Contents

2008

Corporate Administration

DIRECTORS

Marcel Jonathan Anthony Golding (Chairman)
Block B, Longkloof Studios
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Cape Town, 8001

John Anthony Copelyn (Chief Executive Officer)
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Virginia Mary Engel
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Gonubie, 5207

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Velaphi Elias Mphande
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Illovo, 2196

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Amon Malencane Ntuli*
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Yunis Shaik #
52 Troon Road
Greenside, 2193

Andre van der Veen
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Cape Town, 8001

* Non-executive
\# Independent non-executive

WEBSITE ADDRESS

www.hci.co.za

COMPANY REGISTRATION NUMBER

1973/007111/06

SHARE CODE

HCI ISIN: ZAE000003257

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42 Wierda Road West,
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Johannesburg, 2196

Private Bag X10046,
Sandton 2146

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First National Bank of Southern Africa Limited

SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton, Sandown, 2196

TRANSFER SECRETARIES

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8th Floor, 11 Diagonal Street
Johannesburg, 2001

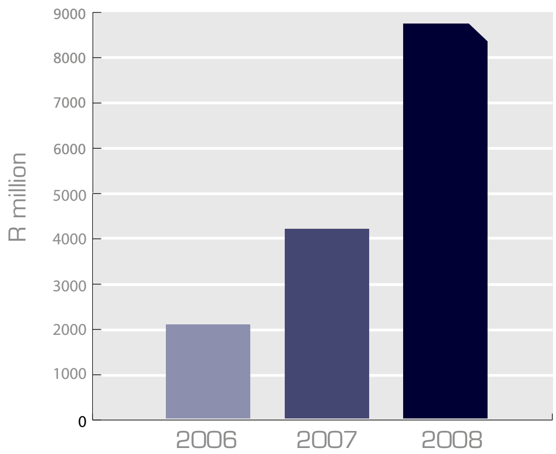
P O Box 1053
Johannesburg, 2000

Group Financial Highlights

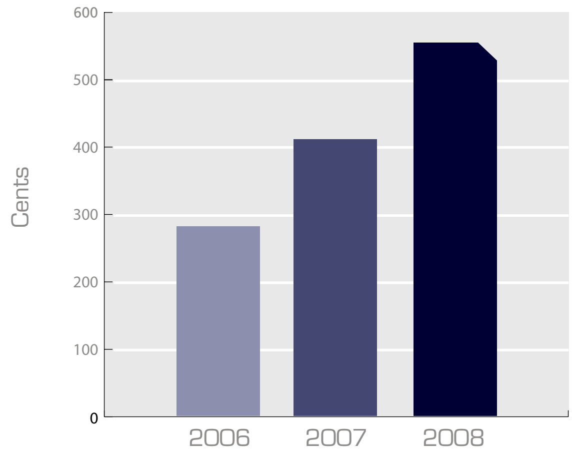
FINANCIAL HIGHLIGHTS FOR THE YEAR

		2008	2007
Adjusted headline earnings	- Rm	**699**	509
- per share	- cents	**563**	411
Dividend per share	- cents	**60**	50
Net asset carrying value per share	- cents	**2 375**	1 710
Share price - high	- cents	**9 000**	6 200
- low	- cents	**6 040**	3 700
- at year end	- cents	**7 700**	6 035

GROUP REVENUE



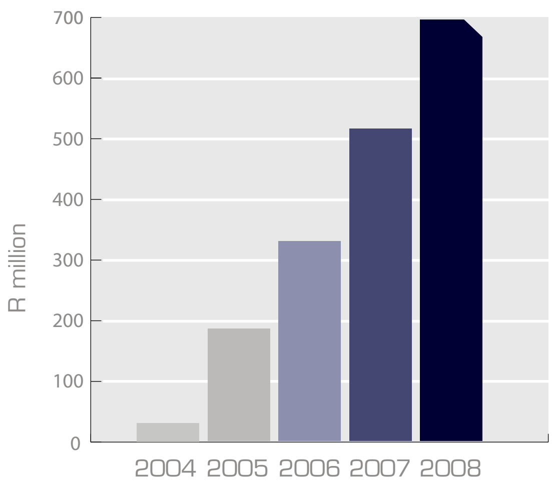
ADJUSTED HEADLINE EARNING PER SHARE



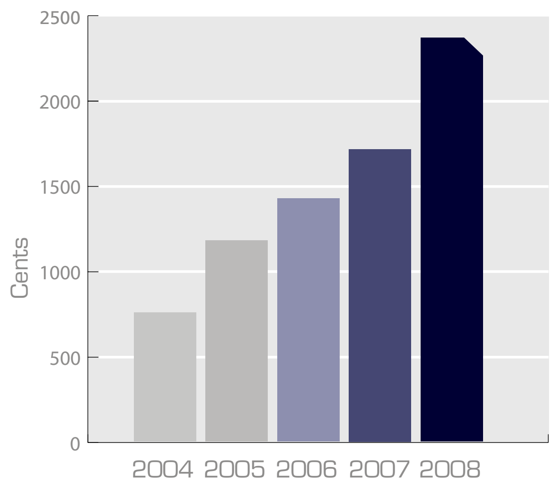
FIVE YEAR REVIEW

	2008	2007	2006	2005	2004
Group Revenue ('Rm)	**8 915**	4 185	2 126	1 413	863
Adjusted Headline earnings ('R 000)	**699 061**	508 955	326 076	194 136	2 979
Net asset carrying value per share – cents	**2 375**	1 710	1 425	1 177	756
Shares in issue – average ('000)	**124 179**	123 691	119 853	105 704	100 581
– at year end ('000)	**123 851**	123 896	122 882	117 997	103 022

ADJUSTED HEADLINE EARNINGS



NET ASSET CARRYING VALUE PER SHARE



Board of Directors

EXECUTIVE DIRECTORS

Marcel Golding
Executive Chairman
B.A. [Hons]

Marcel joined HCI as chairman in 1997. Prior to this he was a member of parliament and deputy general secretary of the National Union of Mine workers. He is also chief executive officer of e.tv; chairman of Johnnic Holdings Limited and holds directorships in numerous companies.

John Copelyn
Chief Executive Officer
B.A. [Hons B.Proc.]

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 e.tv and Tsogo Sun Holdings.

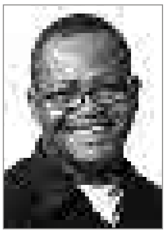
Jabu Mabuza
Executive Director

Jabu is chief executive officer of the Tsogo Sun Group. Prior to this appointment he was managing director of Tsogo Sun Gaming. He is also chairman of the Casino Association of South Africa as well as the South African Tourism Board. He holds various directorships in the larger Tsogo Sun Group. He was appointed to the HCI board in June 2006.

NON-EXECUTIVE DIRECTORS

Virginia Engel
Non-Executive Director

Virginia is executive chairperson of the HCI Foundation. Previous to this she was the co-ordinator of the SACTWU Welfare Trust and private secretary to Nelson Mandela during the last two years of his presidency. She holds a non-executive directorship in Golden Arrow Bus Services (Pty) Limited and was appointed to the Board of HCI as non-executive director in January 2004.



Freddie Magugu
Non-Executive Director

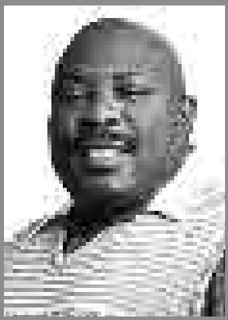
Freddie worked for the Southern African Clothing and Textile Workers Union, reaching the position of national organising secretary. He was appointed to the board of HCI as a non-executive director in April 1998.

Amon Ntuli
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 a director of various trade union investment companies. He was appointed to the board of HCI as a non-executive director in June 2002.

Rakesh Garach
Independent Non-Executive Director
B.Comm, CA (SA)

Rakesh was appointed as chief operating officer for Deutsche Bank S.A in April 2005 as part of a BEE transaction completed with Utajiri Investments, of which he is a founding shareholder. He left in July 2007. Prior to this appointment he was a senior partner and industry leader for the financial services group at Ernst & Young. He was appointed to the HCI Board in March 2008.



Elias Mphande
Executive Director
Elec. Eng. [dip]

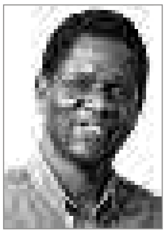
Elias is group chief executive of Vukani Gaming Corporation (Pty) Ltd. He was appointed to the board of HCI as non-executive director in January 1997. With effect from October 2004 he became an executive director of HCI. He is chairman of Golden Arrow Bus Services (Pty) Limited and holds directorships in e.tv, Clover SA, Johnnic Holdings Limited and Tsogo Sun Holdings.

Andre van der Veen
Executive Director
CA[SA], CFA

Andre joined HCI in 2004 after their acquisition of Mettle in 2004. He was appointed chief executive officer of Johnnic Holdings Limited in November 2006. He holds directorships in numerous companies including Tsogo Sun Holdings, Clover Industries Limited and Formex.

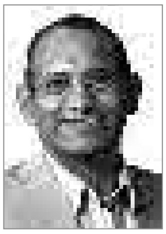
Moretlo Molefi
Independent Non-Executive Director
BSc, MB ChB, Telemed dip, SMP

Moretlo is a businesswoman with interests in the health sector. Prior to this she was the director of the Telemedicine program at the Medical Research Council of SA; consultant for Aspen Pharmacare and COO of Safika Health. She currently serves on the World Health Organisation Global Observatory on e-Health and the European Union Telemedicine Task Force. She was appointed to the board of HCI in December 2006.



Jabu Ngcobo
Independent Non-Executive Director

Jabu was the regional secretary for Africa of the International Textile Garment and Leather Workers Federation. Prior to this appointment he held the position of general secretary of the Southern African Clothing and Textile Workers Union for 6 years. Jabu was appointed to the board of HCI as a non-executive director in October 2004.



Yunis Shaik
Independent Non-Executive Director
B.Proc

Yunis is an attorney of the High Court and presently in private practice. He is a former deputy general secretary of the Southern African Clothing and Textile Workers Union and a director of Workers' College and has served as the senior commissioner to the CCMA in KwaZulu Natal. He was appointed to the board of HCI as a non-executive director in August 2005.

It's taken 10 years, and a 35% increase in sustainable profits last year, for HCI to be finally recognised as one of the leading Black Empowerment companies on the JSE

HCI has had a quiet, but highly successful year to March 2008. Quiet, because the markets were so buoyant that nothing looked attractively priced to purchase. Successful, as our main assets put in great performances, increasing our sustainable profits by some 35% over the previous year's results.

In the last quarter of the year the market fell significantly and this created an opportunity to buy out Johnnic minorities. Subsequent to year end we completed these acquisitions and are currently in the final stages of delisting Johnnic as a wholly-owned subsidiary. The Group will effectively own 74,7% of Tsogo Investment Holdings once this has been finalised.

While HCI did not pursue many transactions at Group level during the year we feel we have positioned it well to deepen its value base within all its significant subsidiaries.

In the media business we have been moving from a single channel, free-TV platform to a far more diverse one. We now have a pay channel, eNews, as well as a managing stake in a Botswana-based free-TV broadcaster. Our hope remains that we will continue to broaden the distribution platforms available to us to optimise the use of content that we own, or have licenced.

In the gaming division we have significantly expanded our Limited Payout Machine base as well as acquiring a stake in a company which is licenced to operate electronic bingo. Likewise, the Group is positioning itself in the soon-to-be-licenced, on-line-gambling sector. While it can reasonably be argued that the casino industry is a fairly mature industry in South Africa we still see not insignificant growth to our gaming sector overall.

The Group spent a fair amount of focused management time on developing three open-cast coal mining properties. Two of these properties were fully prospected during the year and subsequent to year end we were granted mining rights thereto. We are currently developing these mines and hope the coming year will see HCI emerging as a substantial junior coal mining company.

The Group's social programmes, funded through its Foundation, are similar in size to the top 20 companies and reflect the character of HCI

Golden Arrow had a good year and continued its rapid modernisation of its fleet. Despite the endless delays in stabilising the contractual basis of the company's service to the city of Cape Town and its people, we have committed it to reintroducing an inner city bus service with specialised buses ahead of the World Cup soccer and we believe the city will have a service to be proud of well before then.

Clover disappointingly failed to pursue a re-capitalisation when it had the opportunity to do so and as a result it has been unable to take advantage of several lucrative opportunities that would have been available to it. Nevertheless it survived a year in which milk prices were particularly volatile and produced returns that were significantly better than the previous year.

The Group's landfill gas business in the USA had a difficult year and its underperformance resulted in the Group having to inject additional shareholder funding into it to avoid it breaching its debt covenants. Nevertheless the business has increased in value as natural gas prices followed oil prices somewhat higher than when we acquired Montauk.

HCI was recognised as one of the leading Black Empowerment companies by the Financial Mail Black Empowerment Survey, coming 3rd overall and winning the award in regard to ownership.

Subsequent to year end a significant opportunity has arisen to take control of the Seardel Group, which is the primary employer in the clothing and textile industries in South Africa. The opportunity is essentially a turn-around one and concentrated management time will be required over the coming year to return this company to profitability.

Finally, it must be said the Group's social programs, funded through its Foundation, grew significantly. The social spend of the Foundation was some R34 million for the year, similar in size to top 20 corporations in the country despite the relatively small market capitalisation of HCI. It is hoped these activities will continue to be a central part of the character of HCI and its contribution to building South Africa going forward.

GAMING HOTEL AND LEISURE

TSOGO SUN GROUP

Tsogo Sun

Tsogo Sun is the premier Hotel and Gaming company in South Africa, and the Group's investment in Tsogo Sun is held via Tsogo Investment Holding Company (Pty) Ltd ("TIH") and Johnnic Holdings Ltd ("Johnnic"). TIH owns 51% of and controls Tsogo Sun giving the Group an effective 38% interest therein. In addition the Group has a share of the minority interest in the Suncoast Casino (via Johnnic) giving HCI an effective 46% stake in Suncoast.

Tsogo Sun owns and operates the following key businesses, with the effective Tsogo Sun and HCI (in parenthesis) interest reflected:

Tsogo Sun Gaming (Pty) Ltd – 100% (38%)

- Montecasino (Gauteng) 100% (34%)
- Suncoast Casino and Entertainment World (KwaZulu-Natal) 43.5% (39%)
- Emnotweni Casino (Mpumalanga) 100% (38%)
- The Ridge Casino (Mpumalanga) 100% (38%)
- Hemingways Casino (Eastern Cape) 80% (30%)
- Tsogo Sun Casino Management Company (Pty) Ltd 100% (38%)

Southern Sun Hotel Interests (Pty) Ltd – 100% (38%)

- Southern Sun Hotel Interests (Pty) Ltd 100% (38%)
- Cullinan Hotels (Pty) Ltd 50% (19%)
- Formule 1 (Pty) Ltd 50% (19%)

GAMING HOTEL AND LEISURE

The Group's review application against the Mpumalanga Gaming Board's refusal to approve HCI's acquisition of an effective 19% of TIH from Fabcos which gives HCI control over Tsogo Sun is currently set down for hearing in April 2009. All other applicable Gaming Boards have approved the acquisition of this stake in TIH.

The improvements in Tsogo Sun's performance are not obvious from reading the comparables to the 2007 report as the results of Tsogo Sun were only consolidated with effect from December 2006.

The Tsogo Sun Group experienced another strong year of organic growth. Tsogo Sun Gaming increased revenues by 15% to R3 833 million and EBITDAR (pre rentals and exceptional items) grew to R1 711 million for the year (up 21%) when compared to the prior year. All the Group's casinos reported strong growth for the nine months to December 2007, with growth slowing, but still positive for the quarter ended March 2008. This is particularly pleasing in the case of Montecasino, the Group's premier operation, which reflected growth of 16% for the 9 months to December and 3% for the quarter ended March 2008, despite the opening, in December, of the new Silverstar casino in Krugersdorp. Whilst Montecasino and Silverstar do not compete directly as a result of the geographic distance between the casinos, the absence of a casino in the Westrand to date, resulted in Montecasino enjoying an elevated market share relative to its natural catchment area.

The East End development at Montecasino, comprising of the new SunSquare Hotel, the 1900 seat Teatro and multiple food and beverage operations has performed exceptionally well in its first year of operation, with substantial footfall growth experienced at Montecasino. The Teatro hosted the highly acclaimed Disney production, The Lion King, sold over 550,000 tickets making it the most successful show in South African theatre history. An exciting programme of premier theatre events is scheduled for the coming year, which will allow the Teatro to continue adding significant value to Montecasino.

At the Group's Hemingways casino in East London the new regional shopping centre "Hemingways Mall" is under development and scheduled for completion in November 2009, while in Witbank the Highveld Mall attached to the Group's The Ridge casino and entertainment complex has been completed and provided substantial additional footfall to the Group's operations. These shopping malls are developed and owned by third parties with negligible capital investment by Tsogo Sun.

Tsogo Sun Gaming achieved growth in the EBITDA margin to 44.6% for the year.

Southern Sun Hotels had an outstanding year with revenues increasing by 19% to R1 696 million and EBITDAR (pre rentals and exceptional items) growing to R726 million for the year (up 61%) when compared to the prior year. System wide (owned properties and properties managed on behalf of 3rd parties) occupancy at 73% was in line with the prior year, whilst the Group's Average Room Rates showed a 24% increase on the prior period. Dedicated cost control ensured that significant

GAMING HOTEL AND LEISURE

operational leverage was obtained from the strong growth in revenues, with Hotels EBITDA margin now at 42.8%.

During the year the Group continued the substantial refurbishments of its hotels, which began when Southern Sun moved away from franchised branding and embarked on the strategy of operating under its own brands. In line with the strategy to expand its budget StayEasy brand, new hotels are under development in Witbank and Rustenburg. In addition, existing StayEasy properties at Century City and at Nelspruit are being expanded.

The new concept, a 180 room SunSquare hotel at the East End development at Montecasino, achieved occupancy of 73% in its first year with strong rate performance, exceeding initial expectations.

Continuing its offshore expansion programme, Southern Sun signed several new management contracts in Dubai and Abu-Dhabi, in the UAE, whilst in Nigeria the 200 room Southern Sun Ikoyi Lagos is scheduled to open in October 2008. Southern Sun now operates in Mozambique, Tanzania, Kenya, Zambia, the Seychelles and the United Arab Emirates, in addition to South Africa.

