2004
annual report

Hosken Consolidated Investments Limited

CONTENTS

BOARD OF DIRECTORS

EXECUTIVE

MARCEL GOLDING (44)
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) Limited and holds directorships in numerous companies.

JOHN COPELYN (54)
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) Limited and Mettle Limited.

NON-EXECUTIVE

FREDDIE MAGUGU (45)
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.

VIRGINIA ENGEL (54)
Non-Executive Director

Virginia Engel co-ordinated the SACTWU Welfare Trust as its national director until her resignation in December 2003. Previous to this she was employed as an assistant in President Mandela's office. She was appointed to the board of HCI as a non-executive director in January 2004. She holds directorships in Golden Arrow Bus Services (Pty) Limited and Isilumko staffing. She is chairperson of the board of trustees of the Golden Arrow Foundation.

VELAPHI ELIAS MPHANDE (47)
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 is Chairman of the Golden Arrow Bus Services (Pty) Limited and holds directorships in MIDI TV (Pty) Limited and Mettle Limited.

AMON NTULI (46)
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.

REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chief Executive Officer: J. Copelyn *Chairman: M. Golding*

The last year in HCI's life has been momentous. The year commenced with the board proposing that the company be delisted following the voluntary buyback of some 71% of the company's shares. It was felt that following the wholesale exit by all South African based asset managers from their shareholdings in HCI that the company would be better off held privately.

An offer was made at a premium of some 47% to the price at which the voluntary buyback took place. This however was fiercely resisted by the single remaining institutional investor resulting in substantial litigation over the issue. When it became clear that the contesting minorities could not be persuaded to exit at even higher prices the board eventually resolved to acquiesce in the wishes of these minorities and retain the listing of the company on the J.S.E.

In the 21 months that have passed since the watershed buyback, the company has improved its position dramatically. The strengthening of the rand as well as significant audience growth resulted in e.tv substantially outperforming its budget for financial 04. e.tv turned its first profit and it is our hope that it will provide significant cash flow for HCI going forward.

HCI has succeeded in acquiring an effective 15.6% in Tsogo Sun via a 32% holding in its controlling shareholder, Tsogo Investment Holdings. This group is the primary hotel chain in South Africa owning/managing some 90 hotels as well as operating 5 casinos in the country. It is hoped this investment will prove a highly lucrative one as the country grows as a tourist destination of choice.

Together with this investment HCI has pursued gaming licences in the LPM industry. Our patience (of some seven years) has been rewarded finally with the award of two regional licences in the Eastern and Western Cape regions. As this business rolls out it should result in HCI having a further asset capable of providing it with significant cash flows by the financial year 2007.

A further major acquisition was recently concluded in terms of which HCI became the owner of one of Cape Town's oldest businesses, namely the Golden Arrow Bus Service, which currently provides the city with scheduled bus services. While this company is currently highly profitable, significant portions of the cash it generates will have to be reinvested for several years in upgrading its fleet. This in turn requires the negotiation of a long term licence to continue to provide scheduled transport for the city. Accordingly the asset has significant challenges to meet to turn it into a sustainable profit centre of substance. Nevertheless your directors are confident that HCI is a highly suitable owner of this asset and that it will succeed in meeting these challenges.

One setback was our investment in Mettle which did not fare well over the period. Significant losses were realised and consolidated into HCI's accounts arising from the sale of its treasury book. We had made a major effort to turn around the loss making treasury operation of Mettle in the previous period but were ultimately obliged to accept that small financial service companies were not able to thrive in this area in current circumstances. The sale of the treasury book has been accompanied by the restructuring of Mettle's business to focus primarily on the generation and placement of debt assets. Effectively this means moving away from structuring and further means drawing the Mettle equity division into HCI. Pursuant to this restructuring HCI is currently offering to buy out minorities of Mettle and to hold it as a wholly owned subsidiary.

Acquisitions by HCI over the period have been accompanied by the sale of several assets, (namely interests in Red Pepper Pictures, Clearwater, International Payment Systems, Datafer, Africa-on-Air and Seardel Investment Corporation). These sales resulted in the realisation of substantial cash profits and have placed the company in a position where its balance sheet remains largely ungeared with access to some 300 million rand in cash.

We believe all the developments in HCI will result in it becoming a more vibrant presence in the future, having significantly expanded its professional team both in Johannesburg and Cape Town.

Finally, we welcome Virginia Engel on to the board of directors and thank the board for its valuable support over the past years.

GROUP STRUCTURE

at 20 September 2004

Hosken

MEDIA & BROADCASTING

- MIDI TV (e.tv) 66%
- THREE BLIND MICE COMMUNICATIONS 73%

FINANCIAL SERVICES

- METTLE – 65%
- HJS ADVISORY SERVICES – 100%

GAMING

- VUKANI GAMING CORPORATION 96%
- TSOGO INVESTMENT HOLDING COMPANY 32%

TRANSPORT

- GOLDEN ARROW BUS SERVICE 100%

INFORMATION TECHNOLOGY

- IQ BUSINESS GROUP 22%
- BUSINESS SYSTEMS GROUP (AFRICA) – 40%

Hosken

SHAREHOLDERS' INFORMATION

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2004

	Number of shareholders	% of total	Number of shares '000	% of total
1 - 1 000 shares	494	65,3	173	0,2
1 001 - 5 000 shares	149	19,7	376	0,3
5 001 - 10 000 shares	35	4,6	251	0,2
100 001 - 1 000 000 shares	39	5,2	1 091	1,0
Over 1 000 000 shares	39	5,2	109 367	98,3
	756	100,0	111 258	100,0

Type of shareholder	Number of holders	% of current holders	Number of shares '000	% of issued capital
Banks	21	2,8	28 548	25,7
Close corporations	8	1,1	5	-
Individuals	600	79,4	6 731	6,1
Insurance company	1	0,1	15	-
Nominees and trusts	45	6,0	18 600	16,7
Other corporations	14	1,9	38 846	34,9
Pension funds	20	2,6	1 805	1,6
Private companies	42	5,5	7 578	6,8
Public companies	4	0,5	1 350	1,2
Share trust	1	0,1	7 780	7,0
	756	100,0	111 258	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 2004
Total number of shares traded (000's)	1 429
Total value of shares traded (R'000)	5 029
Market price (cents per share)	
- Closing	350
- High	360
- Low	330
Market capitalisation (R'000)	389 402

HCI Hosken

SHAREHOLDERS' INFORMATION

SIGNIFICANT SHAREHOLDINGS

At 31 March 2004, insofar as HCI is aware, the following members held directly or indirectly 5% or more of the issued shares :

	2004 Percentage held	2003 Percentage held
Sactwu Investment Group (Pty) Ltd and associated entities	**45,3**	46,5
J Copelyn	**10,3**	8,8
Boston Safe Deposit and Trust Company	**-**	8,2
HCI Employee Share Trust (2001)	**7,0**	7,2
Mellon Bank NA	**8,1**	-
	70,7	70,7

Shareholder spread	Percentage held		Number of shareholders	
	2004	2003	**2004**	2003
Public	**26,7**	28,4	**737**	979
Non-public	**73,3**	71,6	**19**	16
Controlling shareholders	**45,3**	46,5	**2**	3
Directors	**15,0**	12,1	**9**	7
Associates of directors	**5,6**	5,7	**6**	4
Share trust	**7,0**	7,2	**1**	1
Treasury shares	**0,4**	0,1	**1**	1
	100,0	100,0	**756**	995

CORPORATE GOVERNANCE

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 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. Directors are provided with full board papers to enable them to consider the issue on which they are requested to make decisions.

Executive directors entered into three year service contracts with the company which commenced on 1 April 2004. 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 2003	August 2003	December 2003	March 2004
M J A Golding	Yes	Yes	Yes	Yes
J A Copelyn	Yes	Yes	Yes	Yes
V M Engel *	NA	NA	NA	Yes
V E Mphande	Yes	Yes	Yes	Yes
M F Magugu	Yes	Yes	Yes	Yes
A M Ntuli	Yes	Yes	Yes	Yes

* Appointed 19 December 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 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.

Members

M F Magugu (Chairman)
V E Mphande
A M Ntuli
J A Copelyn
V M Engel *
* Appointed 19 December 2003

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
VM Engel*
* Appointed 19 December 2003

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 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 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,

CORPORATE GOVERNANCE

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.

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.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and fair presentation of the financial statements of the company and of the group and for other information contained in this annual report. The financial statements set out on page 10 to 49 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and include amounts based on prudent judgments and estimates by management.

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

The financial statements have been audited by the independent auditors, 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 2004 which appear on pages 10 to 49 were approved by the board of directors on 20 September 2004 and are signed on its behalf by :

M A GOLDING
Chairman

J A COPELYN
Chief Executive

Johannesburg
20 September 2004

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 2004, 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

Durban
20 September 2004

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 10 to 49 for the year ended 31 March 2004. 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 2004 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

FISHER HOFFMAN PKF (JHB) INC
Registration number 1994/001166/21
Chartered Accountants (S.A.)
Registered Accountants and Auditors
Johannesburg
20 September 2004

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the annual financial statements of the company and the group for the year ended 31 March 2004.

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. The directors are confident that the group will deliver satisfactory growth in the future.

