	85	**	-	**	-
- Prefs	35 785	-	-	-	-	-
<i>Gaming</i>						
Global Payment Technologies Holdings (Proprietary) Limited	44 888	70,5	-	1 382	7 248	15 123

INTERESTS IN SUBSIDIARY COMPANIES

at 31 March 2003

ANNEXURE A

			2003		2002	
	Issued share capital R'000	Interest %	Shares R'000	Loans R'000	Shares R'000	Loans R'000
<i>Media</i>						
Blue Ridge Investments (Proprietary) Limited	*	100	4 419	-	3 139	-
Limitless Angel Fund (Proprietary) Limited	1	95	1	-	1	-
Red Pepper Pictures (Proprietary) Limited	*	80	1	5 757	1	6 918
<i>Management services</i>						
HCI Managerial Services (Proprietary) Limited	*	100	*	8 049	*	11 453
<i>TV Station</i>						
Midi TV (Proprietary) Limited	860 488	50,02	**	60 255	**	120 000
<i>Short term insurance</i>						
IGI Insurance Company Limited						
8 435 448 shares	37 546	55,4	16 703	-	16 703	-
Impairment			(16 703)	-	(16 703)	-
			38 665	524 916	(2 114 216)	284 323
* Under R1 000						
** Indirectly held						
Minor sub-subsidiaries are excluded above. Details available from the company secretary.						
				2003 R'000	2002 R'000	
Profits and losses of subsidiaries attributable to the company						
Aggregate profits after tax				1 810	6 728	
Aggregate losses after tax				(866 944)	(207 366)	
				(865 134)	(200 638)	

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

This document is important and requires your immediate attention

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

Registration number 1973/007111/06

Incorporated in the Republic of South Africa

("HCI" or "the Company")

ISIN Code: ZAE000003257 Share Code: HCI

NOTICE TO SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2003

If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the Annual General Meeting of shareholders of Hosken Consolidated Investments Limited ("HCI" or "the Company") will be held at the offices of e.tv, 5 Summit Road, Dunkeld, Johannesburg, on 11 December 2003 for the following business:

1. To consider and adopt the Annual Financial Statements of the Company for the year ended 31 March 2003 together with the reports of the directors and auditors contained therein.
2. That the directors' remuneration as set out in the reports and accounts for the year ended 31 March 2003 be and is hereby approved.
3. To re-elect the following directors of the Company:
 - 3.1.1 JA Copelyn
 - 3.1.2 VE Mphande

who retire by rotation at the Annual General Meeting, but, being eligible, offer themselves for re-election.

A brief curriculum vitae in respect of each director referred to in 3.1.1 and 3.1.2 appears on page 3 of this annual report.
4. To authorise the directors to re-appoint Fisher Hoffman PKF (Jhb) Inc as the independent auditors of the Company for the ensuing year and to authorise the directors to determine the remuneration of the auditors.

As special business, to consider and, if deemed fit, pass with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

CONTROL OF AUTHORISED BUT UNISSUED SHARES

- 5 "RESOLVED THAT the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that

the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended ("the Act"), the Articles of Association of the Company and the Listings Requirements of the JSE Securities Exchange South Africa ("JSE"), when applicable."

APPROVAL TO ISSUE SHARES FOR CASH

- 6 "RESOLVED THAT the directors of the Company be and they are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Act, the Articles of Association of the Company, the JSE Listings Requirements, when applicable, and the following limitations, namely that –

- 6.1 the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- 6.2 any such issue will only be made to "public shareholders" as defined in the Listings Requirements of the JSE and not related parties, unless the JSE otherwise agrees.
- 6.3 the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen per cent) of the Company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to date of application) may be included as though they were shares in issue at the date of application;
- 6.4 this authority is valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- 6.5 a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue; and

NOTICE TO MEMBERS

6.6 in determining the price at which an issue of shares may be made in terms of this authority post the listing of the Company, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company;

This resolution is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote, at the annual general meeting.

7 SPECIAL RESOLUTION NUMBER 1 APPROVAL TO REPURCHASE SHARES

“RESOLVED THAT, as a general approval contemplated in sections 85(2) and 85(3) of the Act, the acquisitions by the Company, and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Articles of Association of the Company, the provisions of the Act and the JSE Listings Requirements, when applicable, and provided that –

- 7.1 the repurchase of securities are being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- 7.2 this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- 7.3 in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company;
- 7.4 the acquisitions of ordinary shares in the aggregate in any one financial year are not exceeding 20% (twenty per cent) of the Company's issued ordinary share capital from the date of the grant of this general authority;
- 7.5 the Company and the Group are in a position to repay its debt in the ordinary course of business for the following year;

- 7.6 the consolidated assets of the Company, being fairly valued in accordance with Generally Accepted Accounting Practice, are in excess of the consolidated liabilities of the company for the following year;
- 7.7 the ordinary capital and reserves of the Company and the Group are adequate for the next twelve months;
- 7.8 the available working capital is adequate to continue the operations of the Company and the Group in the following year;
- 7.9 upon entering the market to proceed with the repurchase, the Company's Sponsor has confirmed the adequacy of HCI's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE;
- 7.10 after such repurchase the Company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings requirements concerning shareholder spread requirements;
- 7.11 the Company or its subsidiary are not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- 7.12 when the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- 7.13 the Company only appoints one agent to effect any repurchase(s) on its behalf

OTHER DISCLOSURE IN TERMS OF THE JSE LISTINGS REQUIREMENTS SECTION 11.26

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

- Directors and management – pages 2 & 3;
- Major shareholders of HCI – page 6;
- Directors interests in securities – page 35; and
- Share capital of the company – page 27

LITIGATION STATEMENT

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on page 2 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

NOTICE TO MEMBERS

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 2 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information.

MATERIAL CHANGE

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of HCI and its subsidiaries since the date of signature of the audit report and the date of this notice.

The reason and effect for special resolution 1 is to authorise the Company and/or its subsidiary company by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the Company subject to the limitations set out above.

The directors of the Company have no specific intention to effect the provisions of special resolution number 1 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 1.

OTHER BUSINESS

- 8 To transact such other business as may be transacted at an Annual General Meeting.

VOTING AND PROXIES

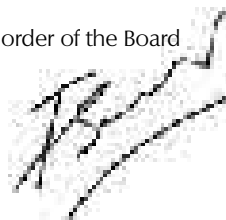
A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is enclosed herewith.

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

- holding HCI ordinary shares in certificated form; or
- are recorded on the electronic sub-register in "own name" dematerialised form.

Shareholders 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 a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

By order of the Board



TG Govender
Company Secretary

Date: 27 August 2003
Place: Durban