Vukani Gaming Corporation ("Vukani")

Vukani is both the largest limited payout route operator in South Africa and the only such licensed in all operating provinces. As a route operator, Vukani is legislated to issue maximum jackpots of R500 per spin, placing the Group in the Limited Payout Machine (LPM) gaming segment.

During the year under review Vukani submitted a bid proposal for a license in the Gauteng province, which, if successful, will see Vukani gain a license for 1 000 machines. It is anticipated that the licenses will be awarded to the successful applicants by December 2008. Vukani still awaits the outcome of the potential Free State license that is currently under review. Following the appointment of a new CEO to the North West Gaming Board, Vukani expects the license process to commence in earnest before end-December 2008.

Operations have been impeded by continued difficulties in obtaining licences for site applications. In addition, the business is hampered by site closures when site owners do not adhere to the re-licensing requirements. These factors notwithstanding, Vukani has met expectations by surpassing the number of machines rolled out in the 2007 financial year. During the financial year under review Vukani rolled out a further 510 machines – an increase of 28% on the 396 machines rolled out in 2007 and a growth of 33% on the machine base. Vukani anticipates that the speed of roll-out will increase further during the 2008 financial year.

Although behind budget, the expansion in the number of LPM machines enabled Vukani to increase cash flow and profit for the period under review. Net gaming profit was up 42% on the previous year. The EBITDA has increased from R17.6 million for the prior year to R31 million for the year under review.

Now that the head office and technical centre structure is fully operational, including focused customer development programmes and continuous staff development, we expect to realise maximum benefits towards the latter part of 2008 and to increase the average gross gaming revenue per machine.

Johnnic Holdings ("Johnnic")

During the year HCI increased its holding in Johnnic from 51% to 67%. Subsequent to year end, HCI has acquired a further 31% of Johnnic and is currently finalising the delisting of that company with a view of holding it as a 100% owned subsidiary.

The year ended 31 March 2008 has been one of consolidation for Johnnic with no significant acquisitions or corporate action. Johnnic managed to grow its attributable headline earnings by R29 million (26%) from R114 million in 2007 to R143 million in the current year. This growth can be attributed to a R21 million (35%) increase in its attributable share of headline earnings from Tsogo Sun Kwazulu-Natal (Pty) Ltd ("Suncoast"), a R46 million (75%) increase in the attributable share of headline earnings from Tsogo Sun Holdings (Pty) Ltd and a R15 million (85%) increase in headline earnings from Gallagher. This growth was offset by a R29 million increase in Johnnic's share of Montauk's headline losses and a R23 million swing in Johnnic centrally from a R7 million profit last year to a R16 million loss in the current year. This swing is largely as a result of Johnnic utilising its cash resources to acquire Montauk in December 2006 and the resultant reduction in interest income.

MEDIA AND BROADCASTING

e.tv

Although there was limited growth in the South African economy, e.tv's performance again exceeded expectations during the year under review.

e.tv remains the most-watched English-medium television channel in South Africa and the second largest channel overall. Over the period under review it averaged a 24-hour audience share of 21.6% and a prime time audience share of 21.1%. e.tv's 'yesterday' viewership has continued its steady growth and has now increased to 12 million ("AMPS") ("All Media Products Survey") February to November 2007).

Local programming was a key factor in e.tv's audience ratings during the period under review. Rhythm City, e.tv's daily youth drama which was launched in July 2007, achieved unprecedented ratings for a new daily show and is now the most-watched English drama in this highly competitive slot. Viewership for e.news prime time also grew significantly during the period and e.news remains the highest-rated English-medium news in the country. Consistent favourites such as WWE Wrestling, 8pm movies and Scandal also contributed to high ratings in prime time.

On the regulatory front, at the end of its ninth year on air, e.tv once again reported full compliance with its licence conditions. In implementing the new Electronic Communications Act, ICASA has granted e.tv a fifteen year licence in place of the eight year licence prescribed under the old IBA Act.

In 2007, e.tv's sister company, e.sat, was granted a satellite television licence from ICASA. Throughout the licensing process e.sat had stressed to ICASA that the South African market could not sustain more than two pay-TV platforms. In the circumstances, when five licences were ultimately issued, e.sat adapted its strategy and opted to become a channel supplier instead of a platform provider. To this end, e.sat signed a channel supply agreement with Multichoice Africa in December 2007. In terms of the agreement, e.sat will launch several channels on the DStv platform over the next few years, starting with the e.news channel, South Africa's first 24-hour television news service. e.tv has been active in policy formulation in respect of the new digital terrestrial television strategy which government plans to launch at the end of this year. e.tv also secured a 49% interest in the Gaborone Broadcast Company and has been instrumental in implementing a new strategic focus for the Botswana channel. e.tv is also continually seeking new opportunities on the continent of Africa and has developed its own in-house content production business for export to the continent and to the rest of the world. All of these developments are consistent with the vision of the Group to become a multi-channel, multi-platform and multi-territory business.

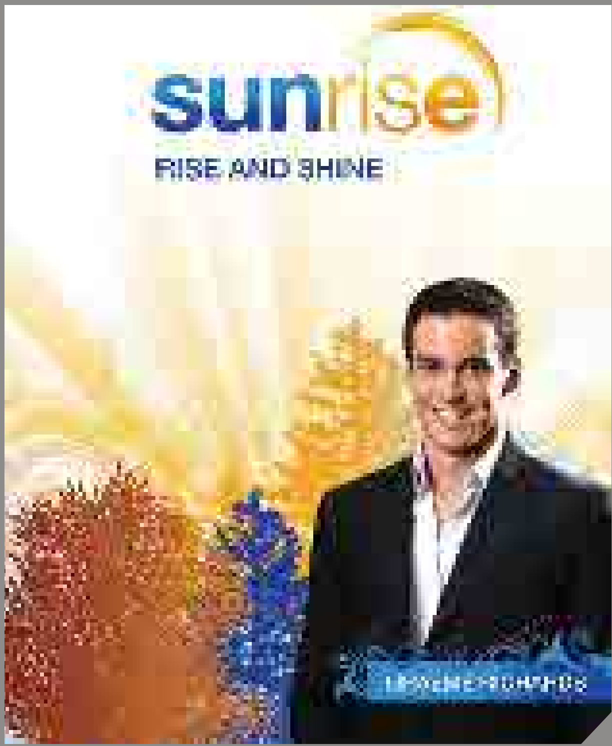
Economic inflation over the next year may impact on robust consumer spending habits with a concomitant effect on advertising spend. However, management has positioned e.tv to take advantage of the opportunities and challenges in the changing media landscape. e.tv is confident that the business will continue to deliver to both its traditional viewer base while attracting new viewers, to maintain its share of advertising revenue and to deliver value to its shareholders.

Yfm

Yfm enters its 11th year as the country's only radio station providing dedicated infotainment to a core youth target market of 16-24 years. The station's past 7 day audience is stable at 1,2 million listeners.

The past five years have seen marked swings in Yfm's audience composition driven primarily by the significant growth in wealth levels among black audiences. This led to the station last year taking the strategic decision to market and focus programming on the growing affluent end of the audience at the expense of the less urbanised market. This has paid off in dramatic increases in audience in that sector of the market, particularly in LSM 7. Almost half the audience (49 percent) is LSM 7 and above.

Management does not expect significant revenue growth for the current financial year as a result of difficult trading conditions for the radio sector in Gauteng. Audience numbers are expected to rise significantly as a result of changes in the station's line-up and improvements to programming strategy. The station has also made significant investment into its internet presence which is expected to create new revenue streams.


sunrise
RISE AND SHINE


PRIME TIME. ALL THE TIME.
e
NEWS
CHANNEL


e

TRANSPORT

Golden Arrow Bus Services ("GABS")

Amid rising energy costs and ongoing residential developments, public transport in the Cape metropolitan area has experienced escalating demand during the review period. For Golden Arrow Bus Services, which has operated scheduled bus services in the city for the past 147 years, the increased demand has underpinned a 3,2% rise in passenger numbers. Revenues were up by 7,1% with expenses showing a rise of 8,1% which is largely attributed to the acute volatility of the fuel price. Whilst measures were implemented to control other expenses, the unprecedented surge in fuel costs resulted in profits before tax being under severe pressure.

The burgeoning energy cost has proven to be a doubled edged sword, with private vehicle owners being forced to utilise public transport on the one hand and fuel being largely responsible for the significant increase in variable operational costs on the other hand. The cost of diesel spiralled by a substantial 38,2% as compared to the previous year and was only partially offset by a 6,8 % fares adjustment in December 2007. A further 8,5% adjustment is planned for July 2008 to manage the debilitating effects of the continuing fuel price hikes.

As part of the company's ongoing strategy to optimise the increased demand for road based public transport, the recapitalisation of the bus fleet remains a priority. To this end, 110 new MAN Lion Explorer buses were acquired at a cost of R129 million during the review period, with a further 70 due for delivery during the current year whilst 22 buses were rebodied at a cost of R6,5 million. Since HCI acquired Golden Arrow in April 2004, some 279 new buses have been purchased and 113 refurbished at a total cost of R326 million.

The implementation of the recapitalisation programme has necessitated the extension of depot facilities to adequately attend to the service, maintenance and operational requirements of the bus fleet. To this end a separate new depot which will accommodate 200 buses and situated in Philippi is planned at a cost of R 45 million.

The availability of adequately qualified drivers remains an industry wide problem. Interventions such as the fast tracking of candidates with existing Professional Driving Permits and the introduction of professional driving learnerships for unemployed people with no licence or without a heavy rigid vehicle licence has also been implemented to address the problem.

Continuous improvement remains the focus of all internal and external interventions in both the engineering and operational divisions. Stringent benchmarks based on industry best practice have been established which has provided a basis for an average operating efficiency level of 97,5% being achieved during the reporting period.

A positive development in public transport governance has been the re-launch of the dedicated Bus and Minibus Taxi (BMT) lane in July 2007 on a portion of the inbound section of the N2. The bus lane has brought about a decrease in the average running-time of about 30 minutes on routes feeding into this corridor which has made additional trips possible with the same number of buses during the morning peak. Experience gained from the BMT lane will be useful as plans are devised for the implementation of a fully fledged Bus Rapid Transport (BRT) network in the city in the future.

A further interesting operational phenomenon has been the increase in off peak trips. Over the past four years these have increased by 26% and include extra trips between the traditional peaks, as well as late night services for commuters employed in the growing hospitality industry. Regular monitoring suggests that these services are well supported and demand is continuously increasing.

Whilst the prevalence of the interim operating contract remains a hindrance to long term planning and investment, it is possibly the most suited legal framework to accommodate the myriad of modal contracts that would be required to manage transport operations during the 2010 World Cup. The juxtaposition of the negotiated versus the tendered contract poses a challenge that remains unresolved and would require a lengthy period of deliberation before a final solution serving the best interests of public transport is achieved.

Planning and preparation for the 2010 deliberations in Cape Town have reached a critical stage. Golden Arrow is engaged with Planning Authorities on an ongoing basis and will be well positioned to offer services according to planned transport schedules for the event. Golden Arrow is of the view that it would be in the interest of the City and for the successful staging of the 2010 World Cup for all spare capacity available during the time of the 2010 World Cup be made available to the City. Golden Arrow would be prepared to operate a dedicated Inner-City service as this will create a core public transport facility which would go a long way in creating the essential Public Transport image that is required.

The much anticipated National Transport Bill which is due to be promulgated during the course of the year will hopefully streamline and consolidate the public transport legal framework and pave the way for much more focused management of the sector. Golden Arrow remains confident that as the drive for lower cost transit solutions continues to dominate public transport policy discourses, growth prospects in the commuter bus industry holds exciting possibilities.

Clover

During the year under review, the Group increased its interest in Clover's ordinary shares to 34.9% excluding stablisation trust shares this represents some 40% of ordinary shares. HCI currently holds 44% of Clover's preference shares.

Clover has contributed R64,3 million (2007: R28,8 million) to HCI's headline earnings. Admittedly, the comparative was a low base, but the increase is encouraging. The pre-tax segmental figure also includes the groups' share of the profit from the disposal of the Ultramel business to Danone-Clover.

Globalisation and the growth in worldwide dairy demand continue to place pressure on dairy prices. The year under review saw producer prices increasing by nearly 100%. These demand pressures coupled with the significant increases in raw material, production, transport and logistics costs are requiring ongoing changes within Clover to maintain its volume based business model.

Clover has significantly increased its short term and long term debt levels during the period under review in order to fund mainly working capital increases. Working capital requirements are expected to increase due the higher cost of inventory and debtors flowing from significantly higher raw material and selling prices.

As indicated previously, Clover's business model is dependent on volume in order to amortise its significant fixed cost base. As disposable income comes under pressure from increases in basic foodstuffs, oil prices and higher interest rates, Clover will be required to become more efficient in order to maintain volume through affordable retail prices. Currently Clover, by its own admission, is constrained in the implementation of the needed changes to its business model by a lack of capital. Disappointingly, there has been no progress in restructuring the company's capital structure which remains tied to milk quotas of its suppliers.

Charges brought against the company relating to alleged offences under competition law in December 2006 remain outstanding. The allegations all relate to matters which preceded HCI's acquiring its interest in Clover and the company has provided a public refutation of these charges on its website www.clover.co.za

INDUSTRIAL

Formex

Formex manufactures and supplies catalytic converter assemblies, doorlocks, pulleys and pressed parts for the automotive industry. The Group's focus is currently to grow the market share of its existing businesses and to leverage its client base by providing a wider range of related products.

During the year under review Formex grew its turnover from R314 million to R674 million, an increase of 115%. The increased turnover is the result of the high value but lower margin turnover in the new door module assembly plant in East London and the increased turnover in the catalytic converter division. In addition the acquisition of the Auto Tube Manufacturing Bending ("ATM") business added R176 million to Group turnover. The rapid turnover growth has required more attention to working capital and cash flow management.

Capital expenditure, excluding the acquisition cost of ATM, amounted to R64.6 million of which R32.6 million was spent in the pulley division, R10 million in East London, R10.6 million in the catalytic division and R9.7 million in a new large diameter tube plant.

The pressings division (catalytic and pressed parts) increased turnover but failed to contain manufacturing costs which reduced profitability. It is hoped that margins will be restored in the current year. The division remains internationally competitive and has increased its direct business with overseas and local customers. Despite the significant investment in the toolroom it remains under pressure from skill shortages.

The new door module assembly facility for Mercedes Benz is operating at maximum installed capacity. The facility was recognised as one of the top three suppliers to Mercedes Benz for 2007, based on supply, quality and cost competitiveness.

The efforts to market pulleys in the US and Europe were successful. The new orders and concomitant development time is placing pressure on production capacity and new business is being delayed until current orders are brought into production. Production capacity was doubled during the year, and is expected to increase divisional profitability as the business moves past its breakeven point. The forward order book is healthy and is mainly export based.

The ATM business was integrated in the group and enables Formex to provide a wider range of products to its catalytic converted client base. The business met its profit forecasts following acquisition.

The management team at Formex was further strengthened to enable the business to manage its rapid growth but key engineering skills remain in short supply.

The automotive industry continues to place pressure on suppliers to improve efficiency and reduce prices to the original equipment manufacturers. To combat these pressures and to improve international competitiveness the automation of manufacturing processes is a focus area for the year ahead. Part of the capital expenditure budget has already been allocated to this initiative. The automation of processes may also result in consolidation of certain manufacturing facilities.

Johnson Access ("JA")

The buoyant conditions in the construction industry has again increased the demand for powered access platforms but uncertainty in the rest of the market and ongoing electricity problems have impacted on the commercial and non-construction activities. This has thus lead to some imbalances in the utilisation of some types of machines but overall usage remains positive. Access platforms are increasingly seen as a replacement option for scaffolding, ladders and suspended access, providing a safer and more efficient alternative.

JA now has a fleet of access platforms in excess of 350 units. The worldwide shortage of access platforms hampered the growth of the fleet with long lead times being common in the past but this situation is improving all the time.

Market conditions over the last few years have seen increased competition, especially by operators who acquire second hand fleet in the overseas market. These operators have put rate pressure on the market but due to the age of the second hand fleet they have also seen higher levels of breakdowns, thereby increasing customer dissatisfaction levels. JA continues to monitor its rates table but its newer fleet and better infrastructure is enabling it to achieve better rates. EBITDA increased by 30% during the year.

In its subsidiary company, Hi-Reach Manlift ("HRM"), sales to end-users have continued to grow with the company also increasingly entering into other African markets. HRM is the official distributor of access platforms, telescopic handlers and light towers from Genie Industries in the USA. In fact, HRM was recognised as the top distributor for Genie Industries in the Latin America/Africa region during this last year.

SERVICES AND TECHNOLOGY

Syntell

Syntell is the leading supplier of Traffic Management and Road Safety Services and Systems to municipalities throughout Southern Africa. The company has continued on it's growth path with profits after tax increasing by 67% in comparison with that of the previous year. It concluded the acquisition of Mikros Traffic Monitoring (Pty) Limited - the country's leading provider of traffic monitoring services - during the year.

The company has also established www.payfine.co.za as South Africa's leading online fine viewing and payment system and has accumulated over 400,000 registered users in under a year.

The company is well positioned in all of its business areas and is in the process of concluding new contracts that should ensure that it remains on its growth path.

Business Systems Group (Africa) ("BSG")

BSG had a successful financial year. It was placed 4th nationally in the Deloitte's "Best Company to Work for Survey" and 3rd in the small business category. Contributing to this success was BSG's development of a world-class-talent management system and its strong focus on internal operational processes.

The most significant contributor to the BSG financial success was the exceptional growth in the software development business unit. Software Solutions Delivery revenue increased 245% year-on-year. Overall, BSG experienced 31% year-on-year overall revenue growth and a 15% increase in net profit before tax.

BSG has begun to deliver on its strategic theme "Destination: The World" by, in addition to its presence in the UK, exporting its core approach to solutions delivery to the Middle East, where it has embarked on a project at a large financial institution in Bahrain. This year-long project involves BSG implementing processes and systems in a full banking re-platform initiative, and thereafter assisting the institution with its expansion across Africa and the Middle East.