PROPOSED DELISTING

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

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 litigation initiated by a shareholder of HCI, in the High Court of South Africa, the resolutions were not carried into effect pending the outcome of the litigation, as a result of this HCI's shares were suspended on the JSE with effect from 7 July 2003.

Following a decision taken by the board of HCI to withdraw from these litigation proceedings, the suspension of HCI's shares was lifted and the shares commenced trading with effect from 13 September 2004.

REVIEW OF INVESTMENTS

MEDIA AND BROADCASTING

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

As reported in the interim report to shareholders, the restructuring of the capital of Sabido Investments (Pty) Limited, e.tv's holding company, has been completed and HCI now effectively owns approximately 66% of e.tv (2003 : 50,02%).

Continued growth in revenue during the year and stable operating costs have enabled the station to record its first profit since inception. The station had contributed R21,02 million to the group headline profit (2003 : loss of R90,67 million).

In an ever increasingly competitive market, the key challenge facing the station will be to increase market share and revenue while maintaining an efficient cost structure.

Red Pepper Pictures (Pty) Limited ("Red Pepper ")

During the year the group disposed of its 80% interest in Red Pepper

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

Subsequent to year end shareholders approved the disposal by the group of its financial interest in Africa-on-Air for an amount of R180 million. Shareholders are referred to announcements made and the circular issued by the company for details of this disposal.

GAMING

Vukani Gaming Corporation (Pty) Limited ("Vukani")

During the year under review the group increased its interest in Vukani to 96%.

Expansion of trading operations in the route business in Mpumulanga has continued at a slow pace. During the year applications were lodged for limited payout route operating licences in the Western Cape, Eastern Cape and Kwa-Zulu Natal provinces. The Western Cape and Eastern Cape bids were successful, with Vukani being granted a licence to roll out 1 000 limited payout gambling machines in each region. The KZN bid is still at the initial stage. Bids will be made for licences in other regions, as these are made available.

During this initial roll-out phase Vukani will require the injection of significant group cash resources. The directors of HCI are however confident that once the business matures it will make a positive contribution to the group.

Tsogo Investment Holding Company (Pty) Limited ("TIH")

During the year under review the group increased its interest in TIH to 27,66% (2003:10%). Subsequent to year end the group acquired a further 4,4% for a consideration of R45 million. TIH owns and controls Tsogo Sun Holdings (Pty) Limited ("Tsogo Sun") giving the group an effective 15,6% interest in Tsogo Sun. Shareholders are referred to announcements made by the company for details of the above acquisitions.

DIRECTORS' REPORT

FINANCIAL SERVICES

Mettle Limited ("Mettle")

Mettle was delisted from the JSE Securities Exchange SA on 19 June 2003. Mettle had continued to repurchase its own shares subsequent to the delisting resulting in HCI increasing its interest in Mettle to 65% at the date of this report. The results, assets and liabilities of Mettle have, for the first time, been fully consolidated with those of the group.

Mettle reported a headline loss of R43,3 million for the year due to a R68,2 million loss incurred by the now discontinued treasury division (2003 : R58,47 million profit).

INFORMATION TECHNOLOGY

IQ Business Group (Pty) Limited ("IQ")

During the year under review the capital of IQ was restructured with the group increasing its investment to approximately 22% (2003 : 16%) by injecting R15 million of funding.

International Payment Systems (Pty) Ltd ("IPS")

Subsequent to year end the group disposed of its 50% interest in IPS for an amount of R27,5 million.

OTHER

Seardel Investment Corporation ("Seardel")

During the year under review the group disposed of its interest in Seardel for an amount of R47,4 million to the Southern African Clothing and Textile Workers Union. Shareholders are referred to the announcements made and the circular issued by the company for details of this disposal.

Golden Arrow Bus Services (Pty) Limited ("GABS")

Subsequent to year end, shareholders approved the acquisition of GABS for a purchase consideration of R257 million. Shareholders are referred to announcements made and the circular issued by the company for details of this acquisition.

Isilumko Staffing (Pty) Limited ("Isilumko")

Subsequent to year end the group acquired a 30,1% interest in Isilumko. Isilumko has acquired the staffing sevices and solutions business of Studentwise Publishing and Marketing (Pty) Ltd in a vendor financed transaction.

RESULTS FOR THE YEAR

The group reported headline earnings per share of 2,96 cents compared with the restated headline loss per share of 32,14 cents for the prior year. This improvement is largely attributable to the performance of e.tv which is now profitable and the reduced finance costs resulting from the reduction of group debt. The investment surplus and the recoupment of investments and goodwill arose primarily from the restructuring of the group's interest in e.tv following the conversion of minority debt to equity and a recoupment of losses previously absorbed by the group. The discontinued operation relates to the disposal of the treasury division of Mettle.

SHARE CAPITAL

Details of the issued share capital and share premium are set out in note 12. Three million shares were issued at R3,50 per share to fund the interest in HJS Advisory Services (Pty) Ltd acquired during the year.

BORROWINGS POWERS

There are no limits placed on borrowing 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 2004. 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.

V M Engel was appointed on 19 December 2003.

In terms of the company's articles of association, V M Engel and A M Ntuli 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 the inside back cover of this annual report.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARIES

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

SUBSEQUENT EVENTS

Other than 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 the company for the year ended 31 March 2004 or the financial position at that date.

BALANCE SHEETS

at 31 March 2004

	Notes	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
ASSETS					
Non-current assets		**409 621**	430 184	**494 958**	614 954
Property, plant and equipment	1	**110 351**	60 051	**-**	-
Investment properties	2	**11 620**	-	**-**	-
Investments	3	**279 163**	370 133	**66 905**	88 114
- Associated companies		**225 513**	255 721	**6 817**	5 804
- Listed companies		**3 200**	56 550	**1 605**	1 108
- Other		**50 450**	57 862	**58 483**	81 202
Subsidiary companies	4	**-**	-	**428 053**	526 840
Goodwill	5	**9 979**	-	**-**	-
Negative goodwill	6	**(1 492)**	-	**-**	-
Current assets		**1 743 755**	644 158	**67 131**	161 548
Inventories	7	**15 574**	2 459	**-**	-
Programme rights	8	**216 248**	316 763	**-**	-
Trade and other receivables	9	**216 950**	101 871	**24 081**	14 790
Trading assets	10	**889 124**	-	**-**	-
Trading securities		**-**	18 087	**-**	-
Bank balances and deposits		**404 261**	203 921	**41 594**	145 933
Taxation		**1 598**	1 057	**1 456**	825
Total assets		**2 153 376**	1 074 342	**562 089**	776 502
EQUITY AND LIABILITIES					
Ordinary shareholders' equity		**664 184**	521 679	**556 312**	506 935
Ordinary share capital	12	**25 755**	25 005	**27 814**	27 064
Share premium		**484 493**	474 743	**507 395**	497 645
Non-distributable reserves	13	**84 071**	624 586	**-**	-
Accumulated profits (loss)		**69 865**	(602 655)	**21 103**	(17 774)
Preference share capital	14	**-**	22 785	**-**	-
Minority interest	15	**230 142**	42 591	**-**	-
Non-current liabilities		**106 399**	254 051	**1 124**	238 591
Net financial liabilities	16	**50 923**	-	**-**	-
Long-term loans	17	**38 619**	253 943	**1 124**	238 591
Deferred tax	18	**16 857**	108	**-**	-
Current liabilities		**1 152 651**	233 236	**4 653**	30 976
Trade and other payables	19	**203 561**	138 470	**1 903**	244
Trading liabilities	10	**889 248**	-	**-**	-
Bank overdrafts		**179**	2 429	**-**	-
Short term loans		**8 080**	42 095	**-**	-
Current portion of long-term loans	17	**6 784**	199	**-**	7 880
Preference dividends accrued		**-**	913	**-**	-
Taxation		**7 460**	10 760	**-**	-
Forward exchange contracts		**15 791**	12 468	**-**	-
Provisions	20	**21 548**	25 902	**2 750**	22 852
Total equity and liabilities		**2 153 376**	1 074 342	**562 089**	776 502

INCOME STATEMENTS

for the year ended 31 March 2004

	Notes	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
Revenue		**862 598**	508 559	**-**	-
- Continuing operations		**877 969**	508 559	**-**	-
- Discontinued	22	**(15 371)**	-	**-**	-
Trading expenses	23	**(867 877)**	(630 348)	**(5 737)**	1 817
- Continuing operations		**(850 862)**	(630 348)	**(5 737)**	-
- Discontinued		**(17 015)**	-	**-**	1 817
Trading (loss) profit		**(5 279)**	(121 789)	**(5 737)**	1 817
Investment income	24	**50 062**	53 310	**14 526**	40 267
Dividends		**2 504**	30 961	**2 960**	961
Interest		**47 558**	22 349	**11 566**	39 306
Associates		**23 047**	30 711	**-**	-
Share of income		**19 074**	40 584	**-**	-
Amortisation of negative goodwill (goodwill)		**3 973**	(9 873)	**-**	-
Exceptional items	25	**16 222**	(698 591)	**33 321**	1 116 539
Negative goodwill released	26	**31 981**	-	**-**	-
Recoupment of impairment of goodwill and investments	27	**75 000**	(50 185)	**851**	(71 808)
Profit (loss) before finance costs and taxation		**191 033**	(786 544)	**42 961**	1 086 815
Preference dividends and interest payable	28	**(22 621)**	(82 623)	**(723)**	(27 229)
Profit (loss) before taxation		**168 412**	(869 167)	**42 238**	1 059 586
Taxation	29	**43 549**	5 509	**3 361**	3 242
Group profit (loss)		**124 863**	(874 676)	**38 877**	1 056 344
Minority interest		**7 159**	(1 832)	**-**	-
Profit (loss) for the year		**132 022**	(876 508)	**38 877**	1 056 344
Earnings (loss) per share (cents)	30				
- Basic		**131,26**	(286,57)		
- Headline		**2,96**	(32,14)		
Diluted earnings (loss) per share (cents)	30				
- Basic		**117,50**	(285,53)		
- Headline		**2,65**	(32,02)		