PROPERTY AND EXHIBITIONS

Gallagher Estate Properties and Exhibitions

The performance of Gallagher Exhibitions has been extremely pleasing and it has shown good growth in an increasingly competitive environment. Gallagher's attributable headline profit was R33 million in the current year up R15 million (85%) from the R18 million recorded in the prior period.

As reported previously, in terms of an order issued by the Competition Tribunal, Johnnic was required to divest of the Gallagher exhibition and conferencing business as a going concern or alternatively divest of the Group's entire shareholding in Gallagher Estate Holdings Limited. The disposal was subject to the prior approval of the Competition Commission. Johnnic disposed of the business and entered into a lease agreement with a purchaser, subject to the approval of the Competition Commission. The Competition Commission regrettably decided that the disposal of the Gallagher exhibition and conferencing business would effectively only be achieved by Johnnic selling the entire property of Gallagher Estate, which included unrelated properties, and refused to approve the transaction. The decision of the Competition Commission was appealed by Johnnic to the Competition Appeal Court, which has overturned the decision of the Competition Commission, however the Competition Appeal Court has not issued its reasons for its decision and the parties are awaiting the written reasons of the court prior to proceeding with the divestiture.

ENERGY

HCI Khusela Coal ("HKC")

HCI subsidiary HCI Khusela Coal ("HKC"), has been granted mining authorisation by the Department of Minerals and Energy for two of its mining operations. HKC is 80% owned by HCI and 20% owned by Khusela Women Investments (Pty) Ltd.

The two new mines that were granted mining authorisation, are named Palesa (formerly Loopspruit) and Mbali (formerly named Klippoortjie). HKC will invest approximately R300 million in the development of the two new mines, including the construction of two coal processing plants. Both mines are open cut strip mines with strip ratios well within industry norms.

Palesa will supply coal product into the domestic market and a coal supply agreement has been concluded with Eskom. The Mbali mine is located outside Ogies, and is a multi-product mine. For the export product HKC has secured coal supply agreements with international customers. The Mbali middlings product has been sold to Eskom under contract.

Total production from both mines, on an annualised basis at full production, will be about 4 million tons run of mine. It is expected that the capacity will be fully operational by the calendar year end however full production at the Palesa mine will only be possible in 2009 due to the size of the mining operation.

The company's third project, Nokuhle is underway. The bankable feasibility is being prepared and it is anticipated that a mining right will be applied for in the near future. It is expected that this mine will also be a multi-product mine. HKC's total in-situ tonnage for the three projects, detailed in the Competent Person's Resource Statement, and in compliance with the SAMREC guidelines are :

Reserve	**In-situ Tonnes**
Mbali Coal Project	
Mineable reserve	8 759 067
Inferred Resouces	1 541 426
Total	**10 300 493**
Palesa Coal Project	
Mineable reserve	81 140 279
Inferred Resouces	0
Total	**81 140 279**
Nokuhle Project	
Mineable reserve	0
Indicated Resouces	52 296 335
Total	**52 296 335**

The in-situ tons stated in the mineral resources table are inclusive of the in-situ tons in the mineral reserve table.

Montauk

Montauk extracts natural gas from landfills and converts this into energy in the form of medium or high BTU gas or electricity. Montauk is the market leader in the conversion of landfill gas into high BTU gas.

The performance of Montauk for the period under review was below expectations and the business delivered a net loss of R80.5 million (USD 10.5 million). This loss is after taking into consideration a R36.5 million deferred tax asset which was raised. The reasons for the disappointing performance are related to both gas prices and volumes being below expectations. We have started to see an uptick in gas prices as the average price per MMBTU (Million Million British Thermal Unit) earned by Montauk on its high BTU gas sales for the 12 months ended 31 March 2008 was USD 7.20 per mmbtu whilst the average for the months of March and April 2008 were USD 8.85 and USD 9.48 per mmbtu respectively. If these price levels are sustained, it will have a significant impact on the performance of Montauk. Work is being done to improve the volumes and he hope to see improvements in this regard.

A capital overspend at one of Montauk's facilities resulted in it breaching one its facility covenants related to expansion capex. In addition, the lower than expected volumes and gas prices experienced in the first half of the year would have resulted in Montauk breaching its interest and debt leverage covenants in the latter half of the year. In order to remedy the breach and obtain a waiver of the impending future breaches at the time, Johnnic advanced USD 20 million to Montauk in February 2008 which was utilised to repay some a portion of its external debt.

Despite the setbacks, HCI still believes that the investment in Montauk will be value enhancing to its shareholders.

Business Segments

as at 26 August 2008

GAMING, HOTELS AND LEISURE

MEDIA AND BROADCASTING

TRANSPORT

FOOD AND BEVERAGES

INDUSTRIAL

SERVICES AND TECHNOLOGY

PROPERTY AND EXHIBITIONS

ENERGY

Tsogo Investment Holding Company
74.7%

Vukani Gaming Corporation
100%

e.tv
63%

Yired
63%

e sat.tv Communications
63%

Golden Arrow Bus Service
100%

Clover
44%

Formex Engineering
90%

Johnson Access
85%

Business Systems Group (Africa)
40%

Syntell
55%

Isilumko
30.1%

Limtech
58.9%

Gallagher
100%

Montauk Energy Capital
91.5%

HCI Khusela Coal
80%

Shareholders' Information

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2008.

	Number of shareholders	% of total	Number of shares '000	% of total
1 - 1 000 shares	748	64,9	225	0,2
1 001 - 10 000 shares	230	20,0	811	0,6
10 001 - 100 000 shares	91	7,9	3 280	2,6
100 001 - 1 000 000 shares	61	5,3	22 268	17,6
Over - 1 000 000 shares	21	1,9	99 785	79,0
	1151	100,0	126 369	100,0

Type of shareholder	Number of shareholders	% of current shareholders	Number of shares '000	% of issued capital
Public companies	3	0,3	6 024	4,8
Banks	34	3,0	22 771	18,0
Close corporations	21	1,8	41	0,0
Individuals	799	69,4	16 167	12,8
Nominees and trusts	107	9,3	2 142	1,7
Other corporations	93	8,1	61 651	48,8
Pension funds	47	4,1	4 498	3,6
Private companies	46	3,9	11 935	9,4
Share trust	1	0,1	1 140	0,9
	1151	100,0	126 369	100,0

SHAREHOLDERS' DIARY

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

STOCK EXCHANGE PERFORMANCE

	31 March 2008
Total number of shares traded (000's)	12 589
Total value of shares traded (R'000)	930 485
Market price (cents per share)	
- Closing	7 700
- High	9 000
- Low	6 040
Market capitalisation (R'000)	9 730 431

SIGNIFICANT SHAREHOLDINGS

At 31 March 2008, insofar as HCI is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	Percentage held	
	2008	2007
Southern African Clothing and Textile Workers Union and associated entities	**39,9**	39,9
JA Copelyn	**4,4**	10,0
MJA Golding	**7,2**	7,1
	51,5	57,0

Shareholder spread	Percentage held		Number of shareholders	
	2008	2007	**2008**	2007
Public	**40,2**	34,9	**1 138**	1 173
Non Public	**59,8**	65,1	**13**	22
Controlling shareholders	**39,9**	39,9	**2**	2
Directors	**12,3**	18,4	**4**	11
Associates of directors	**5,6**	4,9	**4**	6
Share trust	**0,9**	1,0	**1**	1
Treasury shares	**1,1**	0,9	**2**	2
	100,0	100,0	**1 151**	1 195

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 five executive and seven non-executive directors of which four are independent. The board retains control over HCI and its subsidiaries, meeting at least quarterly, to review the performance of subsidiary and associated companies and group strategy and other matters relating to the achievement of HCI's objectives. Directors are provided with full board papers to enable them to consider the issues on which they are requested to make decisions. Four of the executive directors have entered into three year service contracts with the company. These contracts expire March 2010 and are renewable thereafter. 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 2007	September 2007	November 2007	March 2008
MJA Golding	Yes	Yes	Yes	Yes
JA Copelyn	Yes	No	Yes	Yes
VM Engel	Yes	No	Yes	Yes
R Garach*	N/A	N/A	N/A	Yes
JA Mabuza	Yes	No	Yes	Yes
MF Magugu	Yes	Yes	Yes	Yes
ML Molefi	Yes	Yes	Yes	Yes
VE Mphande	Yes	Yes	Yes	Yes
AM Ntuli	Yes	Yes	Yes	Yes
JG Ngcobo	Yes	Yes	Yes	Yes
Y Shaik	Yes	Yes	Yes	Yes
A van der Veen	Yes	Yes	Yes	Yes

* Appointed 26 March 2008

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 independent non-executive directors. 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

R Garach (Chairman); ML Molefi; Y Shaik

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

AM Ntuli (Chairman); MF Magugu; JG Ngcobo

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 International Financial Reporting Standards 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 International Standards on Auditing 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 AND RISK MANAGEMENT

HCI and its subsidiaries maintain internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets of the group.

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

The effectiveness of the internal controls and systems is monitored through, inter alia, the external auditors, the Group internal audit function, 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.

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 2008, all such returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

TG GOVENDER
Company Secretary
26 August 2008

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 pages 25 to 87 have been prepared in accordance with International Financial Reporting Standards 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 auditing firm, 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 2008 which appear on pages 25 to 87 were approved by the board of directors on 26 August 2008 and are signed on its behalf by:

MJA GOLDING
Chairman
Johannesburg
26 August 2008

JA COPELYN
Chief Executive Officer

Independent Auditors' Report

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, which comprise the director's report, the balance sheets as at 31 March 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 87.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hosken Consolidated Investments Limited and the group as of 31 March 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.

PKF (Jhb) Inc.

PKF (JHB) INC
Registered Auditors
Chartered Accountants (S.A.)
Registration number 1994/001166/21
Director: T Schoeman
Johannesburg
26 August 2008

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 2008.

NATURE OF BUSINESS

Hosken Consolidated Investments Limited (HCI) is an investment holding company which is listed on the JSE Limited.

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.

REVIEW OF INVESTMENTS

MEDIA AND BROADCASTING

Sabido Investments (Pty) Limited ("Sabido") - 63% interest

HCI's media interests have all been consolidated in Sabido. While e.tv remains the primary asset in Sabido there are a growing number of other media businesses including Yfm; Cape Town Film Studios; Viamedia; eSat and various properties that house studios and other media related businesses.

Sabido had an excellent year with strong revenue growth and well controlled costs.

Business activities were concentrated on developing a multi-channel capacity to enter the pay television market. We decided not to start a new pay bouquet in competition with DSTV in light of the fact that several licences to operate pay bouquets were simultaneously granted. Instead we have agreed to build several pay channels for DSTV, the first of which, the 24 hour eNews channel, was launched on 1st June 2008.

We also launched our first channel in a neighbouring territory (Botswana) which takes our Africa expansion beyond program sales for the first time.

Sabido has also developed a significant property portfolio. It has acquired Sasani Africa (Pty) Ltd which has given it considerable studio capacity in Johannesburg needed for multi-channel broadcasting. Cape Town Film Studios is finally set to be built with Wesgro and the City of Cape Town now being fully on board. It is hoped the building of the studios will commence in the second quarter of this financial year and will be completed over an 18 month period thereafter.

GAMING HOTELS AND LEISURE

Tsogo Sun Holdings (Pty) Ltd ("Tsogo Sun") 34%-interest at year end

The group's casino and hotel interests are held via holdings in Johnnic Holdings Ltd ("Johnnic") and Tsogo Investment Holding Company (Pty) Ltd. The group controls Tsogo Sun Holdings and held an effective 34% interest therein at year end as well as a share of the minority interest in Suncoast giving HCI an effective 35% stake in Suncoast at year end.

During the year HCI increased its holding in Johnnic from 51% to 67% and shareholders are referred to Johnnic's financials and commentary for further details. Subsequent to year end the Group made an offer to acquire all of those shares in Johnnic that it does not own. As the offer had been accepted by Johnnic shareholders holding more than nine tenths of the Johnnic shares in respect of which the offer had been made, the provisions of S440K of the Companies Act to compulsorily acquire all of the Johnnic shares in respect of which the offer had not been accepted, has been invoked.

The improvements in Tsogo Sun's performance are not obvious from reading the comparables to our 2007 report as we only consolidated its results from December 2006. The Tsogo Sun Group performed very well. Tsogo Sun Gaming increased revenues by 15% and EBITDAR (before rentals) grew to R1 711million for the year (up 21%) when compared to the prior year. Hotels had an outstanding year with revenues increasing by 19% and EBITDAR (before rentals) growing to R726 million for the year (up 61%) when compared to the prior year. Net interest bearing debt reduced to R718 million at year end.

Vukani Gaming Corporation (Pty) Ltd ("Vukani") - 100% interest

Vukani's net gaming revenues increased to R169,2 million (2007:R119,1 million) Likewise its machine-base grew to 2 087 machines (2007:1 525). EBITDA grew by 138% to R31 million (2007 : R13 million) with the average GGR per machine up marginally.

Increases in the cost base were occasioned by it operating across more regions which each carry their own cost base rather than simply growing the machine base significantly in established regions. The company incurred significant further expenses bidding for a licence in the Free State which required it to employ staff and secure potential sites ahead of licences being awarded. This award was made but inexplicably excluded Vukani. This decision is currently being challenged by Vukani.

The cost base was further stretched by having to develop an organisation in Gauteng pursuant to a request for application in that region which is currently being tendered for. It is expected an award will be made in the last quarter of this financial year.

FINANCIAL SERVICES

Mettle Limited (Mettle)

During the second half of the year, the Group entered into agreements to dispose of its interest in the Mettle Group of companies to a consortium led by its management. The transaction became effective on 9 July 2008. Subsequent to year end the group disposed of its interest in Noah Financial Innovation for an amount of R 13 million.

TRANSPORT

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

The Group's interest in GABS continued to provide it with stable earnings and strong cash flow. We anticipate this will come under a lot of pressure in the coming year as the group has the view it will not be possible to raise bus fares in line with the very significant cost pressures which are driven mainly by diesel price rises. Hopefully short term sacrifices can be recovered in future periods. Investment in new buses and the refurbishment of the existing fleet continues with the object of improving the quality of our service.

FOOD AND BEVERAGES

Clover Industries Limited ("Clover") - 44% economic interest

During the year under review, the group increased its interest in Clover's ordinary shares to 34.9%. HCI currently holds 44% of Clover's preference shares.

Clover has contributed R64,3 million (2007: R28,8 million) to HCI's headline earnings. Admittedly, the comparative was a low base, but the increase is encouraging. The pre-tax segmental figure also includes the groups' share of the profit from the disposal of the Ultramel business to Danone-Clover.

Disappointingly there has been no progress in restructuring the company's capital structure which remains tied to milk quotas of its suppliers.

INFORMATION TECHNOLOGY

Syntell (Pty) Limited ("Syntell") - 50,01% interest

The improvement in results is primarily in consequence of Syntell which has been operating a significant contract in Johannesburg for the whole year for the first time.

INDUSTRIAL

Industrial assets comprise primarily the group's interests in Formex Industries and Johnson Access. The segmental results for the prior year include the profits from Johnson Crane Hire that was disposed off at the beginning of the financial year.

Formex Industries contributed R16,7 million to second half profit before tax Compared to R7,5 million for the first half (total R24,2 million for the year). The improvement is mainly due to the profit contribution from the acquisition of Autotube Manufacturing and improved operational efficiency in the pressings division. The pulley division was only marginally profitable due to the expensing of new business development costs and unbudgeted airfreight charges.

Johnson Access grew profit before tax by 59% compared to the prior year. The increased profit was the result of the buoyant construction industry but a reduced depreciation charge, necessitated by higher residual asset value assumptions, also had a significant impact. The business now operates in excess of 300 access platforms.

HCI Khusela Coal

HCI Khusela Coal has developed three coal properties and expects to commence mining on two of them in the immediate future. These properties ought to contribute significantly to the group's profit in the future once start-up costs have been absorbed.

RESULTS FOR THE YEAR

The Group as a whole has performed well in an increasingly difficult trading environment, with some businesses outperforming and others delivering below managements' expectations. Increases in revenue, EBITDA and operating profits in the Group's media and gaming subsidiaries, together with the effects of the recent acquisitions in these sectors have resulted in increases in both headline profits (up 35%) and adjusted headline profits (up 37%) for the year when compared to the prior year.

As reflected in the group's results for the year ended 31 March 2007, the group acquired control of the Tsogo Sun Group with effect from 1 December 2006.

Accordingly the year under review is the first full reporting year where Tsogo Sun Group is consolidated. The group's share of the results of the Tsogo Sun Group for the first eight months of the prior year were equity accounted, with the remaining four months being fully consolidated.

The consolidation of the results of the Tsogo Sun Group has resulted in significant increases in many of the disclosable line items in the group income statement. As a result all of the line items in the income statement up to and including profit for the year are not comparable with the prior year. The profit attributable to HCI shareholders (up 52%), headline profit (up 35%) and adjusted headline profit (up 37%) are comparable with that of the prior year.

The basic earnings per share, headline earnings per share and adjusted headline earnings per share are also comparable with that of the prior year.

Basic earnings per share amounted to 702 cents for the year. This represents a 52% increase when compared to the prior year. This increase is due to the continued improved performance of the group's major investments and the group's share of profits on the disposal of Johnson

Crane Hire and the sale of the Clover Ultramel business by Clover Industries Limited included in investment surpluses and share of profits of associates respectively. Headline earnings increased during the period to R689,5 million from R509,8 million in the prior year. Adjusted headline earnings, which your directors feel are more reflective of the sustainable earnings of the group, increased by R190 million from R509 million to R699 million. Adjusted headline earnings exclude all abnormal profits and losses and the effects of net deferred tax assets raised or expensed in respect of unused tax losses and available STC credits. Adjusted headline earnings per share increased by 37% from 411 cents to 563 cents. This increase is mainly due to the continued improved overall performance of the group's major investments during the year.

Group Balance Sheet

As stated above the group is in the process of disposing off its interest in the Mettle group of companies and has accordingly in line with IFRS 5, disclosed the assets and liabilities of these businesses as held for sale. The most notable effect of this disclosure is the significant reduction in the group's financial assets and financial liabilities when compared to the prior year.

Non-current liabilities at year end comprise non-recourse debt that is presently ringfenced in operating subsidiaries (R1 236 million) and recourse debt at the HCI corporate level (R1 000 million). The increase in recourse debt at the HCI Corporate level was used to fund the acquisition of further shares in Johnnic Holdings Ltd. During the period under review shareholders approved the specific repurchase of 1 million HCI shares from the Fabcos Group for a total consideration of R67 million.

SHARE CAPITAL

Details of the issued share capital and share premium are set out in note 19. 1 160 000 shares were issued to fund various acquisitions and 1 000 000 shares were repurchased at R 67 per share.

BORROWING POWERS

There are no limits placed on borrowing in terms of the articles of association. Certain companies in the group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the group which may restrict the group's borrowing powers. Details of these covenants and undertakings are available from the registered office of the company. The group's borrowings increased during the year to fund the acquisition of investments.

DISTRIBUTION TO SHAREHOLDERS

Ordinary dividend number 40 of 60 cents per HCI share was paid to shareholders on 7 July 2008.

DIRECTORATE

During the year under review, Mr R Garach was appointed an independent non-executive director of the Company.

SECRETARY

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

LITIGATION

Dispute regarding shares in Tangney Investments (Proprietary) Limited ("Tangney") (Case No. 03/7941)

An application was made to the High Court of South Africa (Witwatersrand Local Division) by Nafcoc Investment Holding Company Limited ("Nafcoc") under case number 03/7941, for an order declaring, inter alia, that the transfer of 66 shares in Tsogo Investment Holding Company (Proprietary) Limited ("TIH") ("the disputed shares") that HCI's wholly-owned subsidiary, Tangney purchased from African Renaissance Holdings (Proprietary) Limited ("African Renaissance"), is invalid for want of compliance with TIH's articles of association as read with its shareholders' agreement and directing that the disputed shares be transferred back to African Renaissance. These 66 shares constituted 4.4% of all the ordinary issued shares in the capital of TIH. HCI has opposed the application and the application has been argued. The Court has referred the matter to oral evidence and Nafcoc has filed a declaration setting out its claim. HCI intends filing a plea to the claim in due course.

Nafcoc demands regarding shares in TIH

In another matter, Nafcoc caused its attorneys to address a letter of demand to TIH demanding that TIH in turn, send letters of demand to HCI subsidiaries that are shareholders in TIH. Nafcoc contends that the acquisition by HCI of the shares in the subsidiaries concerned is a breach of the shareholders' agreement regulating the affairs of TIH. The TIH board resolved to seek independent legal advice on the matter and the independent legal advice was that the complaint is without substance and that TIH is not required to address demands to the relevant HCI subsidiaries. Although this independent advice is not binding on Nafcoc, it is hoped that Nafcoc will not seek to take the matter any further. It should be noted that more than 24 months has passed since the independent advice was obtained. Should Nafcoc take the matter further, the matter will be defended by the relevant HCI subsidiaries.

Review application of the Mpumalanga Gambling Board's decision ("MGB") (Case No. 13937/07)

In addition to the above, HCI's application to the relevant Gaming Authorities for approval of the transaction in terms of which HCI acquired all of the shares held by Fabvest Investment Holdings Limited in Fabcos Investment Holding Company Limited ("FIH") (which shares constituted 50% of the entire issued share capital of FIH) ("the FIH acquisition"), was objected to by Nafcoc. Approval of the FIH acquisition has been obtained from the KwaZulu-Natal Gambling Board, the Eastern Cape Gambling and Betting Board and the Gauteng Gambling Board. The MGB, however, refused the application. HCI has filed an application for the review of the MGB's decision in the Transvaal Provincial Division under Case No. 13937/07.

The MGB consented to an interdict in relation to its demand that HCI dispose of the interest acquired in FIH, pending the final determination of the review. The record of the decision of the MGB has been lodged with the Registrar of the High Court and both the MGB and HCI have filed their answering and replying affidavits, respectively. The matter is scheduled to be heard on 21, 22 and 23 April 2009.

Given that HCI is opposing and resisting the various objections and legal proceedings referred to above, the *sub judicae* rule prohibits discourse on the merits of the various matters at this stage. An adverse outcome may affect the fulfillment of the conditions to the FIH Acquisition and/or HCI's interests in the Tsogo group. The extent of the impact which such matters may have on the HCI Group cannot be determined at this stage.

SUBSEQUENT EVENTS

Subsequent to year end the company entered into an agreement with Seardel Investment Corporation Limited ("Seardel") to advance an amount of R200 million to Seardel, in anticipation of a successful conclusion of a rights issue in Seardel for R300 million, R200m of which will be underwritten by HCI (following the renunciation of the rights to subscribe for shares in the rights offer by SACTWU and Dr Aaron Searll and his associated entities).

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the group or the company for the year ended 31 March 2008 or the financial position at that date.

Income Statements

For the year ended 31 March 2008

	Notes	Group 2008 R'000	Group 2007 R'000 Restated	Company 2008 R'000	Company 2007 R'000
Revenue	31	**5 522 361**	3 019 147	**-**	-
Net gaming win		**3 392 232**	1 166 155	**-**	-
		8 914 593	4 185 302	**-**	-
Depreciation and amortisation		**(495 626)**	(212 211)	**-**	-
Other operating expenses		**(5 786 629)**	(2 906 997)	**(7 415)**	(11 609)
Investment income	32	**111 985**	138 622	**188 728**	111 383
Share of profit of associated companies and joint ventures		**188 036**	214 903	**-**	-
Excess of fair value of assets of business acquired		**4 885**	-	**-**	-
Investment surplus	33	**83 884**	57 639	**35 155**	4 022
Fair value adjustments of investment properties		**29 171**	-	**-**	-
Other impairment reversals		**30 175**	-	**3 300**	-
Fair value adjustments of investments		**915**	20	**-**	-
Impairment of goodwill and investments	34	**(12 422)**	(2 963)	**(1 128)**	(33 284)
Finance costs	35	**(344 470)**	(174 823)	**(951)**	(100)
Profit before taxation	36	**2 724 497**	1 299 492	**217 689**	70 412
Taxation	37	**(867 535)**	(335 331)	**-**	-
Profit for the year from continuing operations		**1 856 962**	964 161	**217 689**	70 412
Discontinued operations	38	**(17 934)**	(15 497)	**-**	-
Profit for the year		**1 839 028**	948 664	**217 689**	70 412
Attributable to:					
Equity holders of the parent		**871 855**	573 371		
Minority interest		**967 173**	375 293		
		1 839 028	948 664		
Earnings per share (cents)	39	**702.10**	463.55		
Continuing operations		**716.54**	476.08		
Discontinued operations		**(14.44)**	(12.53)		
Diluted earnings per share	39	**684.86**	456.33		
Continuing operations		**698.95**	468.67		
Discontinued operations		**(14.09)**	(12.34)		

Balance Sheets

As at 31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Notes	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets		**9 686 353**	12 753 608	**1 649 806**	1 532 009
Property, plant and equipment	1	**6 876 854**	6 067 626	**-**	-
Investment properties	2	**182 665**	198 299	**-**	-
Goodwill	3	**846 098**	609 807	**-**	-
Other intangible assets	4	**286 559**	294 467	**-**	-
Investments in associates	5	**542 197**	408 357	**9 256**	9 256
Investments in joint ventures	6	**211 370**	184 103	**-**	-
Other financial assets	7	**353 159**	226 584	**-**	-
Subsidiary companies	8	**-**	-	**1 632 715**	1 513 217
Deferred taxation	9	**255 004**	345 783	**-**	-
Operating lease equalisation asset	10	**4 980**	5 000	**-**	-
Finance lease receivables	11	**-**	299 725	**-**	-
Non-current receivables	12	**127 467**	126 996	**7 835**	9 536
Financial assets	13	**-**	3 986 861	**-**	-
Current assets		**2 540 922**	3 617 488	**81 049**	20 178
Inventories	14	**280 109**	180 480	**-**	-
Programme rights	15	**364 509**	186 314	**-**	-
Financial assets	13	**-**	1 489 062	**-**	-
Other financial assets	7	**32 843**	15 945	**-**	-
Finance lease receivables	11	**-**	85 096	**-**	-
Trade and other receivables	16	**1 184 296**	914 791	**75 689**	15 935
Taxation overpaid		**6 175**	3 697	**1 977**	703
Bank balances and deposits	17	**672 990**	742 103	**3 383**	3 540
Non-current assets held for sale	18	**3 855 894**	-	**-**	-
Total assets		**16 083 169**	16 371 096	**1 730 855**	1 552 187
Equity and liabilities					
Capital and reserves		**6 232 034**	4 937 311	**1 563 592**	1 434 008
Ordinary share capital	19	**30 963**	30 991	**31 592**	31 552
Share premium	19	**612 792**	663 156	**671 984**	696 524
Other reserves	20	**91 483**	26 847	**-**	-
Accumulated profits		**2 205 256**	1 397 311	**860 016**	705 932
Equity attributable to equity holders of the parent		**2 940 494**	2 118 305	**1 563 592**	1 434 008
Minority interest		**3 291 540**	2 819 006	**-**	-
Non-current liabilities		**3 169 265**	7 071 062	**-**	-
Financial liabilities	21	**-**	4 044 356	**-**	-
Operating lease equalisation liability	10	**279 521**	266 457	**-**	-
Borrowings	22	**2 160 192**	1 880 387	**-**	-
Finance lease liabilities	23	**99 066**	91 137	**-**	-
Post retirement medical benefit liabilities	24	**65 406**	56 065	**-**	-
Long term incentive plan	25	**26 824**	214 533	**-**	-
Long term provisions	26	**26 354**	35 530	**-**	-
Deferred taxation	9	**511 902**	482 597	**-**	-

	Notes	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Current liabilities		**2 917 685**	4 362 723	**167 263**	118 179
Trade and other payables	27	**1 346 110**	1 079 156	**4 003**	43 129
Financial liabilities	21	**-**	1 485 275	**-**	-
Current portion of borrowings	22	**643 621**	795 035	**-**	-
Current portion of finance lease liabilities	23	**14 491**	11 955	**-**	-
Other financial liabilities		**58 871**	-	**-**	-
Taxation owing		**214 984**	157 056	**-**	-
Amounts owing to subsidiary companies	8	**-**	-	**163 260**	75 050
Short term loans	28	**-**	440 353	**-**	-
Forward exchange contracts		**-**	1 964	**-**	-
Provisions	26	**245 288**	234 892	**-**	-
Long term incentive plan	25	**293 773**	125 379	**-**	-
Bank overdrafts	29	**100 547**	31 658	**-**	-
Non-current liabilities held for sale	18	**3 764 185**	-	**-**	-
Total equity and liabilities		**16 083 169**	16 371 096	**1 730 855**	1 552 187

Statement of Changes in Equity

For the year ended 31 March 2008

	Share capital R'000	Share premium R'000	Other Reserves R'000	Accumulated profits R'000	Minority interest R'000	Total R'000
Group						
Balances at 31 March 2006	30 721	628 951	1 805	1 089 952	834 862	2 586 291
Share capital and premium						
Shares issued	446	66 504	-	-	-	66 950
Shares repurchased	(75)	(11 625)	-	-	-	(11 700)
Treasury shares acquired by subsidiary	(101)	(20 674)	-	-	-	(20 775)
Current operations						
Profit for the year	-	-	-	573 371	375 293	948 664
Share of pre-acquisition profit of subsidiary	-	-	-	(266 012)	(88 085)	(354 097)
Equity settled share-based payments	-	-	3	-	-	3
Revaluations	-	-	15 784	-	3 513	19 297
Foreign currency translation differences	-	-	9 144	-	12 570	21 714
Hedging	-	-	111	-	37	148
Minority interest on acquisition of subsidiaries	-	-	-	-	1 825 282	1 825 282
Capital reductions and dividends	-	-	-	-	(144 466)	(144 466)
Balances at 31 March 2007	30 991	663 156	26 847	1 397 311	2 819 006	4 937 311
Share capital and premium						
Shares issued	290	42 210	-	-	-	42 500
Shares repurchased	(250)	(66 750)	-	-	-	(67 000)
Treasury shares released	29	1 412	-	-	-	1 441
Treasury shares acquired by subsidiary	(97)	(27 236)	-	-	-	(27 333)
Current operations						
Profit for the year	-	-	-	871 855	967 173	1 839 028
Equity settled share-based payments	-	-	1 816	-	-	1 816
Transfers to profit and loss	-	-	(5 621)	-	-	(5 621)
Transfers	-	-	800	(800)	-	-
Revaluations	-	-	16 589	-	4 067	20 656
Foreign currency translation differences	-	-	63 947	-	63 643	127 590
Hedging	-	-	(12 895)	-	(6 532)	(19 427)
Minority interest on acquisition of businesses	-	-	-	-	23 440	23 440
Effects of changes in holding	-	-	-	-	(258 684)	(258 684)
Capital reductions and dividends	-	-	-	(63 110)	(320 573)	(383 683)
Balances at 31 March 2008	30 963	612 792	91 483	2 205 256	3 291 540	6 232 034

Other reserves are detailed in note 20.

Statement of Changes in Equity

For the year ended 31 March 2008

	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Company				
Balances at 31 March 2006	31 181	641 645	635 520	1 308 346
Share capital and premium				
Shares issued	446	66 504	-	66 950
Shares repurchased	(75)	(11 625)	-	(11 700)
Current operations				
Profit for the year	-	-	70 412	70 412
Balances at 31 March 2007	31 552	696 524	705 932	1 434 008
Share capital and premium				
Shares issued	290	42 210	-	42 500
Shares repurchased	(250)	(66 750)	-	(67 000)
Current operations				
Profit for the year	-	-	217 689	217 689
Dividend paid	-	-	(63 605)	(63 605)
Balances at 31 March 2008	31 592	671 984	860 016	1 563 592

Cash Flow Statements

For the year ended 31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities		**1 476 136**	726 362	**(27 211)**	98 369
Cash generated (utilised) by operations	40.1	**3 479 750**	1 481 574	**(7 349)**	103 796
Investment income		**240 529**	104 578	**144 846**	-
Changes in working capital	40.2	**(771 907)**	(363 850)	**(98 880)**	(5 107)
Cash generated by operating activities		**2 948 372**	1 222 302	**38 617**	98 689
Finance costs		**(430 998)**	(175 662)	**(951)**	(100)
Changes in finance lease receivables		**34 328**	-	**-**	-
Changes in borrowings		**10 121**	-	**-**	-
Taxation paid	40.3	**(738 450)**	(320 278)	**(1 273)**	(220)
Dividends paid		**(347 237)**	-	**(63 604)**	-
Cash flows from investing activities		**(1 593 668)**	(398 473)	**51 555**	(152 914)
Business combinations	40.4	**(109 837)**	(14 049)	**-**	-
Investment in:					
-Subsidiary companies		**(362 449)**	-	**(15 849)**	(152 914)
-Associated companies and joint ventures		**(28 280)**	(37 807)	**-**	-
-Other		**(119 471)**	(22 086)	**-**	-
Short term loans advanced		**-**	8 347	**-**	-
Increase in long term receivables		**9 005**	(9 252)	**1 700**	-
Proceeds on disposal of investments		**21 045**	-	**65 704**	-
Intangible assets acquired		**(42 204)**	(8 268)	**-**	-
Property, plant and equipment:					
-Additions		**(1 015 330)**	(315 358)	**-**	-
-Disposals		**53 853**	-	**-**	-
Cash flows from financing activities		**11 973**	(386 199)	**(24 501)**	55 780
Ordinary shares issued and treasury shares sold		**43 940**	530	**42 499**	66 950
Treasury shares acquired		**(27 333)**	(21 305)	**-**	-
Ordinary shares repurchased		**(67 000)**	(11 700)	**(67 000)**	(11 700)
Short term loans raised		**-**	(24 446)	**-**	-
Change in minority shareholders		**(5 577)**	(89 587)	**-**	-
Long term funding raised /(repaid)		**67 943**	(239 691)	**-**	530
Cash and cash equivalents					
Movements		**(105 559)**	(58 310)	**(157)**	1 235
At beginning of year		**710 445**	768 755	**3 540**	2 305
Foreign exchange difference		**16 833**	-	**-**	-
At end of year	40.5	**621 719**	710 445	**3 383**	3 540

1. ACCOUNTING POLICIES

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. These policies have been consistently applied in all material respects excepts as stated below.

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 1973, as amended. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of investment properties and certain financial instruments as described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Actual results could differ from those estimates.

The Group adopted IFRS 7 – Financial Instruments: Disclosures during the year under review. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.

b) Segmental reporting

A reportable segment is a distinguishable business component of the Group that provides products or services that are different from those of other segments. A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's primary segmental analyses are in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles. The Group presents its business analysis as its primary segmentation.

No useful secondary segment exists and accordingly no secondary segmental information is provided.

c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiary and associated entities controlled by the Group.

i) Subsidiaries

Subsidiaries are entities controlled by the Group, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities, regardless of whether this power is actually exercised. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Where the Group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in minority interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ii) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

iii) Associates

Associates are entities over which the Group has direct, or indirect, significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity.

iv) Joint ventures

A joint venture is a company over which the Group contractually shares control with one or more partners.

The post acquisition results of joint ventures are incorporated in the financial statements using the equity method. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

d) Foreign exchange

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands which is the Group's presentational currency.

(ii) Transactions and balances

The financial statements for each Group and company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being credited to or charged against income in the income statement. Translation differences on non-monetary assets such as equity investments classified as available-for sale assets are included in equity.

(iii) Foreign subsidiaries and associates – translation

Once-off items in the income and cash flow statements of foreign subsidiaries and associates expressed in currencies other than the South African Rand are translated to South African Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through the income statement as part of the gain or loss on disposal.

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 rate.

e) Business combinations

(i) Subsidiaries

The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The separable net assets (including intangibles), are incorporated into the financial statements on the basis of the fair value to the Group from the effective date of control, and the results of subsidiary undertakings acquired during the financial year are included in the Group's results from that date.

Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the Group has the ability to direct or dominate decision making in an entity, regardless of whether this power is actually exercised.

(ii) Associates

The Group recognises its share of associates' results as a one line entry before tax in the income statement, after taking account of the share of interest, tax and minority interests.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Some of the Group's associates have accounting reference dates other than 31 March. These are equity accounted using management prepared information on a basis coterminous with the Group's accounting reference date.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of separable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in the income statement and is not reversed.