HCI Hosken

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2004

	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	Investment surplus R'000	Accumulated profits R'000	Total R'000
GROUP						
Balances at 31 March 2002	91 882	1 036 426	1 130 104	514 496	(721 056)	2 051 852
Share capital and premium						
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
Shares acquired by share trust	(1 945)	(21 395)	-	-	-	(23 340)
Current operations						
Loss for the year	-	-	-	-	(876 508)	(876 508)
Transfer on realisation of investments	-	-	(480 413)	(514 496)	994 909	-
Revaluation						
Current revaluation deficit	-	-	(25 105)	-	-	(25 105)
Balances at 31 March 2003	25 005	474 743	624 586	-	(602 655)	521 679
Share capital and premium						
Shares issued	750	9 750	-	-	-	10 500
Current operations						
Profit for the year	-	-	-	-	132 022	132 022
Currency translation differences	-	-	(224)	-	-	(224)
Transfer of fair value adjustment on realisation	-	-	(15 749)	-	15 749	-
Changes in holdings in subsidiaries	-	-	-	-	207	207
Other revaluation reserve transfers	-	-	(524 542)	-	524 542	-
Balances at 31 March 2004	25 755	484 493	84 071	-	69 865	664 184

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2004

	Notes	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	Accumulated profit R'000	Total profits R'000
COMPANY						
Balances at 31 March 2002		94 392	1 067 360	994 909	44 512	2 201 173
Change in basis of accounting	38	-	-	-	(22 933)	(22 933)
Share capital and premium						
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)
Current operations						
Profit for the year		-	-	-	1 056 344	1 056 344
Transfer on realisation of investments		-	-	(994 909)	994 909	-
Revaluation						
Current revaluation deficit		-	-	-	(2 090 606)	(2 090 606)
Balances at 31 March 2003		27 064	497 645	-	(17 774)	506 935
Share capital and premium						
Shares issued		750	9 750	-	-	10 500
Current operations						
Profit for the year		-	-	-	38 877	38 877
Balances at 31 March 2004		27 814	507 395	-	21 103	556 312

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CASH FLOW STATEMENTS

for the year ended 31 March 2004

	Notes	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		**298 423**	(262 174)	**(23 660)**	14 464
Cash generated (utilised) by operations	31.1	**205 247**	(92 721)	**(25 839)**	(331)
Investment income		**50 062**	64 900	**14 526**	40 267
Changes in working capital	31.2	**75 845**	(68 972)	**(7 632)**	5 418
Cash generated (utilised) by operating activities		**331 154**	(96 793)	**(18 945)**	45 354
Preference dividends and interest payable		**(22 621)**	(37 695)	**(723)**	(27 229)
Taxation paid	31.3	**(9 197)**	(7 634)	**(3 992)**	(3 661)
Preference dividends paid		**(913)**	(120 052)	**-**	-
CASH FLOWS FROM INVESTING ACTIVITIES		**(240 790)**	1 382 025	**154 168**	775 321
Business combinations	31.4	**(214 081)**	-	**-**	-
Business disposal	31.4	**13 215**	-	**-**	-
Investment in :					
· Subsidiary companies		**-**	-	**133 132**	(282 901)
· Associated companies		**(60 527)**	(136)	**(3 513)**	2 829
· Listed companies		**-**	(39 693)	**354**	-
· Other		**-**	(57 396)	**24 195**	(61 146)
Proceeds on disposal of investments		**63 330**	1 500 040	**-**	1 116 539
Property, plant and equipment :					
· Additions		**(49 636)**	(20 790)	**-**	-
· Disposals		**6 909**	-	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(64 291)**	(1 017 651)	**(234 847)**	(731 618)
Ordinary shares issued and treasury shares sold		**10 500**	58 836	**10 500**	27 013
Ordinary shares repurchased		**-**	(664 056)	**-**	(664 056)
Preference shares redeemed		**(22 785)**	(385 000)	**-**	-
Short term loans (repaid) raised		**(42 095)**	22 809	**-**	(11 335)
Investment by minority shareholders		**200 107**	24 915	**-**	-
Long-term funding repaid		**(210 018)**	(75 155)	**(245 347)**	(83 240)
CASH AND CASH EQUIVALENTS					
· Movement		**(6 658)**	102 200	**(104 339)**	58 167
· At beginning of year		**201 492**	99 292	**145 933**	87 766
· On business combinations		**209 248**	-	**-**	-
• AT END OF YEAR	31.5	**404 082**	201 492	**41 594**	145 933

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ACCOUNTING POLICIES

for the year ended 31 March 2004

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 investment property, available-for-sale investments and financial assets and financial liabilities held-for-trading. The accounting policies have been consistently applied in all material respects except as stated in 1 and 2 below.

Accounting statement AC133 (Financial Instruments - Recognition and Measurement) has been applied from 1 April 2003. This has resulted in the classification of investments into three classes: available-for-sale, held-to-maturity and trading. The adoption of AC133 had an immaterial impact on the opening reserves of the group.

1. CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities, results and cash flows of the company and controlled entities (all referred to as subsidiaries in this report). Control is determined when the group has control over the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included from the dates effective control was acquired and up to the dates effective control ceased. Intra group transactions and balances are eliminated on consolidation.

The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities assumed or incurred at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. See below for the accounting policy on goodwill.

Investments in subsidiaries are stated at cost less impairment where, in the opinion of the directors, the value of the investment has decreased.

In prior years investments in subsidiaries were restated at adjusted net asset value based on the value of the underlying investments. The effect of this change is shown in note 38.

The employee share trust has now been consolidated and the corresponding amounts restated accordingly. The effect of this change is shown in note 39.

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical 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 an impairment in its value.

Land and buildings (except for investment property) comprise mainly television studios, factories and offices.

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

Broadcast and studio equipment and frequencies	5 years
Plant and machinery	5 - 12 years
Buildings	10 - 50 years
Video and studio equipment	4 to 5 years
Computer equipment and software	2 to 3 years
Furniture, fittings and office equipment	5 to 6 years
Motor vehicles	5 years
Access platforms	5 years
Gaming machines	3 years
Improvements to leased premises	Lease period or useful life if shorter

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3. ASSOCIATED COMPANIES

Investments in operations, which are neither subsidiaries nor joint ventures, but in which the group has an interest and over which it has the ability to exercise significant influence, are classified as associated companies.

The group's share of the results for the year of the associated companies is included in the consolidated income statement according to equity method. Losses are recognised only to the extent that reduces the carrying value to zero.

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

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the asset transferred.

Where the value of the interest in an associate is, in the opinion of the directors, below the carrying value, the investment is written

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ACCOUNTING POLICIES

for the year ended 31 March 2004

down to the higher of value in use and net realisable value.

In prior years investments in associates in the books of the company were revalued by the amount of the equity accounted earnings. The effect of this change is shown in note 38.

4. FOREIGN SUBSIDIARIES

Foreign entities

The assets and liabilities in the financial statements of foreign subsidiaries, which are classified as foreign entities are translated into South African Rand at the closing rates of exchange. The related income and cash flow statements are translated at the rate on the date of the transactions. Exchange differences arising on translation are taken to a non-distributable reserve.

When a foreign entity is sold, these differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates of exchange.

Integrated foreign operations

Monetary items of assets and liabilities of foreign subsidiaries classified as integrated foreign operations, are translated at closing rates, whereas non-monetary items are translated at historical rates. Income statement and cash flow items are translated at the rate on the date of the transactions. Differences arising on translation are accounted for in the income statement in the period in which they arise.

Foreign transactions

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the closing rates of exchange. Resulting exchange differences are accounted for in the income statement in the period in which they arise.

5. UNLISTED INVESTMENTS

Unlisted investments, not being subsidiaries, associates or joint ventures, are revalued annually to fair value by the directors based on the return for the size and nature of the investment.

6. INTANGIBLE ASSETS

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 amortised on a straight line basis over its effective economic life (generally five to ten years).

The carrying amount of goodwill is assessed annually and is written down to the recoverable amount if it is determined that the value is impaired.

Negative goodwill

Negative goodwill represents the excess of the fair value of the group's share of the identifiable net assets of subsidiaries, associates or businesses at the date of acquisition, over the cost of acquisition.