The carrying amount of goodwill in respect of associates is included in the carrying value of the investment in the associate.

Where a business combination occurs in several stages, the goodwill associated with each stage is, where practicable, calculated using fair value information at the date of each additional share purchase.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

f) Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Assets' residual values and useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

(i) Land and buildings

Land and buildings (excluding investment property) have been included at their cost less accumulated depreciation and comprise mainly bus workshops and parking, television studios, factories, offices, hotels and casinos.

(ii) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

iii) Assets held under finance leases

Assets held under finance leases which result in the Group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to either the lower of their fair value or the present value of the minimum lease payments at inception of the lease where after it is depreciated over their useful lives.

iv) Exploration and evaluation assets

Qualifying, directly attributable exploration expenditure is capitalised when incurred. Capitalised exploration expenditure (mineral assets) is stated at cost less accumulated amortisation and impairment losses.

v) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Freehold buildings	10 - 50 years
Leasehold land and buildings	Period of the lease
Plant and machinery	5 – 12½ years
Other equipment and vehicles	3 -10 years
Buses	5 years
Broadcast and studio equipment	5 years
Exploration and evaluation assets	Units of production method over estimated useful life
Gas rights	Units of production method of depletion over gas rights term
Leasehold improvements	Lesser of estimated useful life or period of lease

vi) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount of the asset.

vii) Capitalisation of borrowing costs

Direct financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use are capitalised up to the time of completion of the project.

g) 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 are carried at fair value representing estimated market value. Changes in fair value are recorded in the income statement in the period in which they arise.

h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the Group. Amortisation is included together with depreciation in the income statement.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

(i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the Group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives that are reassessed on an annual basis.

Internally generated costs associated with maintaining computer software programs are expensed as incurred.

(ii) Bid costs and casino licences

Costs incurred during the bidding process, including finance costs, for a casino licence are capitalised by the individual casino on the successful award of a casino licence, and amortised over the exclusivity period applicable to each licence, which ranges from 10 to 12,5 years from date of commencement of those operations.

The costs associated with unsuccessful casino licence applications, including finance costs, are written off as and when related bids are determined to be unsuccessful.

(iii) Management contracts

The Group owns a management contract which has been externally purchased and capitalised at cost. This contract is amortised on a reducing balance basis over its useful life of 5 years which represents the term of the contract.

(iv) Trademarks

Trademarks are recognised initially at cost. Trademarks have definite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(v) Tax credits

Tax credits are earned by qualified landfill gas operations in the United States based on levels of qualified production. Tax credits are amortised on use.

(vi) Customer contracts

These contracts represent a guaranteed source of income over the life of the contract for the purchase of processed gas. The contract is amortised over a 15 year period on a straight-line method.

i) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value plus any directly attributable transaction costs. (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle net, then the relevant financial assets and liabilities are offset.

Interest costs are charged against income in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net interest payable over the life of the instrument.

(i) Financial instruments at fair value through profit or loss

Financial instruments at fair value through the income statement are non-derivative financial assets held for trading and/or designated by the entity upon initial recognition as fair value through the income statement. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group does not hold any investments in this category.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are initially recognised at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss i.e. directly to equity. Financial assets carried at fair value through profit or loss are initially recognised at fair value with transaction costs, expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value though profit or loss" category are presented in the income statement within other losses/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for- sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit and loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note (i) above.

The Company records its investment in subsidiaries at cost less any impairment charges.

(v) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

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 terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement as bad debts recovered.

(vi) Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

Bank overdrafts are included within cash and cash equivalents on the face of the cash flow statement as they form an integral part of the Group's cash management.

j) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in the income statement. See note (k) for the Group's accounting policy on hedge accounting.

k) Hedge accounting

The derivative instruments used by the Group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, natural gas put options and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the Group is required to document the relationship between the hedged item and the hedging instrument. The Group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is re-performed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions or commitment (cash flow hedge); or hedges of net investments in foreign operations.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the Group's interest rate risk to which the fair value of certain assets and liabilities are exposed. Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in the income statement in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recorded in the income statement together with the gain or loss on the hedged item attributable to the hedged risk.

(ii) Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency or interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in equity. The ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

iii) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations comprise either foreign currency borrowings or derivatives (typically forward exchange contracts) designated in a hedging relationship.

Gains or losses on hedging instruments that are regarded as highly effective are recognised in equity. These largely offset foreign currency gains or losses arising on the translation of net investments that are recorded in equity, in the foreign currency translation reserve. The ineffective portion of gains or losses on hedging instruments is recognised immediately in the income statement. Amounts accumulated in equity are only recycled to the income statement upon disposal of the net investment.

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur.

Certain derivative instruments, whilst providing effective economic hedges under the Group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in the income statement. The Group does not hold or issue derivative financial instruments for speculative purposes.

l) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the weighted average or first-in-first-out 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 the business, less selling expenses. Provision is made for slow-moving goods and obsolete materials are written off.

m) 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.

n) Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities (see Note [p]). Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are included in the share premium account.

Where subsidiaries hold shares in the holding company's equity share capital, the consideration paid to acquire these shares is deducted from total shareholders equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the Group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

o) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Trade payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The nondiscretionary dividends on these preference shares are recognised in the income statement as interest expense.

q) Impairment

This policy covers all assets except inventories (see note l), financial assets (see note j), non-current assets classified as held for sale (see note i), and deferred tax assets (see note w).

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in the income statement in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. For the purpose of conducting impairment reviews, CGU's are considered to be the lowest level of groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When an impairment is recognised, the impairment loss is held firstly against any specifically impaired assets of the CGU, then taken against goodwill balances. Any remaining loss is set against the remaining intangible and tangible assets on a pro-rata basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the income statement in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

r) Non-current assets held for resale

Non-current assets and all assets and liabilities classified as held for resale are measured at the lower of carrying value and fair value less costs to sell.

Such assets are classified as held for resale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

s) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within interest costs.

Provisions are not recognised for future operating losses however provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(iii) Advertising

Advertising revenues from the Group's free to air television and radio platforms are recognised on flighting and over the period of the advertising contract.

(iv) Interest income

Interest income is recognised using the effective interest method.

When a receivable is impaired the Group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

(v) Royalty income

Royalty income is recognised on an accrual basis in accordance with the relevant agreements and is included in other income.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

u) Net gaming win

Net gaming win comprises the net table and slot machine win derived by casino and limited payout route operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from casino operations. Due to the short term nature of the Group's casino and limited payout route operations, all income is recognised in profit and loss immediately, at fair value.

VAT and other taxes, including gaming levies, that are charged on casino and limited payout winnings are included in net gaming win and are treated as direct costs as these are borne by the Group and not customers (see note 2 (iv)).

v) Leases

(i) The Group is the lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged or credited to the income statement on a straight-line basis over the period of the lease.

ii) The Group is the lessor

The Group recognises finance lease receivables on its balance sheet. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Assets leased to third parties 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.

w) Income tax

The tax expense for the period comprises current, deferred tax and secondary tax on companies. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

x) Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when approved by the board. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

y) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined contribution plans, subsidiaries of the Group pay contributions to both in-house pension funds managed by employer and employee nominated trustees and public administered provident plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. The rules of the funds do not allow for prepaid contributions.

(ii) Other post-employment obligations

A subsidiary of the Group operates a defined benefit plan for a portion of the medical aid members. This fund is now closed to new entrants. The assets of the scheme are held separately from those of the Group and are administered by trustees.

The liability recognised in the balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related plan liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and
- 10% of the fair value of any plan assets at that date.

Past service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

A subsidiary of the Group pays a monthly grant to the Golden arrow Employee's Medical Benefit Fund which the Fund uses to cover outgoings not financed by members contributions. The subsidiary also makes monthly payments to Discovery Health in respect of certain employees and pensioners.

The cost of providing benefits in respect of retirement healthcare is determined separately for each plan using the projected unit credit method, with actuarial valuations at each balance sheet date. Past service cost is recognised immediately to the extent that benefits have already vested, or otherwise amortised on a straight-line basis over the average period until the amended benefits become vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligation.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year end.

(v) Long term incentives

A subsidiairy of the Group has long term incentive plans for certain employees. Liabilities equal to the current fair market values of the plans are recognised at each balance sheet date. The moves in the fair values of these liabilities are expensed.

(vi)Share based payments

The Group grants share options to employees in terms of the HCI Employee Share Trust (2001). In terms of IFRS 2 these options are fair valued at the date of grant and the fair value determined on the date of grant recognised as an expense over the relevant vesting periods. The fair value of options granted is measured using the Black Scholes Model.

z) Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, 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 impairment.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Principles of critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note (e). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Net gaming win

The Group regards the national VAT levied on net gaming win to be comparable with the gaming levies which are paid to provincial gaming boards. These are seen as direct costs of the Group as they are borne entirely by the Group and have no effect on casino activities from the punters' perspective.

In the casino industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to punters. It therefore follows that casinos experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows casinos to account for VAT by applying the tax fraction to the net betting transaction. Provincial gaming levies are calculated on a similar basis by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or the provincial gaming levies would be absorbed entirely by the Group and would have no impact on the punters. The Group thus treats VAT and other taxes levied on casino winnings as direct costs. These costs are included in net gaming win which is disclosed separately on the face of the income statement.

(v) Deferred tax assets

Management has applied a probability analysis to determine future taxable income against which calculated tax losses will be utilised. A similar probability analysis was applied in determining the amount of STC credits that would be utilised in the foreseeable future.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE:

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods which the Group has not early adopted. These are as follows:

3.1 IFRS 8 – Operating Segments (effective for periods beginning 1 January 2009)

IFRS 8 specifies how an entity should report information about its operating segments in annual financial statements and, as a consequential amendment to IAS 34 Interim Financial Reporting, requires an entity to report selected information about its operating segments in interim financial reports.

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group is assessing the disclosure requirements of IFRS 8. The Group will apply IFRS 8 from annual periods beginning 1 April 2009.

3.2 IFRIC 13 – Customer Loyalty Programmes (effective for periods beginning 1 July 2008)

IFRIC 13 addresses the accounting by an entity that grants award credits to its customers as part of a sales transaction or the rendering of services and, subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services. The Group is assessing the accounting and disclosure requirements of IFRIC 13. The Group will apply IFRIC 13 from annual periods beginning 1 April 2009.

3.3 IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for periods beginning 1 January 2008)

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available to an entity in accordance with paragraph 58 of IAS 19. It also addresses how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. Management have considered IFRIC 14 and concluded that it is not relevant to the Group.

3.4 IAS 23 – Borrowing Costs Revised (effective for periods beginning 1 January 2009)

IAS 23 specifies borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Previously an entity had an option to capitalise these borrowing costs or not. The accounting policy of the Group is to capitalise borrowing costs and therefore this amendment will not have any financial impact on the Group.

3.5 IAS 27 (revised), Consolidated and separate financial statements', (effective from 1 July 2009). Among other changes it requires that the difference between the consideration paid or received and the recorded non-controlling interest is recognised in equity in respect of transactions with non-controlling interests in group entities which do not result in a change of control. In the case of the disposal of a subsidiary, any retained interest will be re-measured to fair value and the difference between fair value and the previous carrying value will be recognised immediately in the income statement, The group does not plan to apply IAS 27 (revised) early.

3.6 IFRS 3 (revised), 'Business combinations', (effective from 1 July 2009). Among other changes it requires transaction costs to be recognised immediately in the income statement, fair value gains or losses on existing investments in an acquired company to be recognised in the income statement on the date of acquisition and adjustments to deferred tax outside of the hindsight period are recorded under IAS 12, as opposed to affecting goodwill. In addition it required the recognition of subsequent changes in the fair value of contingent consideration in the income statement rather than against goodwill.

3.7 Management has assessed the relevance of the following interpretation with respect to the Group's operations and concluded it is not relevant to the Group:

IFRIC 12 - Service Concession Arrangements (Effective for periods 1 January 2008)

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
1. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Broadcast studios and equipment	**252 730**	141 448		
Land and buildings	**5 493 359**	4 853 634		
Leasehold improvements	**95 268**	87 422		
Properties under construction	**29 523**	310 704		
Plant and machinery	**299 238**	153 531		
Buses	**496 832**	362 064		
Other equipment and vehicles	**2 142 604**	1 675 983		
Gas rights	**278 590**	249 190		
	9 088 144	7 833 976		
Accumulated depreciation				
Broadcast studios and equipment	**186 212**	96 220		
Land and buildings	**664 601**	622 681		
Leasehold improvements	**31 700**	22 968		
Plant and machinery	**97 141**	68 854		
Buses	**100 066**	68 053		
Other equipment and vehicles	**1 106 570**	883 074		
Gas rights	**25 000**	4 500		
	2 211 290	1 766 350		
Carrying value				
Broadcast studios and equipment	**66 518**	45 228		
Land and buildings	**4 828 758**	4 230 953		
Leasehold improvements	**63 568**	64 454		
Properties under construction	**29 523**	310 704		
Plant and machinery	**202 097**	84 677		
Buses	**396 766**	294 011		
Other equipment and vehicles	**1 036 034**	792 909		
Gas rights	**253 590**	244 690		
	6 876 854	6 067 626		
Movements in property, plant and equipment				
Balance at beginning of year				
Broadcast studios and equipment	**45 228**	49 891		
Land and buildings	**4 230 953**	339 482		
Leasehold improvements	**64 454**	5 708		
Properties under construction	**310 704**	-		
Plant and machinery	**84 677**	73 121		
Buses	**294 011**	271 972		
Other equipment and vehicles	**792 909**	54 854		
Gas rights	**244 690**	-		
	6 067 626	795 028		
Additions				
Broadcast studios and equipment	**22 399**	11 444		
Land and buildings	**306 129**	45 920		
Leasehold improvements	**1 549**	3 202		
Properties under construction	**132 845**	127 960		
Plant and machinery	**102 768**	40 813		
Buses	**136 087**	51 600		
Other equipment and vehicles	**390 750**	123 257		
	1 092 527	404 196		

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
1. PROPERTY, PLANT AND EQUIPMENT (continued)				
Business combinations				
Broadcast studios and equipment	**16 234**	-		
Land and buildings	**1 500**	3 811 115		
Leasehold improvements	**2 397**	59 327		
Properties under construction	**-**	323 391		
Plant and machinery	**34 946**	-		
Other equipment and vehicles	**9 563**	675 668		
Gas rights	**-**	249 190		
	64 640	5 118 691		
Disposals				
Broadcast studios and equipment	**-**	-		
Land and buildings	**(8 620)**	(14 605)		
Leasehold improvements	**(143)**	(324)		
Plant and machinery	**(1 063)**	(2 225)		
Buses	**(946)**	(14 847)		
Other equipment and vehicles	**(43 854)**	(5 716)		
	(54 626)	(37 717)		
Depreciation				
Broadcast studios and equipment	**(17 252)**	(16 107)		
Land and buildings	**(116 536)**	(35 767)		
Leasehold improvements	**(4 343)**	(4 054)		
Plant and machinery	**(20 286)**	(14 548)		
Buses	**(32 386)**	(27 336)		
Other equipment and vehicles	**(216 734)**	(65 581)		
Gas rights	**(19 000)**	(4 500)		
	(426 537)	(167 893)		
Revaluations and impairment reversals				
Land and buildings	**51 800**	9 390		
Leasehold improvements	**-**	1		
Plant and machinery	**-**	138		
	51 800	9 529		
Currency translation				
Broadcast studios and equipment	**(91)**	-		
Land and buildings	**47 016**	5 198		
Other equipment and vehicles	**30 976**	545		
Gas rights	**27 900**	-		
	105 801	5 743		
Realloactions and transfers				
Land and buildings	**316 516**	70 220		
Leasehold improvements	**(346)**	594		
Properties under construction	**(414 026)**	(140 647)		
Plant and machinery	**1 055**	-		
Other equipment and vehicles	**72 424**	9 882		
	(24 377)	(59 951)		
Balances at end of year				
Broadcast studios and equipment	**66 518**	45 228		
Land and buildings	**4 828 758**	4 230 953		
Leasehold improvements	**63 568**	64 454		
Properties under construction	**29 523**	310 704		
Plant and machinery	**202 097**	84 677		
Buses	**396 766**	294 011		
Other equipment and vehicles	**1 036 034**	792 909		
Gas rights	**253 590**	244 690		
	6 876 854	6 067 626		

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000

1. PROPERTY, PLANT AND EQUIPMENT (continued)

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 certain land and buildings as security for the loans details in note 22. The carrying values of assets encumbered is R 1 521 million (2007: R1 056,5 million)

2. INVESTMENT PROPERTIES

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Investment properties consist of:				
Bare dominiums	**11 665**	24 459		
Other investment properties	**171 000**	173 840		
	182 665	198 299		

Investment properties are stated at fair value. The fair value of the dominiums is determined based on external valuations, contracts and taking credit risk into account. Bonds are registered over the bare dominiums. The fair value of the other investment properties at 31 March 2008 has been arrived at on the basis of a valuation carried out at 1 March 2008 by Mr Conrad Penny, an independent valuer not related to the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

Details of investment properties are available at the registered office of the company.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Reconciliation of carrying value				
At beginning of year	**198 299**	154 235		
Fair value adjustments	**29 171**	464		
Transfer from property, plant and equipment	**(2 840)**	43 700		
Disposals	**-**	(100)		
Transfer to non-current assets held for sale	**(41 965)**	-		
At end of year	**182 665**	198 299		

The operating costs relating to the bare dominiums are borne by the holders of the usufructs. The operating costs of the other investments properties included in profit and loss for the year was R 11,1 million (2007: R11,9 million)

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
3. GOODWILL				
Arising on acquisition of shares in businesses	**846 968**	609 807		
Reconciliation of carrying value				
At beginning of year	**609 807**	82 683		
Business combinations (refer note 48)	**107 451**	532 002		
Increase in holdings	**147 638**	-		
Derecognised	**(9 479)**	(1 190)		
Transfer to non-current assets held for sale	**(6 509)**	-		
Impairment	**(5 005)**	(4 488)		
Effects of foreign exchange currency differences	**2 195**	800		
At end of year	**846 098**	609 807		

Goodwill relates primarily to the groups casino and hotel interests (R 679,5million in the current year and R 537,6 million in the prior year) . The Group performs an annual group valuation for purposes of valuing the shares that form part of the long term incentive plans (note 25). This valuation method is the basis for valuing the Group's casino and gaming cash-generating units to which goodwill is allocated. This valuation represents the recoverable amounts for these groups. The carrying values of these groups are then deducted from their respective recoverable amounts to determine whether the allocated goodwill is impaired or not.

The annual valuation is based on an "Earning Before Interest, Tax, Depreciation and Amortisation" approach which utilises a multiple determined by two independent audit firms ("the experts") to determine the enterprise value. This enterprise value is adjusted to equity value through adding the market value of cash less the market value of interest bearing debt.

The multiple determined by the experts is based on comparitive companies' trading on the Johannesburg Stock Exchange, and is considered to represent a fair multiple that the cash generating units would achieve were it to list.

The value of other cash generating units to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. The net present value has been calculated to be in excess of the current carrying value and therefore no impairment is required.

4. OTHER INTANGIBLE ASSETS

	Bid costs R'000	Management contracts R'000	Computer software R'000	Trademarks R'000	Exploration assets R'000	Tax credits R'000	Customer contracts R'000	Total R'000
Group 2008								
Carrying value at beginning of year	**83 569**	**6 662**	**48 045**	**10 984**	**6 007**	**25 060**	**114 140**	**294 467**
Additions	**-**	**88**	**40 577**	**-**	**13 694**	**-**	**-**	**54 359**
Business Combinations	**-**	**-**	**888**	**-**	**-**	**-**	**-**	**888**
Transfers	**-**	**-**	**1 077**	**57**	**-**	**(6 660)**	**(38)**	**(5 564)**
Foreign exchange differences	**-**	**-**	**-**	**-**	**-**	**1 800**	**13 000**	**14 800**
Amortisation	**(13 925)**	**(6 662)**	**(22 248)**	**(456)**	**-**	**(20 200)**	**(8 900)**	**(72 391)**
Carrying value at end of year	**69 644**	**88**	**68 339**	**10 585**	**19 701**	**-**	**118 202**	**286 559**
Cost	**159 803**	**273 921**	**145 301**	**11 459**	**19 701**	**28 400**	**129 900**	**768 485**
Accumulated amortisation	**(90 159)**	**(273 833)**	**(76 962)**	**(874)**	**-**	**(28 400)**	**(11 698)**	**(481 926)**
	69 644	**88**	**68 339**	**10 585**	**19 701**	**-**	**118 202**	**286 559**
Group 2007								
Carrying value at beginning of year	-	-	1 876	-	-	-	-	1 876
Additions	-	-	8 267	-	6 007	-	-	14 274
Business Combinations	88 508	32 404	28 401	11 136	-	35 960	116 240	312 649
Transfers	-	-	15 959	-	-	-	-	15 959
Amortisation	(4 939)	(25 742)	(6 458)	(152)	-	(10 900)	(2 100)	(50 291)
Carring value at end of year	83 569	6 662	48 045	10 984	6 007	25 060	114 140	294 467
Cost	159 803	273 833	111 906	11 402	6 007	35 960	116 240	715 151
Accumulated amortisation	(76 234)	(267 171)	(63 861)	(418)	-	(10 900)	(2 100)	(420 684)
	83 569	6 662	48 045	10 984	6 007	25 060	114 140	294 467

The amortisation expense has been included in the line item depreciation and amortisation in the income statement.

The following useful lives were used in the calculation of amortisation:

Bid costs	10 to 12.5 years
Management contracts	5 years
Computer software	1 to 3 years
Trademarks	25 years
Tax credits	1 year
Customer contracts	15 years
Exploration assets	over the useful life of the mine

5. INVESTMENTS IN ASSOCIATES

Unlisted

Name of associates	Principal activity	Group's interest 2008	Group's interest 2007	Group Carrying value 2008 R'000	Group Carrying value 2007 R'000	Company Carrying value 2008 R'000	Company Carrying value 2007 R'000
The following are the Groups' principal associates:							
Business Systems Group (Proprietary) Limited	Information techology	**40%**	40%	**10 858**	9 299	**3 000**	3 000
Clover Industries Limited	Food and Beverage	**45%**	45% *	**292 740**	169 341	**-**	-
Johnson Crane Hire (Proprietary) Limited	Crane Hire		50%	**-**	44 164	**-**	-
Hotel Formula 1 (Proprietary) Limited	Hotel operator	**47%**	47%	**30 089**	19 740	**-**	-
Galaxy Bingo International South Africa (Proprietary) Limited		**49%**		**45 230**	-	**-**	-
Malelane Lodge (Proprietary) Ltd	Hotel operator	**49%**	49%	**-**	4 361	**-**	-
Monte Cinemas (Proprietary) Ltd	Hotel operator	**49%**		**21 188**	-	**-**	-
Noah Financial Innovation (Proprietary) Limited	Financial Services	**49%**	49%	**7 790**	24 086	**-**	-
Magellan-Montauk LFS LLC #	Energy	**50%**	50%	**84 830**	79 558	**-**	-
Apollo Energy III LLC #	Energy	**50%**	50%	**-**	15 976	**-**	-
Other associates**				**49 472**	41 832	**6 256**	6 256
				542 197	408 357	**9 256**	9 256
Directors valuation				**577 157**	461 081		

* Economic interest

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

\# Incorporated in the United States

The summarised financial information in respect of the Groups' principal associates is set out below:

	Information Technology	Food and Beverage	Financial Services	Energy	Hotels and Casino
Total assets	30 517	3 051 842	150 642	70 800	131 126
Total liabilities	(6 603)	(2 094 993)	(130 758)	(500)	(42 690)
Net assets	23 914	956 849	19 884	70 300	88 436
Revenue	58 404	2 778 200	47 530	18 800	129 590
Groups' share of associates profits/ (losses) for the year	3 484	129 735	7 886	(3 915)	31 022

The following associates do not have 31 March year ends:

Name of associate	*Year end*
Johnson Crane Hire (Proprietary) Limited	June
Hotel Formula 1 (Proprietary) Limited	December
Magellan-Montauk LFS LLC	December
Clover Industries Limited	December

The results of these associates are equity accounted using management prepared information on a basis co-terminous with the Groups' year end.

6. INVESTMENT IN JOINT VENTURES

The following are the Group's principal joint ventures:

Name of joint ventures	Principal activity	Group's interest 2008	Group's interest 2007	Group Carrying value 2008 R'000	Group Carrying value 2007 R'000
The Cullinan Hotel (Proprietary) Limited	Hotel operator	**50%**	50%	**87 302**	80 621
Southern Sun Middle East LLC *	Hotel operator	**49%**	49%	**932**	241
United Resorts & Hotels Limited **	Hotel operator	**50%**	50%	**123 136**	103 241
				211 370	184 103

* Incorporated in Dubai
** Incorporated in Seychelles

The following amounts are not included in the Group's financial statements as the Group accounts for its investment in joint venture on an equity basis:

	2008 R'000	2007 R'000
Current assets	**106 990**	69 675
Non-current assets	**372 693**	304 030
Current laibilities	**(62 992)**	(72 788)
Non-current liabilities	**(271 484)**	(133 329)
Income	**131 747**	94 551
Expenses	**115 826**	92 297
Net	**15 921**	2 254
Group's share of associates' capital commitments #	**20 478**	40 372

\# of which R20 million is subject to contractual negotiations

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
7. OTHER FINANCIAL ASSETS				
Derivatives designated and effective as hedging intruments carried at fair value				
Natural gas put options	**33 500**	-		
Interest rate swap	**1 168**	2 575		
	34 668	2 575		

The put options were accounted for in accordance with IAS 39 for the year ended 31 March 2007, the group had not designated the put options as hedges and therefore recorded the changes in fair value of the put options through the income statement. Effective 1 April 2007, the group has designated these put options as cashflow hedges and as a result recorded the change in market value of the unexpired put options through equity since the designation date. The hedging instrument was effective throughout the year.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Financial assets carried at fair value through profit or loss				
Natural gas put options	**-**	75 740		
Option to purchase shares	**7 002**	-		
Foreign exchange contract	**20 171**	-		
	27 173	75 740		

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
*Available for sale investments held at fair value **				
Redeemable preferences shares**	**103 600**	110 045		
Sinking fund insurance policies	**39 000**	30 060		
Short term investment fund	**175 907**	-		
Other	**5 654**	24 109		
	324 161	164 214		
	386 002	242 529		
Current portion	**32 843**	15 945		
Non-current portion	**353 159**	226 584		
	386 002	242 529		

* These investments are included under this specific IFRS category by default as they do not qualify for inclusion under alternative financial asset categories in terms of IFRS principles. The investments are not intended to be sold or realised in the near future.

** Redeemable preference shares comprise investments in unlisted companies of which R 5 million is redeemable in 2008, R 85,2 million is redeemable by December 2009 and R 13,4 million is redeemable by 2012 and attract dividends at rates linked to prime rate.

8. SUBSIDIARY COMPANIES

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Shares at cost less impairment			**1 025 642**	1 145 097
Amounts owing by subsidiary companies			**607 072**	368 120
			1 632 714	1 513 217
Amounts owing to subsidiary companies			**(163 260)**	(75 050)
			1 469 454	1 438 167

These loans are interest free and have no set dates of repayment. Full details of subsidiary companies are provided on pages 86 and 87.

9. DEFERRED TAX

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Movements in deferred taxation				
At beginning of year	**(136 814)**	303 927		
Business combination	**(883)**	(375 657)		
Asset revaluations	**(9 482)**	(2 685)		
Accelerated tax allowances	**(18 274)**	(30 823)		
Provisions and accruals	**10 940**	51 385		
Assessed losses	**(69 341)**	(67 437)		
Other	**9 395**	16 991		
Change in rate	**(189)**	-		
Transfer to non-current assets held for sale	**(32 729)**	-		
Application of AC 501	**(9 521)**	(32 515)		
At end of year	**(256 898)**	(136 814)		
Analysis of deferred taxation				
Application of AC 501	**-**	15 007		
Accelerated tax allowances	**(250 784)**	(232 596)		
Provisions and accruals	**207 728**	201 230		
Deferred revenue	**11 540**	11 434		
Asset revaluations	**(390 060)**	(381 939)		
Assessed losses	**145 785**	240 327		
Other	**18 893**	9 723		
	(256 898)	(136 814)		
Composition of deferred taxation				
Deferred taxation assets	**255 004**	345 783		
Deferred taxation liabilities	**(511 902)**	(482 597)		
	(256 898)	(136 814)		

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
10. OPERATING LEASE EQUALISATION				
Straight-lining of operating leases				
Assets	**4 980**	5 000		
Liabilities	**(279 521)**	(266 457)		
	(274 541)	(261 457)		
11. FINANCE LEASE RECEIVABLES				
Finance lease receivables	**-**	299 725		
Details of finance lease receivables				
Gross investment in leases	**-**	550 658		
Initial direct costs to be amortised	**-**	13 084		
Unearned finance income	**-**	(133 537)		
Net investment in leases	**-**	430 205		
Provision for impairment of finance lease receivables	**-**	(42 908)		
Additional amortisation of indirect costs due to provision for impairment	**-**	(2 476)		
	-	384 821		
Present value of minimum lease payments	**-**	384 821		
Less: short term portion	**-**	(85 096)		
	-	299 725		

The finance lease receivables relate to the Mettle Group of Companies and have been transferred to "non-current assets held for sale".

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
12. NON-CURRENT RECEIVABLES				
Loans to minority shareholders	**99 000**	99 000	**-**	-
These loans are repayable on the earlier of 31 May 2011 or as agreed to by all shareholders of Tsogo Sun KwaZulu-Natal (Pty) Ltd, a subsidiary of the Group. Interest is charged at rates linked to the three month Johannesburg Inter-Bank Agreed Rate ("JIBAR") and settlement occurs bi-annually on the last day of March and September. These loans are secured by a cession of claims by these minority shareholders of loan accounts in Ripple Effect 31 (Pty) Ltd, a subsidiary of the Group.				
Loans to development trusts	**11 500**	11 500	**-**	-
These unsecured loans are interest free, and have no set dates of repayment				
Loan to HCI Employee Share Trust (2001)	**-**	-	**7 835**	9 536
This unsecured loan is interest free and has no set date of repayment				
*Other loans	**16 967**	16 496	**-**	-
These loans are due within 2 to 6 years and bear interest at rates ranging from 0% to 5% per annum.				
	127 467	126 996	**7 835**	9 536

The above values approximate fair value. There were no disposals or impairment provisions on non-current receivable financial assets during the current or prior years.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
12. NON-CURRENT RECEIVABLES (Continued)				
Non-current receivables are denominated in the following currencies:				
South African Rand	**102 204**	112 548	**7 835**	9 536
United States Dollars	**11 995**	14 448	**-**	-
Seychelles Rupee	**13 268**	-	**-**	-
	127 467	126 996	**7 835**	9 536

13. FINANCIAL ASSETS

	Group 2008 R'000	Group 2007 R'000
Financial assets	-	5 475 922
Short term portion of financial assets	-	(1 489 061)
	-	3 986 861
Financial assets consist of:		
Loans and receivables	-	3 811 647
Held-to-maturity investments (preference shares)	-	1 664 275
	-	5 475 922

Detailed records of the shares are maintained at the subsidiary company's registered office and will be made available upon written request.

Group 2008

These financial assets, which relate to the business of the Mettle Group of Companies, have been classified as "non-current assets held for sale"

Group 2007

Maturity dates for each class of financial asset:

	Loans and receivables	Held-to-maturity investments	Total
< 1 year	1 489 061	-	1 489 061
1 - 2 years	2 148 916	1 664 275	3 813 191
2 - 3 years	117 007	-	117 007
4 - 5 years	16 646	-	16 646
> 5 years	40 017	-	40 017
Total	3 811 647	1 664 275	5 475 922

Aggregate carrying value of fixed rate and floating interest and dividend rate financial assets:

	Floating rate	Fixed rate	Total
Loans and receivables	222 523	3 589 124	3 811 647
Held-to-maturity investments	-	1 664 275	1 664 275
	222 523	5 253 399	5 475 922

Range of effective rates for each class of financial assets:

	Low	High
Loans and receivables (interest rate)	7.69%	18.65%
Held-to-maturity investments (dividend rate)	7.61%	18.51%

Loans and receivables have been ceded as security for the obligation to redeem preference shares. R 7 622 099 is denominated in US Dollars, secured, with interest at 12,5% pa and repayable within one year.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
14. INVENTORIES				
Raw materials	**62 910**	33 613		
Work in progress	**25 168**	7 560		
Finished goods	**42 878**	17 358		
Consumables and spares	**31 907**	24 830		
Merchandise	**31 575**	31 858		
Operating equipment	**88 199**	69 024		
Provision for obsolete inventory	**(2 528)**	(3 763)		
	280 109	180 480		

No inventory is held at net realisable value

Encumbrances
Certain inventories have been ceded as security for loans due. Refer note 22.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
15. PROGRAMME RIGHTS				
Television programmes				
- International	**267 520**	153 825		
- Local	**96 989**	32 489		
	364 509	186 314		
Reconciliation of carrying value				
At beginning of year	**186 314**	230 565		
Additions	**331 320**	84 328		
Acquired through business combinations	**9 522**	-		
Amortised through cost of sales	**(162 647)**	(128 579)		
At end of year	**364 509**	186 314		

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	**774 810**	664 071	**-**	-
Other receivables	**431 757**	263 705	**75 689**	15 935
Provision for impairment of trade receivables	**(20 531)**	(12 650)	**-**	-
Provision for impairment of other receivables	**(1 740)**	(335)	**-**	-
Net trade and other receivables	**1 184 296**	914 791	**75 689**	15 935

The above values approximate fair value.

Trade receivables past due but not impaired
At 31 March 2008, trade receivables of R131 413 million (2007:R57 953 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
30 to 60 days	**54 141**	36 020		
60 to 90 days	**18 087**	8 710		
More than 90 days	**59 185**	13 223		

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000

16. TRADE AND OTHER RECEIVABLES (Continued)

Impairment of trade receivables
At 31 March 2008, trade receivables of R 20,5 million (2007: R 12,6 million) were impaired. Impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Movements on the provision for impairment of trade receivables is as follows:

	Group 2008 R'000	Group 2007 R'000
Balance at 1 April	**12 650**	18 678
Provision for receivables impairment	**11 093**	3 768
Receivables written off during the year as uncollectible	**(1 029)**	2 424
Unused amounts reversed	**(2 183)**	(12 220)
Balance at 31 March	**20 531**	12 650

Other receivables past due but not impaired
At 31 March 2008, other receivables of R14,4 million (2007:R15,2 million) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	Group 2008 R'000	Group 2007 R'000
Up to 3 months	**3 530**	3 700
3 to 6 months	**2 000**	4 789
More than 6 months	**8 857**	6 737

Impairment of other receivables
At 31 March 2008, other receivables of R1,74 million (2007: R0,34 million) were impaired. Impaired other receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Movements on the provision for impairment of other receivables is as follows:

	Group 2008 R'000	Group 2007 R'000
Balance at 1 April	**335**	-
Provision for receivables impairment	**1 405**	335
Balance at 31 March	**1 740**	335

For both trade and other receivables the creation and release of provision for impaired receivables have been included in other expenses in the income statement. Amounts charged to the provision account are written off when there is no expectation of recovery.
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
SA Rand	**1 103 728**	836 641	**75 689**	15 935
US Dollars	**52 130**	54 746	**-**	-
Euro	**11 173**	10 345	**-**	-
Other currencies	**17 265**	13 059	**-**	-
	1 184 296	914 791	**75 689**	15 935

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above.

17. PLEDGED DEPOSITS

Bank deposits of R 2,01 million (2007 : R 2,01 million) have been pledged to support guarantees of R 2 million (2007 : R 2 million) issued by the company's bankers 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.

A bank deposit of R10 million has been pledged to support a guarantee issued by the company's bankers in favour of a third party vendor for the obligations of the Company.