Negative goodwill which relates to expected future losses that are identified in the group's plan for the acquisition and can be measured reliably is recognised as income in the income statement when the future losses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses, the negative goodwill not exceeding the fair value of acquired identifiable non-monetary assets over the cost of acquisition, is recognised as income over the weighted average useful life of these non-monetary assets.

The amount of negative goodwill in excess of the fair value of the acquired identifiable non-monetary assets is recognised as income immediately.

7. INVESTMENT PROPERTIES

Investment properties are held for capital appreciation and are not occupied by the group. Investment properties are treated as a long-term investment and carried at fair value. The market value is determined by external independent valuers every third year. Changes in fair values are recorded in the income statement in the period in which they arise.

8. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

9. PROGRAMME RIGHTS

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.

10. IMPAIRMENT OF ASSET

At each balance sheet, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment

ACCOUNTING POLICIES

for the year ended 31 March 2004

loss. The recoverable amount of these assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount limited to an amount which does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

11. FINANCE LEASES

Group is the lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets are depreciated over the shorter of the lease period and the useful life of the asset.

Group is the lessor

The present value of the lease payments of assets leased out under a finance lease is recognised as a receivable. The difference between the gross and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

12. FINANCIAL INSTRUMENTS

Classification

The group classified its investments into the following categories: trading, held-to-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates the designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short-term is defined as three months.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within twelve months from the balance sheet date, which are classified as current assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale, and are included in non-current assets unless management has the express intention of holding the investment for less than twelve months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Initial recognition

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Financial instruments are initially measured at cost, which includes transaction costs.

Trading investments (financial services)

A number of financial instruments are held for trading purposes including marketable securities, fixed income securities and other derivative instruments including options, futures, interest rate swaps, caps and forward rate agreements.

Fair value is determined as follows :

- Marketable bonds are generally valued at current market values on a yield-to-maturity basis. Bonds that form part of a long-term holding structure are valued at the net present value of anticipated future cash flows, discounted at a market related yield.
- Derivative instruments are carried at market value, which is calculated by using a market related forward yield curve or quoted market values at year-end.

Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise.

ACCOUNTING POLICIES

for the year ended 31 March 2004

Available-for-sale

Fair value is determined as follows :

- Listed equities are valued at the quoted bid price on the JSE Securities Exchange South Africa.
- Unlisted equity values are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Realised and unrealised gains and losses arising from changes in the fair value of available-for sale investments are included in the income statement in the period in which they arise.

Held-to-maturity

Held-to-maturity investments are carried at amortised cost using the effective yield method.

Trade and other receivables

Trade receivables are initially recorded at invoice amount. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

Financial liabilities

Debt liabilities are recognised at the original debt less principal repayments and amortisations. Trade creditors are shown at fair value.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously.

13. DEFERRED TAX

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes.

Deferred tax is calculated using taxation rates that have been enacted or substantially enacted at balance sheet date. The effect on deferred tax 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 available against which the associated tax deductible temporary differences can be utilised.

14. OPERATING LEASES

Group is the lessee

Leases of assets 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 to the income statement on a straight-line basis over the period of the lease.

Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

15. REVENUE RECOGNITION

Broadcasting

Revenue from the sale of advertising and programme sponsorships is recognised at the time commercials are flighted and over the terms of the sponsorship agreements.

Sales

Revenue comprises the invoiced value for the sale of goods and services net of value added taxation, rebates and discounts, and after eliminating sales within the group. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Operating income

Operating income includes fees earned from providing services and brokerage activities, profits and losses in dealing in marketable securities and other fee income. This income is recognised when the related services are performed.

Net financing income

Interest earned and paid is computed at the effective rates of interest in the contracts and is brought to income or expenses on a yield-to-maturity basis.

Income from investments

Investment income includes unrealised and realised investment surpluses and deficits based on the difference between the market value at the beginning of the year and the market value at the end of the year, or the proceeds on disposal. Dividends are recognised when the right to receive payment is established.

ACCOUNTING POLICIES

for the year ended 31 March 2004

16. 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 of available-for-sale investments and goodwill amortisation and impairment.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash at bank, other balances with banks and other financial institutions and other liquid investments.

18. 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 post-retirement medical aid benefits for former employees.

Employee leave entitlement

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the annual leave liability at the balance sheet date.

19. PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
1. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Broadcast and studio equipment and frequencies	**86 999**	65 648		
Land and buildings	**37 828**	24 553		
Plant and machinery	**19 996**	-		
Video and studio equipment	**107**	25 102		
Computer equipment	**29 987**	21 730		
Furniture and fittings	**9 507**	8 029		
Leasehold improvements	**17 245**	8 249		
Motor vehicles	**3 542**	3 100		
Access platform	**16 988**	-		
Gaming machines	**2 972**	703		
	225 171	157 114		
Accumulated depreciation				
Broadcast and studio equipment and frequencies	**53 881**	46 547		
Land and buildings	**1 536**	2 075		
Plant and machinery	**8 086**	-		
Video and studio equipment	**10**	17 720		
Computer equipment	**24 494**	18 506		
Furniture and fittings	**5 770**	4 108		
Leasehold improvements	**13 494**	6 160		
Motor vehicles	**2 478**	1 927		
Access platform	**4 718**	-		
Gaming machines	**353**	20		
	114 820	97 063		
Book value				
Broadcast and studio equipment and frequencies	**33 118**	19 101		
Land and buildings	**36 292**	22 478		
Plant and machinery	**11 910**	-		
Video and studio equipment	**97**	7 382		
Computer equipment	**5 493**	3 224		
Furniture and fittings	**3 737`**	3 921		
Leasehold improvements	**3 751**	2 089		
Motor vehicles	**1 064**	1 173		
Access platform	**12 270**	-		
Gaming machines	**2 619**	683		
	110 351	60 051		

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
Movements in property, plant and equipment				
Balances 31 March 2003				
Broadcast and studio equipment and frequencies	**19 002**	25 789		
Land and buildings	**22 478**	5 527		
Video and studio equipment	**7 825**	14 784		
Computer equipment	**3 385**	9 741		
Furniture and fittings	**3 505**	2 247		
Leasehold improvements	**2 089**	3 989		
Motor vehicles	**1 173**	1 478		
Gaming machines	**593**	20 929		
	60 050	84 484		
Additions				
Broadcast and studio equipment and frequencies	**27 192**	5 170		
Land and buildings	**6 792**	19 025		
Plant and machinery	**212**	-		
Video and studio equipment	**115**	389		
Computer equipment	**5 656**	978		
Furniture and fittings	**2 357**	490		
Leasehold improvements	**260**	278		
Motor vehicles	**432**	306		
Access platforms	**4 192**	-		
Gaming machines	**2 428**	687		
	49 636	27 323		
Business combinations				
Land and buildings	**8 530**	-		
Plant and machinery	**14 432**	-		
Video and studio equipment	**(6 980)**	-		
Computer equipment	**4 710**	-		
Furniture and fittings	**211**	-		
Leasehold improvements	**6 990**	-		
Motor vehicles	**184**	-		
Access platforms	**11 309**	-		
	39 386	-		

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
Disposals				
Video and studio equipment	**(390)**	-		
Computer equipment	**(4 258)**	(32)		
Furniture and fittings	**(538)**	(479)		
Leasehold improvements	**(1 523)**	-		
Motor vehicles	**(53)**	-		
Access platforms	**(80)**	-		
Gaming machines	**(67)**	-		
	(6 909)	(511)		
Depreciation				
Broadcast and studio equipment and frequencies	**13 076**	11 860		
Land and buildings	**1 508**	25		
Plant and machinery	**2 734**	-		
Video and studio equipment	**473**	6 349		
Computer equipment	**4 000**	3 738		
Furniture and fittings	**1 798**	1 306		
Leasehold improvements	**4 065**	1 767		
Motor vehicles	**672**	605		
Access platforms	**3 151**	-		
Gaming machines	**335**	6		
	31 812	25 656		
Impairment	**-**	(25 589)		
Balances at 31 March 2004				
Broadcast and studio equipment and frequencies	**33 118**	19 002		
Land and buildings	**36 292**	22 478		
Plant and machinery	**11 910**	-		
Video and studio equipment	**97**	7 825		
Computer equipment	**5 493**	3 385		
Furniture and fittings	**3 737**	3 505		
Leasehold improvements	**3 751**	2 089		
Motor vehicles	**1 064**	1 173		
Access platforms	**12 270**	-		
Gaming machines	**2 619**	593		
	110 351	60 050		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
Land and buildings				
Video production house and parking	**-**	5 553		
Head office and Johannesburg studios for e.tv	**24 682**	19 000		
Manufacturing	**11 610**	-		
	36 292	24 553		

A register of land and buildings is available for inspection at the registered office of the company.

Encumbrances

Mortgages are registered over access platforms, certain plant and machinery and all land and buildings as security for the loan term detailed in note 17.

The net book value of assets encumbered is R51,7 million (2003 : 24,6 million).

2. INVESTMENT PROPERTIES

	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
At beginning of year	**8 990**	-		
Fair value adjustments	**2 630**	-		
At end of year	**11 620**	-		

The investment properties consist of bare dominiums, which were valued by an independent valuer. Mortgages are registered on these properties. Details of investment properties are available for inspection at the registered office of the company.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
3. INVESTMENTS				
3.1 ASSOCIATED COMPANIES				
Listed				
Mettle Ltd				
49,6% interest *(now a subsidiary)*				
244 524 299 shares at net asset value at acquisition	**-**	45 756		
Goodwill at acquisition	**-**	94 998		
Cost	**-**	140 754		
Equity accounted earnings	**-**	111 301		
Goodwill amortisation	**-**	(28 500)		
Impairment	**-**	(108 629)		
	-	114 926.		
Unlisted				
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		
Equity accounted earnings				
(To 30 June 2003)	**34 862**	20 163		
Amortisation of goodwill	**(225)**	(225)		
Revaluation	**109 308**	109 308		
Dividends received	**(51 906)**	-		
(To 31 March 2004)				
	92 793	130 000		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
Business Systems Group (Africa) (Pty) Ltd				
40% interest				
800 shares at net asset value at acquisition (company at cost)	**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	**3 286**	2 813	**-**	-
Amortisation of goodwill	**(1 192)**	(894)	**-**	-
	5 094	4 919	**3 000**	3 000
International Payment Systems (Pty) Ltd				
6 000 (2 003 : 3480) shares at cost - 50% (2003 : 30%) interest	**2 084**	-	**2 084**	-
Loan receivable	**1 733**	2 804	**1 733**	2 804
Equity accounted earnings	**6 717**	3 072	**-**	-
	10 534	5 876	**3 817**	2 804
Pretoria International Airport				
Corporation (Pty) Ltd				
1 000 000 shares at cost - 41,7% interest	**1**	1	**1**	1
Loan receivable	**6 729**	4 229	**6 729**	4 229
Impairment	**(6 730)**	(4 230)	**(6 730)**	(4 230)
	-	-	**-**	-
Tsogo Investment Holding Company (Pty) Ltd				
415 shares at cost - 27,7% interest	**106 700**	-	**-**	-
Associates held by Mettle Ltd *	**10 392**	-	**-**	-
Total associated companies	**225 513**	255 721	**6 817**	5 804
Aggregate :				
· Market value of listed associates	**-**	114 926	-	-
· Directors' valuation of unlisted associates	**358 186**	140 795		
	358 186	255 721		

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
3.2 LISTED COMPANIES				
Shares at market value *	**3 200**	56 550	**1 605**	1 108
3.3 OTHER INVESTMENTS				
The IQ Business Group (Pty) Ltd				
244 495 (2003 : 31 376) shares at cost				
- 22% (2003 : 16%) interest	**20 930**	20 074	**7 544**	6 688
Loan receivable	**14 703**	-	**14 703**	-
Impairment	**(20 074)**	(20 074)	**(6 688)**	(6 688)
	15 559	-	**15 559**	-
HCI Employee Share Trust Loan	**-**	-	**23 340**	23 340
Sundry loans and investments *	**34 891**	57 862	**19 584**	57 862
Total other investments	**50 450**	57 862	**58 483**	81 202

* A list of these investments is available for inspection at the company's registered office

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	2004 Africa on Air **R'000**	2003 Africa on Air R'000	2003 Mettle R'000
3.4 SUMMARISED FINANCIAL INFORMATION OF SIGNIFICANT ASSOCIATES			
Non-current assets	**109 102**	140 723	113 990
Property, plant and equipment	**4 820**	5 596	23 601
Trademarks	**103 333**	135 127	-
Long term receivables	**-**	-	17 667
Investments	**-**	-	25 684
Deferred tax	**949**	-	47 038
Current assets	**73 668**	40 191	3 923 945
Accounts receivable	**32 266**	28 356	43 021
Trading assets	**-**	-	3 674 142
Cash and cash equivalents	**41 402**	11 835	206 782
Total assets	**182 770**	180 914	4 037 935
Capital and reserves	**27 865**	51 899	313 925
Non-current liabilities	**115 213**	104 179	80 950
Net financial liabilities	**115 213**	103 436	55 369
Interest-bearing loans	**-**	-	9 165
Deferred tax	**-**	743	16 416
Current liabilities	**39 692**	24 836	3 643 060
Accounts payable	**15 860**	12 554	46 485
Trading liabilities	**-**	-	3 596 372
Taxation	**23 832**	12 282	203
Total equity and liabilities	**182 770**	180 914	4 037 935
Income statement information			
Share of earnings	**14 699**	12 473	23 865

Information extracted from annual financial statements of :

Mettle Ltd - 31 March 2003

Mettle Ltd became a subsidiary during the year ended 31 March 2004 and is accordingly now consolidated.

Africa-on-Air(Pty) Ltd - 30 June 2003 being the last financial year end.

Tsogo Investment Holding Company (Pty) Ltd ("Tsogo")

The group acquired its interest in Tsogo during the year ended 31 March 2004. Annual financial statements of Tsogo at 31 March 2004 have not yet been completed. The group's ability to exercise significant influence was only established close to year end. Accordingly the investment in Tsogo was not equity accounted at 31 March 2004.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
4. SUBSIDIARY COMPANIES				
Shares at cost less impairment			**92 101**	1 333
Amounts owing by subsidiary companies			**335 952**	525 507
			428 053	526 840
Full details of subsidiary companies are provided on pages 48 to 49				
5. GOODWILL				
At beginning of year	**-**	-		
Arising on acquisition of subsidiaries	**12 186**	-		
Amortised during the year	**(2 207)**	-		
	9 979	-		
6. NEGATIVE GOODWILL				
At beginning of year	**-**	-		
Arising on acquisition of subsidiary	**(1 597)**	-		
Released during the year	**105**	-		
	(1 492)	-		
7. INVENTORIES				
Raw materials	**4 396**	-		
Work in progress	**3 534**	-		
Finished goods	**7 726**	-		
Merchandise	**1 545**	2 459		
Provision for obsolete inventory	**(1 627)**	-		
	15 574	2 459		
No inventory is held at net realisable value.				

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
8. PROGRAMME RIGHTS				
Television programmes				
· International	**199 858**	286 218		
· Local	**16 390**	30 545		
	216 248	316 763		
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**119 207**	78 278	**1 661**	790
Other receivables	**95 769**	23 270	**22 420**	14 000
Prepayments	**1 974**	323	**-**	-
	216 950	101 871	**24 081**	14 790
A cession of debtors to the value of R2,232 million (2003 : Nil) is registered.				
10. TRADING ASSETS AND LIABILITIES				
Trading assets				
Trading long positions	**436 711**	-		
Derivative assets	**5 565**	-		
Repo assets	**446 848**	-		
	889 124	-		
Repo assets refer to bond repurchase agreements. The loan agreements are recorded at the same value as the underlying asset and no sale of scrip is recorded.				
Trading liabilities				
Derivative liabilities	**5 565**	-		
Repo liabilities	**440 127**	-		
Other trading liabilities	**443 556**	-		
	889 248	-		

11. PLEDGED DEPOSITS

Bank deposits of R22,056 million have been pledged to support guarantees of R21,946 million issued by the company's banker in favour of certain South African Provincial Gaming Boards for the due and punctual fulfilment of the licence obligations under which certain group subsidiaries operate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

12. ORDINARY SHARE CAPITAL

	Number '000	Number '000	R'000	R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in company	**111 258**	108 258	**27 814**	27 064
Held by subsidiary and employee share trust	**(8 236)**	(8 236)	**(2 059)**	(2 059)
	103 022	100 022	**25 755**	25 005

Details of the issued share capital and share 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 2003	108 258	27 064	497 645
Issued to fund acquisition of HJS Advisory Services (Pty) Ltd	3 000	750	9 750
	111 258	27 814	507 395
Treasury shares held by subsidiary and employee share trust	(8 236)	(2 059)	(22 902)
	103 022	25 755	484 493
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 and employee share trust	(8 236)	(2 059)	(22 902)
	100 022	25 005	474 743

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

Details of options granted over shares are set out in note 32.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
13. NON-DISTRIBUTABLE RESERVES				
Revaluation surplus	**84 295**	84 295		
Foreign currency translation reserve	**(224)**	-		
Fair value adjustment	**-**	15 749		
Other	**-**	524 542		
	84 071	624 586		
Movements are shown in the statement of changes in equity				
14. PREFERENCE SHARE CAPITAL				
Redeemable cumulative variable rate preference shares issued by subsidiaries including premium	**-**	22 785		
15. MINORITY INTEREST				
Share of equity of subsidiaries	**80 144**	7 008		
Loans owing by subsidiaries to minority shareholders	**149 997**	35 583		
	-	-		
	230 141	42 591		
16. NET FINANCIAL LIABILITIES				
Net financial liabilities	**50 923**	-		

The loans are in proportion to shareholdings. They are interest free at present and are only repayable if loan repayments are made to all shareholders in the subsidiaries. No repayment terms have been fixed.