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Non-current assets classified as held for sale	**3 855 894**	-		
Liabilities associated with the non-current assets held for sale	**(3 764 185)**	-		
	91 709	-		
18.1 Prior to the year end the Group had entered into agreements to dispose of its interest in the Mettle Group of Companies for an aggregate consideration of R 85 million. At year end the conditions precedent had not yet been fulfilled. The transaction became unconditional on 9 July 2008.				
Assets associated with the Mettle Group of Companies classified as held for sale	**3 844 621**			
Investments in associates	**1 036**			
Property, plant, equipment and intangibles	**4 740**			
Investment properties	**41 965**			
Finance lease receivables	**230 116**			
Financial assets	**3 188 165**			
Goodwill	**6 509**			
Deferred tax assets	**33 721**			
Bank balances	**49 276**			
Other assets	**289 093**			
Liabilities associated with the Mettle Group of Companies classified as held for sale	**3 761 294**			
Financial liabilities	**3 199 705**			
Borrowings	**523 128**			
Deferred tax liabilities	**992**			
Other liabilities	**37 469**			
Net assets of the Mettle Group of Companies classified as held for sale	**83 327**			

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

18.2 A decision has been taken to dispose of natural gas extraction operations at certain passive landfill sites operated by Montauk Energy Corporation. It is expected that the sites will be disposed of for at least its carrying value.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Assets associated with the passive landfill sites classified as held for sale	**11 273**			
Property, plant and equipment	**8 400**			
Other	**2 873**			
Liabilities associated with the passive landfill sites classified as held for sale	**(2 891)**			
Net assets of associated with the passive landfill sites classified as held for sale	**8 382**			

19. ORDINARY SHARE CAPITAL

	2008 Number of shares	2007 Number of shares	**2008 R'000**	2007 R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in company	**126 369**	126 209	**31 592**	31 552
Treasury shares held by subsidiary and employee share trust	**(2 518)**	(2 313)	**(629)**	(561)
	123 851	123 896	**30 963**	30 991

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

	Number of shares R'000	Share capital R'000	Share premium R'000
In issue at 31 March 2006	124 723	31 181	641 646
Issued for cash	1 786	446	66 503
Shares repurchased	(300)	(75)	(11 625)
	126 209	31 552	696 524
Treasury shares held by subsidiary and employee share trust	(2 313)	(561)	(33 368)
In issue at 31 March 2007	123 896	30 991	663 156
In issue at 31 March 2007	126 209	31 552	696 524
Issued for cash	1 160	290	42 210
Shares repurchased	(1 000)	(250)	(66 750)
	126 369	31 592	671 984
Treasury shares held by subsidiary and employee share trust	(2 518)	(629)	(59 192)
In issue at 31 March 2008	123 851	30 963	612 792

Details of options over shares are set out in note 41

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

20. OTHER RESERVES

	FCTR R'000	Share based payments R'000	Hedging R'000	Revaluation R'000	Other R'000	NDR R'000	Total R'000
Group 2008							
At beginning of year	11 210	4 010	111	15 784	-	(4 268)	26 847
Exchange differences on translation of foreign subsidiaries	63 947	-	-	-	-	-	63 947
Equity-settle share based payments	-	1 816	-	-	-	-	1 816
Current revaluations	-	-	-	16 589	-	-	16 589
Other	-	-	(12 895)	271	529	-	(12 095)
Transfer of revaluation to profit or loss	-	-	-	(5 621)	-	-	(5 621)
At end of year	75 157	5 826	(12 784)	27 023	529	(4 268)	91 483
Group 2007							
At beginning of year	2 066	4 007	-	-	-	(4 268)	1 805
Exchange differences on translation of foreign subsidiaries	9 144	-	-	-	-	-	9 144
Equity-settle share based payments	-	3	-	-	-	-	3
Fair value gains	-	-	111	-	-	-	111
Current revaluations	-	-		26 303	-	-	26 303
Transfer of revaluation to profit or loss	-	-	-	(10 519)	-	-	(10 519)
At end of year	11 210	4 010	111	15 784	-	(4 268)	26 847

	Group **2008** **R'000**	Group 2007 R'000	Company **2008** **R'000**	Company 2007 R'000
21. FINANCIAL LIABILITIES				
Financial liabilities	-	5 529 631		
Short term portion of financial liabilities	-	(1 485 275)		
	-	4 044 356		
Financial liabilities consist of:				
Loans due to to third parties	-	1 888 307		
Preference share liabilities	-	3 641 324		
	-	5 529 631		

Group 2008

These financial liabilities, which relate to the business of the Mettle Group of Companies, have been classified as "non-current assets held for sale".

Group 2007

Maturity date for each class of financial liabilities:

	Loans due to third parties	Preference share liabilities	Total
< 1 year	220 057	1 265 219	1 485 276
1 - 2 years	1 668 250	2 199 610	3 867 860
2 - 3 years	-	117 771	117 771
4 - 5 years	-	18 683	18 683
> 5 years	-	40 041	40 041
Total	1 888 307	3 641 324	5 529 631

Aggregate carrying value of fixed rate and floating interest and dividend rate financial liabilities:

	Floating rate	Fixed rate	Total
Loans due to third parties	199 091	1 689 216	1 888 307
Held-to-maturity investments	24 752	3 616 572	3 641 324
	223 843	5 305 788	5 529 631

Range of effective rates for each class of financial assets:

	Low	High
Loans due to third parties (interest rate)	7.11%	16.10%
Preference share liabilities (dividend rate)	7.72%	18.51%

The obligation to redeem preference shares is secured by loans and receivables - refer to note 13

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
22. BORROWINGS				
Bank borrowings	**1 038 584**	1 880 806		
Other borrowings	**665 828**	572 455		
Redeemable preference shares	**1 000 000**	113 583		
Loans from minority shareholders	**99 401**	108 578		
	2 803 813	2 675 422		
Current portion of borrowings	**(643 621)**	(795 035)		
	2 160 192	1 880 387		
Secured	**2 498 912**	2 205 516		
Unsecured	**304 901**	476 546		
	2 803 813	2 682 062		
The following represents the book value of the security for these borrowings:				
Property, plant and equipment	**1 521 481**	948 130		
Inventory	**8 704**	5 406		
Other financial assets	**119 700**	-		
Customer contracts	**118 200**	-		
Trade receivables	**151 627**	56 700		
Finance lease receivables	**-**	134 040		
Bank balances	**5 300**	6 049		
Guarantees	**1 590 655**	780 726		
	3 515 667	1 931 051		
Fixed rates	**263 943**	763 784		
Floating rates	**2 539 870**	1 918 278		
	2 803 813	2 682 062		
Maturity of these borrowings is as follows:				
Due within 1 year	**643 621**	795 035		
Due within 2 - 5 years	**2 160 192**	1 578 117		
Due after 5 years	**-**	308 910		
	2 803 813	2 682 062		
Analysis by currency				
United States Dollar	**339 072**	419 580		
South African Rand	**2 464 741**	2 262 482		
	2 803 813	2 682 062		
Weighted average effective interest rates	10.70 %	9.40 %		

At 31 March 2008, the carrying value of borrowings approximates their fair value.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
23. FINANCE LEASE LIABILITIES				
Due within 1 year	**28 642**	23 110		
Due within 2 to 5 years	**93 594**	71 584		
Due after 5 years	**51 155**	59 921		
	173 391	154 615		
Less future finance charges	**(59 834)**	(51 523)		
Present value of finance lease liabilities	**113 557**	103 092		
Due within 1 year	**21 743**	19 446		
Due within 2 to 5 years	**68 544**	59 518		
Due after 5 years	**23 270**	24 128		
	113 557	103 092		
Included in financial statements as:				
Current	**14 491**	11 955		
Non-current	**99 066**	91 137		
	113 557	103 092		

Interest rates linked to the prime overdraft rate vary from 12.1% to 13.36%

The following represents the carrying value of security for these liabilities:

Property, plant and equipment	**116 991**	98 430		

24. RETIREMENT BENEFIT INFORMATION

24.1 Pension

Certain subsidiaries of the Group operate pension funds. These are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

24.2 Medical aid

24.2.1 A subsidiary operates a defined benefit plan for a portion of its medical aid members. The assets of the funded plans are held independently of the Group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

Present value of funded obligations	**31 612**	38 042		
Fair value of plan assets	**(18 835)**	(18 286)		
	12 777	19 756		
Unrecognised actuarial gains	**7 015**	3 446		
Unrecognised past service costs	**6 269**	(1 448)		
	26 061	21 754		

	Group 2008 %	2007 %
24. RETIREMENT BENEFIT INFORMATION (Continued)		
The principal actuarial assumptions used for the valuation were:		
Discount rate	8.75	7.75
Health care cost inflation	7.50	6.75
Expected return on plan assets	9.75	8.75
Remuneration inflation	7.00	6.25

24.2.2 A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund ("MBF" or "the Fund"). The Fund uses the grant to cover the outgoings not financed from member contributions. The administrators of MBF are the Metropolitan Health Group. The subsidiary also makes contributions to Discovery Health.
The amounts recognised in the income statement are as follows:

	2008	2007
Current service cost	**1 700**	1 535
Interest cost	**2 634**	2 365
Net actuarial loss	**2 492**	1 244
Total included in employee costs	**6 826**	5 144

Movements in the net liability recognised in the balance sheet are as follows:

	2008	2007
Balance at beginning of year	**34 311**	30 823
Net expense recognised in the income statement	**6 826**	5 144
Benefit payments	**(1 792)**	(1 656)
Balance at end of year	**39 345**	34 311

The calculation of accrued service liability in respect of post-retirement healthcare was performed by Fifth Quadrant Actuaries and Consultants as at 31 March 2008.

The principal actuarial assumptions used for the valuation were:

	2008	2007
Discount rate	**8.5%**	8.5%
Medical aid subsidy increase rate	**5.5 to 7%**	5.5% to 7%
Normal retirement age	**65 years**	65 years
Continuation of membership at retirement	**55%**	55%

25. LONG TERM INCENTIVE LIABILITIES

Certain subsidiaries of the Group operate cash settled long term incentive plans. Liabilities equal to the current fair values are recognised at each balance sheet date. The moves in the fair value of these liabilities are expensed. The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the application of an Earnings Before Interest, Tax and Amortisation ("EBITDA") based formula as described in note 6 above. The Group has two long term incentive payment plans:

25.1 The Tsogo Sun Group Share Incentive Plan is a long term incentive plan whereby participants receive a cash settlement on exercise and delivery of options. Share options were granted at the fair value price of the shares on the date of the grant less a discount of 2%, and are exercisable at that price. Options only begin to vest from three years after they were allocated. After three years 25% vest, an additional 25% vest after four years, and after five years the remaining options fully vest. Options expire after a maximum period of 8 years. The charge is not reversed if the options are not exercised where the market value of the shares is lower than the option price at the date of grant. When an option is exercised the option holder receives the differential between the strike/grant price and the fair value of the underlying shares in cash which fair value is determined by reference to a pre-determined formula, as noted in 25 above.

At 31 March 2008 the Group has recorded liabilities of R 320,5 million (2007: R340 million) in respect of this long term incentive plan. The current portion of this liability is R 293,7 million (2007: R125,4 million).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Group	Number of shares	Weighted average exercise price per share
Outstanding at beginning of year	7 491 762	R 8.92
Exercised during the year	(2 383 076)	R 69.40
Outstanding at year end	5 108 686	
Exercisable at year end	5 108 686	

25.2 The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the notional growth in the Group's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. 25% of the bonus appreciation plan vests from three years after date of allocation, an additional 25% vests after four years, and the balance after five years.

At 31 March 2008 the Group has recorded liabilities of R 31,8 million (2007: R13,9 million) in respect of this plan. The current portion of this liability is R 5 million (2007: Rnil).

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
26. PROVISIONS				
Frequent guest				
Balance at beginning of year	**31 645**	-		
On acquisition of subsidiary	**-**	38 675		
Raised during the year	**50 262**	15 545		
Utilised	**(46 426)**	(22 575)		
Balance at end of year	**35 481**	31 645		
Incentives				
Balance at beginning of year	**65 158**	-		
On acquisition of subsidiary	**-**	46 087		
Raised during the year	**76 417**	35 171		
Utilised	**(72 525)**	(16 100)		
Balance at end of year	**69 050**	65 158		
Jackpot provisions				
Balance at beginning of year	**17 892**	-		
On acquisition of subsidiary	**-**	14 149		
Raised during the year	**49 695**	19 612		
Utilised	**(57 261)**	(15 869)		
Balance at end of year	**10 326**	17 892		
Environgas preferred stock				
Balance at beginning of year	**7 300**	-		
Unused amounts reversed	**(7 300)**	-		
On acquisition of subsidiary	**-**	7 300		
Balance at end of year	**-**	7 300		
Asset retirement obligation				
Balance at beginning of year	**12 000**	-		
On acquisition of subsidiary	**-**	11 800		
Raised during the year	**9 300**	200		
Utilised	**(200)**	-		
Balance at end of year	**21 100**	12 000		
Leave pay				
Balance at beginning of year	**17 118**	14 460		
On acquisition of subsidiary	**-**	100		
Raised during the year	**12 784**	14 361		
Unused amounts reversed	**(1)**	(3)		
Utilised	**(3 423)**	(11 800)		
Balance at end of year	**26 478**	17 118		
Staff bonuses				
Balance at beginning of year	**25 424**	11 521		
On acquisition of subsidiary	**-**	5 300		
Raised during the year	**28 365**	29 730		
Unused amounts reversed	**(274)**	(7 600)		
Transfers	**(2 230)**	-		
Utilised	**(31 338)**	(13 527)		
Balance at end of year	**19 947**	25 424		

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
26. PROVISIONS (Continued)				
Repurchase of service				
Balance at beginning of year	**33 665**	30 247		
On acquisition of subsidiary	**2 994**	3 418		
Balance at end of year	**36 659**	33 665		
Third party claims				
Balance at beginning of year	**9 181**	8 919		
Raised during the year	**5 250**	5 944		
Utilised	**(6 330)**	(5 682)		
Balance at end of year	**8 101**	9 181		
Provision in respect of guarantees given				
Balance at beginning of year	**20 000**	-		
Raised during the year	**-**	20 000		
Balance at end of year	**20 000**	20 000		
Other				
Balance at beginning of year	**31 039**	5 782		
On acquisition of subsidiary	**-**	8 000		
Raised during the year	**33 316**	13 155		
Unused amounts reversed	**(1 893)**	(2 097)		
Utilised	**(39 562)**	(2 751)		
Other	**1 600**	8 950		
Balance at end of year	**24 500**	31 039		
Total provisions	**271 642**	270 422		
Non-current	**26 354**	35 530		
Current	**245 288**	234 892		
	271 642	270 422		

Repurchase of service
This is a provision raised in respect of costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport.

Third party claims
Third party claims are legal claims resulting from traffic accidents.Claims that are insured are excluded from this provision

Asset retirement obligation
Asset retirement obligations represent estimates of obligations relating to decommissioning and removal requirements for specific landfill gas processing assets as required by the associated gas right agreements,

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
27. TRADE AND OTHER PAYABLES				
Trade payables	**613 849**	423 012	**-**	-
Operating lease liabilities	**4 220**	3 312	**-**	-
Other payables	**728 041**	652 832	**4 003**	43 129
	1 346 110	1 079 156	**4 003**	43 129

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
28. SHORT TERM LOANS				
Loan structured as 90 day unsecured non amortising debentures. Interest payments are due quarterly in arrears. The rate on the facility is priced quarterly at the 3 month JIBAR rate plus 80 basis points. The security for these debts are managed in terms of the Trust Deed under the Mettle Motor Loans Debenture Holders Trust.	-	388 821		
Loan secured by a debtors book bearing interest at 1.5% per month	-	27 817		
Loan secured by a residual cession of a debtors book bearing interest at the prime rate plus 3%	-	15 057		
Unsecured term loans bearing interest at varying rates	-	8 658		
	-	440 353		

29. BANK OVERDRAFTS

Trade receivables totalling R 117,4 million have been ceded as security for debtor's factoring facility. The balance of the facility at year end was R 29,9 million.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
30. COMMITMENTS				
Operating lease arrangements where the Group is a lessee:				
Future leasing charges:				
Payable within one year	**148 384**	145 068		
Payable within two to five years	**522 309**	611 344		
Payable after five years	**859 881**	835 110		
	1 530 574	1 591 522		
Operating lease arrangements where the Group is a lessor:				
Future leasing charges for premises:				
Receivable within one year	**56 188**	15 012		
Receivable within two to five years	**95 317**	25 463		
Receivable after five years	**7 402**	2 411		
	158 907	42 886		
Capital expenditure:				
Authorised by directors but not yet contracted for:				
Property, plant and equipment	**1 400 924**	848 467		
Intangible assets - software	**60 266**	53 800		
	1 461 190	902 267		
Authorised by directors and contracted to be expended:				
Property, plant and equipment	**45 993**	252 737		
Intangible assets - software	**3 002**	1 800		

It is intended that this expenditure will be funded from bank finance.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
31. REVENUE				
Sale of Goods	**1 482 466**	498 469		
Provision of Services	**4 039 895**	2 520 678		
	5 522 361	3 019 147		
32. INVESTMENT INCOME				
Dividends				
Unlisted investments	**15 540**	34 558	**-**	-
Associates	**-**	-	**1 925**	4 275
Subsidiaries	**-**	-	**183 642**	106 578
	15 540	34 558	**185 567**	110 853
Interest				
Bank	**85 587**	102 670	**3 161**	530
Other	**10 858**	1 394	**-**	-
	96 445	104 064	**3 161**	530
33. INVESTMENT SURPLUS				
Gain on sale of associates	**75 394**	-	**-**	-
Gain on disposal of other investments	**-**	6 327	**-**	4 022
Gain on disposal of business	**-**	51 312	**-**	-
Gain on disposal/part disposal of subsidiary	**8 490**	-	**35 155**	-
	83 884	57 639	**35 155**	4 022
34. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill and investments	**12 422**	2 963	**-**	-
Impairment of investments in subsidiaries	**-**	-	**1 128**	33 284
	12 422	2 963	**1 128**	33 284
35. FINANCE COSTS				
Interest	**307 214**	164 754	**951**	100
Preference dividends	**37 256**	10 069	**-**	-
	344 470	174 823	**951**	100

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
36. PROFIT BEFORE TAXATION				
Auditors remuneration				
- Audit fees - current year	**7 078**	6 617	**301**	542
- prior year	**1 243**	561	**798**	-
- Other services	**328**	1 598	**40**	187
Consultancy fees	**9 801**	51 770	**4 610**	297
Secretarial fees	**183**	225	**182**	225
Operating lease charges				
- Premises	**192 626**	85 846	**-**	-
- Plant and equipment	**29 389**	11 964	**-**	-
Foreign exchange (profit) / loss	**(4 282)**	7 547	**-**	-
(profit) on disposal of property, plant and equipment	**(38 495)**	(1 746)	**-**	-
Gaming levies	**288 125**	110	**-**	-
VAT	**382 286**	139 871	**-**	-
Share based payments	**1 816**	3	**-**	-
Staff costs	**1 468 041**	745 305	**-**	-
Pension fund contributions	**65 966**	20 114	**-**	-
37. TAXATION				
South African taxes				
Current normal tax	**694 197**	279 615	**-**	-
Prior year normal tax	**13 568**	3 221	**-**	-
Deferred normal tax	**95 881**	48 835	**-**	-
Capital gains tax	**6 570**	-	**-**	-
Secondary tax on companies	**57 319**	3 660	**-**	-
	867 535	335 331	**-**	-
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 which deferred tax assets have not been raised are estimated at:				
- Normal tax	**403 259**	616 405	**-**	-
- Capital gains tax	**358 198**	362 500	**-**	-
- Secondary tax on companies	**-**	167 045	**-**	-
Tax relief at current rates:				
- Normal tax	**112 913**	178 757	**-**	-
- Capital gains tax	**50 147**	52 563	**-**	-
- Secondary tax on companies	**-**	20 881	**-**	-

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000

37. TAXATION (Continued)

Reconciliation of tax rate	**%**	%		
Normal tax rate	**29**	29		
Deferred tax not raised on losses	**1**	2		
Capital losses and non-deductible expenses	**4**	3		
Non-taxable income including share of associates income	**(2)**	(4)		
Raising of deferred tax assets	**(1)**	(7)		
Differential tax rates - CGT and foreign	**(1)**	1		
Secondary tax on companies	**2**	4		
Effective rate	**32**	28		

38. DISCONTINUED OPERATIONS

38.1 Prior to the year end the Group had entered into agreements to dispose of its interest in the Mettle Group of Companies for an aggregate consideration of R 85 million. At year end the conditions precedent had not yet been fulfilled. The transaction became unconditional on 9 July 2008.