The net financial liabilities are the result of the set off of financial liabilities and directly linked investments. In respect of each transaction entered into, both the investment and the liability are redeemable at the same future value and date. The risks associated with these transactions have been addressed as set out in note 37.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
17. LONG-TERM LOANS				
Unsecured				
Interest free loan subject to resolution of ownership by Venfin Ltd of portion of indirect shareholding in Midi TV (Proprietary) Limited	**-**	238 000	**-**	238 000
Secured				
Loan bearing interest at prime plus 1% repayable in monthly instalments of R50 000 inclusive of interest.	**-**	1 911	**-**	-
Loan bearing interest at prime less 1%. Repayable in monthly instalments of R173 000 inclusive of interest. Secured by land and buildings with a book value of R24 682 000 (2003 : R24 553 000).	**12 044**	10 422	**-**	-
Repayable in monthly instalments of R725 000 over periods of between five and ten years, bearing interest at variable rates of between 0,25% and 1,5% below prime. Secured by land and buildings, access platforms and plant and machinery with a carrying value of R27 million.	**29 984**	333	**-**	-
Capitalised finance leases	**-**	86	**-**	-
Sundry unsecured loans				
Subsidiaries	**-**	-	**1 124**	591
Other	**3 375**	3 390	**-**	-
These loans are interest free and have no fixed repayment terms.				
Current portion	**(6 784)**	(199)	**-**	-
	38 619	253 943	**1 124**	238 591
18. DEFERRED TAX				
Movements in deferred tax				
At beginning of year	**108**	(49)	**-**	-
Balance on acquisition of subsidiary	**(30 621)**	-	**-**	-
Fair value adjustments on the acquisition of subsidiaries	**4 549**	-	**-**	-
Temporary differences charged	**42 821**	157	**-**	-
At end of year	**16 857**	108	**-**	-
Analysis of deferred tax				
Fair value adjustment of investments	**(1 100)**	-	**-**	-
Fair value adjustment of property, plant and equipment on acquisition of subsidiaries	**(4 028)**	-	**-**	-
Unrealised gains	**(8 233)**	-	**-**	-
Foreign differences and other	**(3 496)**	-	**-**	-
	(16 857)	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
19. TRADE AND OTHER PAYABLES				
Trade payables	**183 141**	132 684	**1 903**	244
Other payables	**20 420**	5 786	**-**	-
	203 561	138 470	**1 903**	244
20. PROVISIONS				
Due in terms of guarantees to loan financiers of group companies				
Balance at beginning of year	**22 852**	25 000	**22 852**	25 000
Raised during year	**2 750**	-	**2 750**	-
Adjustment for exchange difference	**(885)**	(2 148)	**(885)**	(2 148)
Utilised	**(21 967)**	-	**(21 967)**	-
	2 750	22 852	**2 750**	22 852
Leave pay				
Balance at beginning of year	**3 050**	-	**-**	-
On acquisition of subsidiary	**1 183**	-	**-**	-
Utilised	**(3 050)**	-	**-**	-
Raised during the year	**4 217**	3 050	**-**	-
	5 400	3 050	**-**	-
Staff bonuses				
On acquisition of subsidiary	**21 779**	-	**-**	-
Utilised	**(11 740)**	-	**-**	-
	10 039	-	**-**	-
Other				
On acquisition of subsidiary	**1 980**	-	**-**	-
Raised during year	**1 379**	-	**-**	-
	3 359	-	**-**	-
Total provisions	**21 548**	25 902	**2 750**	22 852

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
21. COMMITMENTS				
Operating leases				
Future leasing charges for premises				
Payable within one year	**7 149**	8 214		
Payable one to five years	**15 559**	3 292		
	22 708	11 506		
22. TREASURY OPERATIONS (DISCONTINUED)				
Trading losses of treasury operations	**(15 371)**	-		
Mettle sold the majority of its trading book in December 2003. The trading losses recognised are at the market value on the day of sale, as well as subsequent losses on the remaining trading assets and liabilities.				
The discontinuation resulted in the following losses :				
Trading system expensed	**(3 430)**	-		
Loan impairment	**(10 401)**	-		
Total loss on discontinuations (note 25)	**(13 831)**	-		
Operating loss attributable to discontinued operations	**(35 813)**	-		
Refer note 10 for trading assets and liabilities.				
23. TRADING EXPENSES				
Expenses include the following :				
Amortisation of goodwill	**(1 871)**	9 873	**-**	-
Auditors' remuneration				
· Audit fee – current year	**2 644**	704	**299**	267
– prior year	**277**	-	**-**	-
· Other services	**884**	-	**-**	-
Cost of sales	**495 903**	231 139		
Consultancy fees	**7 585**	-	**-**	-
Depreciation	**31 812**	25 656		-
Foreign exchange loss (gain)	**12 172**	3 105	**(885)**	(2 731)
Listing fees	**60**	187	**60**	187
Loss (profit) on disposal of fixed assets	**112**	(21)	**-**	-
Operating lease charges				
· Premises	**23 956**	5 975	**-**	-
· Plant and equipment	**1 724**	396	**-**	
Signal distribution	**73 000**	63 244		
Staff costs	**133 868**	52 375	**-**	-

Average number of employees 830 (2003 : 441).

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004 R'000	2003 R'000	**2004 R'000**	2003 R'000
24. INVESTMENT INCOME				
Dividends				
Listed investments	**2 249**	961	**-**	-
Unlisted investments	**255**	30 000	**-**	-
Associates	**-**	-	**1 711**	
Subsidiaries	**-**	-	**1 249**	961
	2 504	30 961	**2 960**	961
Interest				
Investments	**327**	4 582	**327**	545
Bank	**47 231**	17 767	**10 553**	13 586
Subsidiaries	**-**	-	**686**	25 175
	47 558	22 349	**11 566**	39 306
25. EXCEPTIONAL ITEMS				
On realisation of investments	**25 122**	(698 591)	**33 321**	1 116 539
Loss on discontinued operations	**(13 831)**	-	**-**	-
Recovery of impairment of strategic investment	**4 931**	-	**-**	-
	16 222	(698 591)	**33 321**	1 116 539
26. NEGATIVE GOODWILL RELEASED				
Negative goodwill in excess of the fair value of acquired non-monetary assets	**31 981**	-	**-**	-
27. RECOUPMENT OF IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Recoupment on realisation (impairment) of investments	**76 251**	(40 436)	**-**	(71609)
Fair value adjustment of listed investments	**851**	(9 749)	**851**	(199)
Amortisation of goodwill of subsidiaries	**(2 102)**	-	**-**	-
	75 000	(50 185)	**851**	(71808)
28. PREFERENCE DIVIDENDS AND INTEREST PAYABLE				
Preference dividends	**1 872**	44 928	**-**	-
Interest	**20 749**	37 695	**723**	27 229
	22 621	82 623	**723**	27 229

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
29. TAXATION				
South African taxes				
Current normal tax	**7 833**	4 400	**3 361**	3 242
Deferred normal tax	**41 771**	65	**-**	-
Capital gains tax	**1 338**	-	**-**	-
Secondary tax on companies	**(5 605)**	1 044	**-**	-
Foreign taxes				
Current normal tax	**201**	-	**-**	-
Deferred normal tax	**(1 989)**	-	**-**	-
	43 549	5 509	**3 361**	3 242
Continuing operations	**7 736**	5 509	**3 361**	3 242
Discontinued operations	**35 813**	-	**-**	-
	43 549	5 509	**3 361**	3 242

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Losses for tax purposes available for set off against future taxable income and for which deferred tax assets have not been raised are estimated at	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
· Normal tax	**1 010 000**	1 226 100	**-**	-
· Capital gains tax	**420 000**	-	**-**	-
Tax relief at current rates at				
· Normal tax	**303 000**	-	**-**	-
· Capital gains tax	**63 000**	-	**-**	-

	2004 %	2003 %	**2004 %**	2003 %
Reconciliation of tax rate				
Normal tax rate	**30,0**	30,0	**30,0**	30,0
Deferred tax not raised on losses	**30,8**	(4,9)	**-**	-
Capital losses and non-deductible expenses	**6,2**	(28,5)	**-**	-
Non-taxable income including share of associates income	**(74,4)**	2,6	**(21,8)**	(29,7)
Reversal of deferred tax asset	**34,9**	-	**-**	-
Differential tax rates - capital gains and foreign	**1,8**	-	**-**	-
Secondary tax on companies	**(3,3)**	-	**-**	-
Effective rate	**26,0**	0,8	**8,2**	0,3

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
30. EARNINGS PER SHARE				
Earnings per share is based on the weighted average number of 100 581 194 ordinary shares in issue (2003 : 305 859 583).				
Diluted earnings per share is based on the weighted average number of 112 361 193 ordinary shares in issue (2003 : 306 975 627)				
Reconciliation of headline earnings:				
Profit (loss) attributable to ordinary shareholders	**132 022**	(876 508)		
Exceptional items	**(19 041)**	698 591		
Amortisation of goodwill	**(2 328)**	9 873		
Loss on sale of property, plant and equipment	**112**	19 567		
Negative goodwill released	**(31 981)**	-		
(Recoupment) impairment of goodwill and investments	**(74 188)**	50 185		
Fair value adjustment of investment properties	**(1 617)**	-		
Headline profit (loss)	**2 979**	(98 292)		
31. NOTES TO CASH FLOW STATEMENT				
31.1 CASH GENERATED (UTILISED) BY OPERATIONS				
Profit (loss) before taxation	**168 412**	(869 167)	**42 238**	1 078 976
Depreciation	**31 812**	25 656	**-**	-
Loss on disposal of property, plant and equipment	**-**	19 567	**-**	-
Amortisation and impairment of goodwill and investments	**(1 871)**	60 658	**(851)**	52 418
Equity accounted profits	**(19 074)**	(28 994)	**-**	-
Forex translation	**(224)**	-	**-**	-
Fair value adjustment - investment properties	**(2 630)**	-	**-**	-
Investment income				
- Dividends	**(2 504)**	(42 551)	**(2 960)**	(961)
- Interest	**(47 558)**	(22 349)	**(11 566)**	(39 306)
Preference dividends and interest payable	**22 621**	82 623	**723**	27 229
Trading activities	**77 894**	-	**-**	-
Trading assets	**2 785 018**	-	**-**	-
Trading liabilities	**(2 707 124)**	-	**-**	-
Investment (surplus) loss	**(16 222)**	698 591	**(33 321)**	(1 116 539)
Movement in provisions	**(29 296)**	902	**(20 102)**	(2 148)
Other non-cash items	**23 887**	(17 657)	**-**	-
Cash generated (utilised) by operations	**205 247**	(92 721)	**(25 839)**	(331)

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
31.2 CHANGES IN WORKING CAPITAL				
(Increase) decrease				
Inventory	**(13 079)**	1 610	**-**	-
Programme rights	**100 515**	72 906	**-**	-
Trade and other receivables	**(78 686)**	(12 771)	**(9 291)**	5 528
Prepayments	**(1 804)**	-	**-**	-
Trading securities	**19 861**	(18 087)	**-**	-
Trade and other payables	**37 693**	(112 630)	**1 659**	(110)
Forex contracts	**15 791**	-	**-**	-
Net financial liabilities	**(4 446)**	-	**-**	-
	75 845	(68 972)	**(7 632)**	5 418
31.3 TAXATION PAID				
Unpaid at beginning of year	**(9 703)**	(11 985)	**825**	406
Charged to income statement	**(43 549)**	(5 509)	**(3 361)**	(3 242)
Deferred tax movement	**16 749**	157	**-**	-
Business combinations	**21 444**	-	**-**	-
Unpaid at end of year	**5 862**	9 703	**(1 456)**	(825)
	(9 197)	(7 634)	**(3 992)**	(3 661)

31.4 BUSINESS COMBINATIONS/DISPOSALS	**Acquisition**	Disposal
	R'000	R'000
At acquisition/disposal		
Property, plant and equipment	**(50 718)**	11 332
Investment properties	**(8 990)**	-
Investments		
Deferred tax asset	**(47 037)**	
Goodwill	**(10 589)**	
Investments	**(18 340)**	
Inventories	**(756)**	720
Trade and other receivables	**(41 458)**	6 869
Trading assets	**(3 674 142)**	-
Deferred tax liability	**16 416**	
Net financial liabilities	**55 369**	
Non-current liabilities including current portion	**11 356**	(1 997)
Trade payables	**19 010**	(4 080)
Trading liabilities	**3 596 372**	
Taxation liability	**9 177**	
Provisions	**24 942**	
	(119 388)	12 844
Bank at date of acquisition/disposal	**(209 619)**	371
	(329 007)	13 215
Carrying value of investment in associate at date it became a subsidiary	**114 926**	-
	(214 081)	13 215

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000
31.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	**404 261**	203 921	**41 594**	145 933
Bank overdraft and loans	**(179)**	(2 429)	**-**	-
	404 082	201 492	**41 594**	145 933

32. 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 seven 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 :

	2004	2003
	Number of shares	Number of shares
Balance at the beginning of the year	**12 693 940**	9 607 882
Options granted and exercised	**-**	4 000 000
Options vested and paid for	**(913 940)**	(913 942)
Balance at the end of the year	**11 780 000**	12 693 940

The options outstanding at 31 March 2004 and 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 2004 :

Executive director	Number of options	Weighted average exercise price	Rights vest between the following dates
		R	
J A Copelyn	4 890 000	2,71	10/8/2001 - 9/12/2009
M J A Golding	4 890 000	2,71	10/8/2001 - 9/12/2009

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP		COMPANY	
	2004	2003	**2004**	2003
	R'000	R'000	**R'000**	R'000

33. DIRECTORS' SHAREHOLDINGS AND EMOLUMENTS

Directors' shareholdings

At 31 March 2004 the directors held 16 168 914 (2003 : 12 588 420) shares, constituting 14,5% (2003 : 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 2004	Direct beneficial Number	Direct beneficial Percentage holding %	Indirect beneficial Number	Indirect beneficial Percentage holding %
Executive directors				
J A Copelyn	3 220 736	2,9	8 269 809	7,4
M J A Golding	2 194 136	2,0	2 480 733	2,2
Non-executive directors				
V M Engel	-	-	-	-
M F Magugu	-	-	-	-
V E Mphande	-	-	-	-
A M Ntuli	3 500	-	-	-
Total	5 418 372	4,9	10 750 542	9,6

31 March 2003	Direct beneficial Number	Direct beneficial Percentage holding %	Indirect beneficial Number	Indirect beneficial Percentage holding %
Executive directors				
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
Non-executive directors				
M F Magugu	-	-	-	-
V E Mphande	-	-	-	-
A M Ntuli	3 500	-	-	-
Total	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 (2003 : 549 638) shares (0,5% of the share in issue).

There were no material changes in these shareholdings subsequent to 31 March 2004.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

Directors' emoluments

The emoluments paid to the directors were as follows :

	Year ended 31 March 2004				Year ended 31 March 2003			
	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
Executive directors								
M J A Golding	-	1 611	1 812	3 423	-	1 491	726	2 217
J A Copelyn	-	1 611	1 812	3 423	-	1 491	726	2 217
Non-executive directors								
M F Magugu	100	-	-	100	106	-	-	106
V E Mphande	100	-	-	100	106	-	-	106
A M Ntuli	100	-	-	100	79	-	-	79
A J Shapiro	-	-	-	-	67	-	-	67
VM Engel	25	-	-	25	-	-	-	-
	325	3 222	3 624	7 171	358	2 982	1 452	4 792

34. SEGMENT REPORT

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

2004	Revenue R'000	Results R'000	Assets R'000	Liabilities R'000	Fixed asset additions R'000	Depreciation R'000
Media and broadcasting	520 403	32 279	634 535	338 055	37 004	19 884
Financial services						
- continuing operation	132 911	44 064	237 901	120 758	283	3 626
- discontinued operations	(15 371)	(50 436)	889 123	889 248	-	-
Gaming	16 446	(15 163)	123 269	5 272	6 874	1 449
Information technology	-	3 820	31 186	-	-	-
Industrial	207 448	2 796	86 689	85 666	5 347	6 804
Other	761	114 662	150 673	50 193	128	49
	862 598	132 022	2 153 376	1 489 192	49 636	31 812

Taxation is included in Other as follows : Assets R1,598 million, Liabilities R24, 317 million and Results R43,549 million.

Certain divisions operate in Namibia and the United Kingdom.

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

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

Amounts applicable to associates included above :

	Results	Investment in associates
	R'000	R'000
Media and broadcasting	14 699	92 793
Financial services – continuing	(26)	1 447
Information technology	5 531	15 628
Industrial	2 843	8 945
Gaming	-	106 700
	23 047	225 513

2003	Revenue R'000	Results R'000	Assets R'000	Liabilities R'000	Fixed asset additions R'000	Depreciation 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	-	-	-
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 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.

35. RELATED PARTY TRANSACTIONS

Related parties include :

Directors, senior management, subsidiary and associated companies and controlling shareholders in the company.

35.1 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.

35.2 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.

35.3 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.

36. CONTINGENT LIABILITIES

36.1 The company has issued a guarantee for a maximum of R13 million to facilitate the release of IGI Investment Company Limited from curatorship. This guarantee is supported by the assets of IGI Investment Company Limited and reduces as creditors of that company are paid.

36.2 As part of its provision of funding and investment services, Mettle Ltd group companies enter into various guarantees, pledges, options and cessions as security arrangements with client companies. These should not result in any net exposure to the group.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts of all financial instruments approximate their fair value.

37.1 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.

37.2 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.

Interest rate risk also arises from the trading in and holding of floating rate debt instruments, cash and cash equivalents, as well as floating rate derivative instruments such as interest rate swaps and options.

The risks arising from treasury's exposure to interest rates include yield curve risk, basis risk, mismatch risk and volatility risk.

In order to address the daily interest rate risks, techniques such as gap analysis, duration analysis and other statistical analyses are utilised.

37.3 CREDIT RISK

Credit risk is the risk of loss due to borrower or counter-party default. Assets subject to credit risk include cash and cash equivalents, short-term loans, trade and other receivables and trading instruments.

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 and other receivables comprise a large number of customers, dispersed across different industries and geographical areas. Senior management conducts ongoing credit evaluations on the financial condition of counter parties within set credit limits. Debtors are presented net of the allowance for doubtful debts.

The group does not consider there to be any significant concentration of credit risk which has not adequately insured or provided for.

37.4 MARKET/PRICE RISK MANAGEMENT

Market risk arises from the group's trading activities and holding of fixed income securities, derivatives and equity instruments, and the possible adverse price movements thereof. A range of statistical models are utilised in order to address these risks and maintain an acceptable risk profile.

Risk limits are set taking into account the risk characteristics of the instruments and markets, the average risk exposure, volatility, maximum potential changes over a specified period in the underlying price determinants, level of reserves and the experience and qualifications of the dealers.

37.5 LIQUIDITY RISK

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

37.6 LEGAL RISK MANAGEMENT

Legal risk includes the risk of non-compliance with applicable legal and regulatory requirements and the risk that a counterparty's performance obligation will be unenforceable. Risk management procedures ensure compliance with applicable statutory and regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP 2004 R'000	GROUP 2003 R'000	COMPANY 2004 R'000	COMPANY 2003 R'000
37.7 HEDGES OF FOREIGN EXCHANGE RISKS				
Outstanding hedges as at 31 March 2004 for all currencies, by nature and amount, are as follows :				
(In Rands, translated using exchange rates as of 31 March 2004)				
Instruments that hedge operating transactions :				
- Forward sales contracts	**56 162**	77 584		
Foreign currency cash exposure				
United States dollars				
$5 687 000	**36 343**	-		

38. CHANGE IN BASIS OF ACCOUNTING

Effect on company financial statements

Reversal of revaluation of investments in subsidiaries and associates	
At 31 March 2002	(22 933)
Reversal of revaluation in year ended 31 March 2002	
Recoupment of impairment of goodwill and investments	
· As previously reported	(52 418)
· Reversal of revaluation during year	(19 390)
As restated	(71 808)
Profit for the year	
· As previously reported	1 075 734
· Reversal of revaluation during year	(19 390)
	1 056 344
Restatement of investments	
Associated companies	
· As previously reported	10 795
· Reversal of revaluation during year	(4 991)
As restated	5 804
Subsidiary companies	
· As previously reported	563 581
· Reversal of revaluation during year	(37 332)
As restated	526 249

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

	GROUP 2004	GROUP 2003	COMPANY 2004	COMPANY 2003
39. CORRESPONDING AMOUNTS				
39.1 Changes made to corresponding amounts as a result of consolidating the employee share trust				
Income statement		**Cents**		
Earnings per share				
As previously disclosed				
Loss per share (cents)				
- Basic		(286,4)		
- Headline		(32,1)		
As currently disclosed				
Loss per share (cents)				
- Basic		(286,57)		
- Headline		(32,14)		
Diluted loss per share (cents)				
- Basic		(285,53)		
- Headline		(32,02)		
Balance sheet		**R'000**		
Other investments				
As previously disclosed		81 202		
As currently disclosed		57 862		
Share capital				
As previously disclosed		26 950		
As currently disclosed		25 005		
Share premium				
As previously disclosed		496 138		
As currently disclosed		474 743		
39.2 Changes made to trade payables in the balance sheet as a result of the reclassification of forward exchange contracts				
Trade and other payables				
As previously disclosed		150 938		
As currently disclosed		138 470		
Forward exchange contracts				
As previously disclosed		-		
As currently disclosed		12 468		
39.3 Changes made in the cash flow statement as a result of the reclassification of short term loans payable				
Changes in working capital				
As previously disclosed		(39 143)		
As currently disclosed		(68 972)		
Short term loans (repaid) raised.				
As previously disclosed		-		
As currently disclosed		22 809		
Long-term funding repaid				
As previously disclosed		(82 175)		
As currently disclosed		(75 155)		

INTERESTS IN PRINCIPAL SUBSIDIARY COMPANIES

at 31 March 2004

ANNEXURE A

	Issued share capital R'000	Interest %	2004 Shares R'000	2004 Loans R'000	2003 Shares R'000	2003 Loans R'000
Shares and loans are stated at cost less impairment						
Investment holding companies						
Ahead Investments Limited (BVI)	*	100	**-**	**-**	-	-
Almania Investments (Proprietary) Limited	*	100	**1**	**1 593**	1	1 619
Ancestral Investments (Proprietary) Limited	*	100	**-**	**(17)**	*	(17)
Descarte Investments No 8 (Proprietary) Limited	2	100	**574**	**(574)**	574	(574)
Flaghigh Investments (Proprietary) Limited	*	100	**35 000**	**38 945**	-	-
Francolin Investments (Proprietary) Limited	*	100	**754**	**19 539**	754	19 539
Merilyn Investments (Proprietary) Limited	25 002	100	**9 771**	**154 667**	1	170 234
Sabido Investments (Proprietary) Limited	1 017	67	**1**	**43 453**	*	241 203
Self Nurturing Investments (Proprietary) Limited	1	-	**-**	**-**	1	-
Tangney Investments (Proprietary) Limited	1	100	**32 500**	**-**	-	-
Winslet Investments (Proprietary) Limited	*	100	*****	**(533)**	*	17 469
Zerilda Investments (Proprietary) Limited	*	85	******		**	-
Gaming						
Global Payment Technologies Holdings (Proprietary) Limited	44 888	96	*****	**12 175**	-	1 382
Online Gaming Systems Australia (Proprietary) Limited	*	60	**-**	**-**	-	-
Vukani Gaming Corporation (Proprietary) Limited	*	96	******	**-**	**	-
Financial and management services						
H C I Managerial Services (Proprietary) Limited	*	100	*****	**5 325**	-	8 049
H J S Advisory Services (Proprietary) Limited	150	100	**13 500**	**-**	-	-
Mettle Limited		65	******	**-**	-	-
Mettle Operations Limited		65	******			
Mettle Treasury (Proprietary) Limited		65	******			
Mettle Supreme Limited		65	******			
Mettle Asset Securitisation Limited		65	******			
Mettle Finance (Proprietary) Limited		65	******			
Mettle Financial Trading (Proprietary) Limited		65	******			
Mettle Investments Namibia (Proprietary) Limited (1)		65	******			
Mettle Namibia (Proprietary) Limited (1)		65	******			
Mettle Investments Limited (2)		65	******			
Mettle UK Limited (3)		65	******			
Mettle Isle of Man Limited (4)		65	******			
Johnson Access (Proprietary) Ltd		53	******			
Formex Industries (Proprietary) Limited		53	******			
Tylon Holdings (Proprietary) Limited		36	******			
Mettle Funding and Investments (Proprietary) Limited		65	******			
Mettle Equity Group (Pty) Ltd		65	******			

Hosken

INTERESTS IN PRINCIPAL SUBSIDIARY COMPANIES

at 31 March 2004

ANNEXURE A

	Issued share capital R'000	Interest %	2004 Shares R'000	2004 Loans R'000	2003 Shares R'000	2003 Loans R'000
Media						
Blue Ridge Investments (Proprietary) Limited	*	75	*	-	*	-
Red Pepper Pictures (Proprietary) Limited	*	80	-	-	1	5 757
Other	*		*	-	1	-
TV Station						
Midi TV (Proprietary) Limited	860 488	66	**	**60 255**	**	60 255
Other						
IGI Investment Company Limited						
8 435 448 shares	37 546	55,4	**16 703**	-	16 703	-
Impairment			**(16 703)**	-	(16 703)	-
			92 101	**334 828**	1 333	524 916

* Under R1 000

** Indirectly held

Subsidiaries whose financial position or results are not material are excluded above. Details of excluded subsidiaries are available from the company secretary.

	2004 R'000	2003 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**40 668**	1 810
Aggregate losses after tax	**(51 950)**	(866 944)

Subsidiaries are incorporated in South Africa unless otherwise shown.

(1) Namibia

(2) Mauritius

(3) United Kingdom

(4) Isle of Man

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 2004

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 Thursday 2 December 2004 at 10h00, for the following business:

1. To consider and adopt the Annual Financial Statements of the Company for the year ended 31 March 2004 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 2004 be and is hereby approved.
3 To re-elect the following directors of the Company:

   3.1.1 VM Engel

   3.1.2 AM Ntuli

   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 2 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 5 & 6;
- Directors interests in securities – page 42; and
- Share capital of the company – page 32.

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.

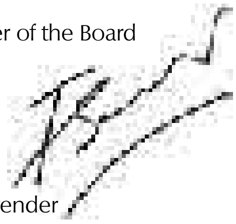
The attached form of proxy is only to be completed by those shareholders who are:

– 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, other than with "own name" registration, 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: 20 September 2004
Place: Durban

CORPORATE ADMINISTRATION

Directors

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

John Anthony Copelyn (Chief Executive Officer)
Block B, Longkloof Studios,
Darters Road, Gardens,
Cape Town 8001

Virginia Mary Engel *
Block B, Longkloof Studios,
Darters Road, Gardens,
Cape Town 8001

Mimi Freddie Magugu *
No 1 Falcon Park,
Meisieshalt,
Gonubie 5207

Velaphi Elias Mphande *
33 Fricker Road
Illovo Boulevard
Illovo 2196

Amon Malencane Ntuli *
Suite 624, Overport Towers
Overport City, Durban, 4001
* Non-executive

Website Address
www.hci.co.za

Company registration number

1973/007111/06

Share Code

HCI ISIN: ZAE000003257

Company secretary and registered office

T G Govender
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Overport City,
Durban

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

P O Box 70874
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

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, 2000

Sponsor
Nedbank Corporate, A Division of Nedbank Limited
1 Newtown Avenue,
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