Profit from discontinued operations relating to the Mettle Group of companies

Revenue	**212 434**	127 820		
Net funding income	**46 086**	66 477		
Operating and other costs & income	**(247 756)**	(183 002)		
Profit before taxation	**10 764**	11 295		
Taxation	**(15 920)**	(29 319)		
	(5 156)	(18 024)		
Cash flows from discontinued operations				
Cash flows from operating activities	**(91 861)**	76 529		
Cash flows from investing activities	**26 734**	22 965		
	(65 127)	99 494		

38.2 Discontinued operations relate to interests that a subsidiary of Blue Wolf Energy Holdings LLC has in certain passive landfill sites. A decision has been taken to dispose of these sites in the next 12 months.

Profit from discontinued operations relating to the passive landfill sites

Revenue	**19 200**	8 800		
Operating costs	**(36 278)**	(16 673)		
Loss before taxation	**(17 078)**	(7 873)		
Taxation	**4 300**	10 400		
	(12 778)	2 527		
Cash flows from discontinued operations				
Cash flows from operating activities	**15 700**	19 000		
Cash flows from investing activities	**7 800**	900		
	23 500	19 900		

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000

39. EARNINGS PER SHARE

39.1 Earnings per share is based on the weighted average number of 124 179 177 ordinary shares in issue (2007 : 123 691 000)

39.2 Diluted earnings per share is based on the weighted average number of 127 304 718 ordinary shares in issue (2007: 125 647 212)

	2008	2007
39.3 Headline earnings per share (cents)	**555.28**	412.21
- Continuing operations	**569.72**	424.73
- Discontinued operations	**(14.44)**	(12.52)
Diluted headline earnings per share (cents)	**684.86**	456.33
- Continuing operations	**698.95**	468.67
- Discontinued operations	**(14.09)**	(12.34)

39.4 In order to more accurately reflect the economic reality of the Groups' results adjusted headline profit and earnings per share are also disclosed

Adjusted headline earnings exclude all abnormal profits and losses includes non recurring transaction costs and the effects of net deferred tax assets raised or expensed in respect of unused tax losses and available STC credits.

39.5 Reconciliation of headline earnings:

	2008		2007	
	Gross R'000	**Net R'000**	Gross R'000	Net R'000
Earnings attributable to equity holders of the parent	**-**	**871 855**	-	573 371
IAS 16 gains on disposal of property	**(38 898)**	**(10 418)**	(5 271)	(5 271)
IAS 16 gains on disposal of plant and equipment	**403**	**967**	1 571	891
IAS 16 impairment of plant & equipment	**2 500**	**264**	-	-
IAS 39 impairment of investments	**7 534**	**5 752**	-	-
IFRS 3 Impairment of goodwill	**4 888**	**4 888**	3 112	3 112
IFRS 3 Excess of fair value of assets of business acquired	**(4 885)**	**(2 613)**	-	-
IFRS 3 Excess of fair value of assets of an associate	**4 489**	**1 533**	-	-
IAS 28 gain on disposal of associates	**(75 394)**	**(59 855)**	-	-
IAS 36 reversal of impairments	**(30 175)**	**(19 306)**	-	-
IAS 27 profit from disposal / part of subsidiary	**(7 209)**	**(7 209)**	(57 749)	(48 299)
IAS 40 fair adjustment to investment property	**(29 171)**	**(24 519)**	777	777
Re-measurements included in equity-accounted earnings of associates	**-**	**(71 799)**	-	(14 720)
Headline profit		**689 540**		509 861
Deferred tax in respect of losses	**-**	**-**		(33 421)
Deferred tax in respect of STC credits	**-**	**9 521**		32 515
Adjusted headline profit		**699 061**		508 955

39.6 On 15 May 2008 the company declared dividend number 40 of 60 cents (2007:50 cents) per share, this dividend was paid to shareholders on 7 July 2008.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
40. NOTES TO THE CASH FLOW STATEMENT				
40.1 CASH GENERATED BY OPERATIONS				
Profit for the year	**1 839 028**	948 664	**217 689**	70 412
Taxation	**878 960**	368 410	**-**	-
Depreciation and amortisation	**519 711**	218 196	**-**	-
Share based payments	**1 816**	3	**-**	-
Profit on disposal of property, plant and equipment	**(38 495)**	(1 746)	**-**	-
Impairment of goodwill and investments	**12 539**	6 400	**-**	-
Other impairments	**61 558**	51 943	**1 128**	33 284
Equity accounted profits retained in subsidiaries	**(143 627)**	(188 421)	**-**	-
Forex translation	**(33 941)**	(26 182)	**-**	-
Fair value adjustments	**(57 525)**	(454)	**-**	-
Investment income	**(232 009)**	(138 628)	**(188 728)**	-
Preference dividends and interest	**438 256**	175 662	**951**	100
Non cash movements in natural gas put options	**-**	(76 151)	**-**	-
Investment surplus	**(5 550)**	(55 208)	**(38 456)**	-
Movement in provisions	**90 924**	68 633	**-**	-
Post retirement medical retirement benefits	**5 034**	36 462	**-**	-
Operating lease equalisation asset	**21 632**	14 716	**-**	-
Long term incentive charges	**124 814**	79 301	**-**	-
Other non cash items	**(3 375)**	(26)	**67**	-
	3 479 750	1 481 574	**(7 349)**	103 796
40.2 CHANGES IN WORKING CAPITAL				
Inventory	**(72 418)**	(20 991)	**-**	-
Programming rights	**(208 020)**	44 251	**-**	-
Trade and other receivables	**(230 306)**	(542 759)	**(39 126)**	(13 196)
Trade and other payables	**(225 363)**	164 066	**(59 754)**	8 089
Other	**6 368**	(14 343)	**-**	-
Net financial liabilities	**(42 168)**	5 926	**-**	-
	(771 907)	(363 850)	**(98 880)**	(5 107)
40.3 TAXATION PAID				
Unpaid at beginning of year	**4 809**	(11 223)	**703**	483
Charged to the income statement	**(893 842)**	(370 079)	**-**	-
Deferred tax movement	**18 391**	78 248	**-**	-
Business combinations	**(17 397)**	(170 583)	**-**	-
Foreign exchange difference	**(2 376)**	-	**-**	-
Unpaid at end of year	**151 965**	153 359	**(1 976)**	(703)
	(738 450)	(320 278)	**(1 273)**	(220)

40.4 BUSINESS COMBINATIONS

	2008 Acquisition R'000	2007 Acquisition R'000
At acquisition		
Property, plant and equipment	**(74 569)**	(5 105 583)
Programming rights	**(9 522)**	-
Intangible assets	**(999)**	(307 539)
Investments	**-**	(299 695)
Deferred tax asset	**-**	(66 078)
Goodwill	**(107 451)**	(518 493)
Derivative financial instruments	**-**	(2 164)
Negative goodwill	**4 885**	-
Long term receivables	**-**	(112 876)
Other current assets	**(204 175)**	(676 237)
Deferred tax liability	**302**	430 240
Non-current borrowings including current portion	**25 566**	2 024 035
Long term incentive plan liability	**-**	260 611
Post retirement medical aid liabilities	**-**	19 603
Operating lease equalisation liability	**-**	227 841
Other current liabilities	**127 876**	1 176 223
	(238 087)	(2 950 112)
Bank at date of acquisition	**79 605**	206 366
	(158 482)	(2 743 746)
Minority interest	**23 804**	1 698 439
Issue of shares	**-**	32 450
Amounts owing to group offset against purchase price	**-**	416 000
Purchase price remaining unpaid	**24 500**	36 000
Carrying value of investments at date that it became a subsidiary	**341**	546 808
	(109 837)	(14 049)

40.5 CASH AND CASH EQUIVALENTS

Bank balances and deposits	**672 990**	742 103	3 383	3 540
Bank overdraft and loans	**(100 547)**	(31 658)	-	-
Bank balances classified as held for sale	**47 276**	-	-	-
	619 719	710 445	3 383	3 540

41. HCI EMPLOYEE SHARE OPTION SCHEME

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

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

41. HCI EMPLOYEE SHARE OPTION SCHEME (Continued)

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

	2008	2007
	Number of shares	Number of shares
Balance at beginning of the year	**2 389 197**	1 324 474
Options granted and exercised	**1 200 300**	1 134 460
Options vested and paid for	**(193 092)**	(69 737)
Options forfeited	**(47 500)**	-
Balance at the end of the year	**3 348 905**	2 389 197

The options outstanding at 31 March 2008 become unconditional between the following dates:

	Number of share options	Exercise price R
1 September 2007 and 31 August 2008	334 895	8,55
1 September 2009 and 31 August 2011	250 000	8,55
25 July 2007 and 24 July 2009	151 187	40,50
25 July 2009 and 24 July 2011	151 187	40,50
25 July 2011 and 24 July 2007	151 188	40,50
8 September 2007 and 7 September 2009	97 115	40,50
8 September 2009 and 7 September 2011	97 115	40,50
8 September 2011 and 7 September 2013	97 115	40,50
29 June 2007 and 28 June 2008	300 075	70,00
29 June 2008 and 28 June 2010	300 075	70,00
29 June 2010 and 28 June 2012	300 075	70,00
29 June 2012 and 28 June 2014	300 075	70,00
	2 530 102	
Options vested but not yet paid for	570 500	8,55
Options vested but not yet paid for	248 303	40,50
	3 348 905	

Options granted to executive directors

	2008		2007	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
VE Mphande				
Balance at the beginning of the year	**850 000**	**8,55**	900 000	8,55
Options granted and exercised	**49 592**	**70,00**	-	-
Options vested and paid for	**(70 000)**	**8,55**	(50 000)	8,55
Balance at the end of the year	**829 592**		850 000	
A van der Veen				
Balance at the beginning of the year	**250 000**	**8,55**	250 000	8,55
Options granted and exercised	**99 184**	**70,00**	-	-
Balance at the end of the year	**349 184**		250 000	
JA Copelyn				
Balance at the beginning of the year	**-**	**-**		
Options granted and exercised	**308 571**	**70,00**		
Balance at the end of the year	**308 571**			
MJA Golding				
Balance at the beginning of the year	**-**	**-**		
Options granted and exercised	**308 571**	**70,00**		
Balance at the end of the year	**308 571**			

42. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Non beneficial	
31 March 2008	Number	Percentage holding	Number	Percentage holding	Number	Percentage holding
Executive directors						
JA Copelyn	**5 559 931**	**4.4**	**-**	**-**	**12 097 225 ***	**9,6**
MJA Golding	**7 541 109**	**6.0**	**1 480 733**	**1.2**	**4 500 000 ***	**3,6**
VE Mphande	**-**	**-**	**-**	**-**	**4 500 000 ***	**3,6**
A van der Veen	**605 000**	**0.5**	**-**	**-**	**-**	**-**
JA Mabuza	**405 555**	**0.3**	**-**	**-**	**-**	**-**
		-				
Non-executive directors		**-**				
VM Engel	**-**	**-**	**-**	**-**	**4 500 000 ***	**3,6**
MF Magugu	**-**	**-**	**-**	**-**	**-**	**-**
ML Molefi	**-**	**-**	**-**	**-**	**-**	**-**
JG Ngcobo	**8 995**	**-**	**-**	**-**	**-**	**-**
AM Ntuli	**5 358**	**-**	**-**	**-**	**-**	**-**
Y Shaik	**-**	**-**	**-**	**-**	**-**	**-**
	14 125 948	**11.2**	**1 480 733**	**1.2**		

	Direct beneficial		Indirect beneficial		Non beneficial	
31 March 2007	Number	Percentage holding	Number	Percentage holding	Number	Percentage holding
Executive directors						
JA Copelyn	5 549 931	4.4	7 047 587	5.6	4 549 638 *	3,6
MJA Golding	7 541 109	6.0	1 480 733	1.2	4 500 000 *	3,5
VE Mphande	-	-	-	-	4 500 000 *	3,5
A van der Veen	600 000	0.5	-	-	-	-
JA Mabuza	455 555	0.4	-	-	-	-
Non-executive directors						
VM Engel	-	-	-	-	4 500 000 *	5,0
MF Magugu	-	-	-	-	-	-
ML Molefi	-	-	-	-	-	-
JG Ngcobo	6 995	-	-	-	-	-
AM Ntuli	3 358	-	-	-	-	-
Y Shaik	-	-	-	-	-	-
	14 156 948	11.3	8 528 320	6.8		

* Includes 4 500 000 shares in HCI held by the HCI Foundation. The trustees of the foundation include Messrs JA Copelyn, VE Mphande, MJA Golding and VM Engel. To this extent they are indirectly non-beneficially interested in these shares.

43. DIRECTORS EMOLUMENTS

Year ended 31 March 2008	Board fees R'000	Salary R'000	Other benefits R'000	Gains from share options, share appreciation and bonus plans R'000	Bonus R'000	Total R'000
Executive directors						
JA Copelyn	**-**	**3 606**	**-**	**340**	**1 800**	**5 746**
MJA Golding	**-**	**3 606**	**-**	**340**	**1 800**	**5 746**
VE Mphande	**-**	**1 331**	**-**	**218**	**643**	**2 192**
A van der Veen	**-**	**2 583**	**-**	**150**	**1 286**	**4 019**
JA Mabuza	**-**	**1 997**	**1 484**	**16 545**	**1 900**	**21 926 #**
Non-executive directors						
VM Engel	**160**	**-**	**-**	**-**	**-**	**160**
MF Magugu	**160**	**-**	**-**	**-**	**-**	**160**
ML Molefi	**160**	**-**	**-**	**-**	**-**	**160**
JG Ngcobo	**160**	**-**	**-**	**-**	**-**	**160**
AM Ntuli	**160**	**-**	**-**	**-**	**-**	**160**
Y Shaik	**160**	**-**	**-**	**-**	**-**	**160**
	960	**13 123**	**1 484**	**17 593**	**7 429**	**40 589**

\# These amounts were paid by Tsogo Sun Holdings (Pty) Ltd ("Tsogo"), a subsidiary of HCI.

Year ended 31 March 2007	Board fees R'000	Salary R'000	Other benefits R'000	Gains from share options, share appreciation and bonus plans R'000	Bonus R'000	Total R'000
Executive directors						
JA Copelyn	-	1 866	-	-	5 487##	7 353
MJA Golding	-	1 866	-	-	5 487##	7 353
VE Mphande	-	832	-	41	2 173##	3 005
A van der Veen	-	1 109	-	164	2 498##	3 607
JA Mabuza	-	1 033	25	7172	-	8 230#
Non-executive directors						
VM Engel	120	-	-	-	-	120
MF Magugu	120	-	-	-	-	120
ML Molefi	30	-	-	-	-	30
JG Ngcobo	120	-	-	-	-	120
AM Ntuli	120	-	-	-	-	120
Y Shaik	120	-	-	-	-	120
	630	6 706	25	7 377	15 645	30 178

These amounts represent bonuses paid in respect of the 2007 and 2006 financial years.

44. SEGMENT INFORMATION

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

	Revenue 2008 R'000	Revenue 2007 R'000	Net gaming win 2008 R'000	Net gaming win 2007 R'000
Continuing operations				
Media and broadcasting	**1 175 169**	903 252	**-**	-
Financial services	**-**	5 150	**-**	-
Limited payout gaming	**3 075**	2 250	**169 242**	119 071
Casino gaming	**610 122**	151 900	**3 222 990**	1 047 084
Hotels	**1 665 645**	478 798	**-**	-
Information technology	**204 662**	120 799	**-**	-
Transport	**782 416**	738 809	**-**	-
Industrial	**737 041**	442 400	**-**	-
Energy	**177 357**	40 739	**-**	-
Exhibition and properties	**144 706**	118 000	**-**	-
Other	**22 168**	17 050	**-**	-
	5 522 361	3 019 147	**3 392 232**	1 166 155
Discontinued operations				
Financial services	**212 434**	127 820		
Energy	**19 200**	8 800		
	231 634	136 620		

	Segment Result 2008 R'000	Segment Result 2007 R'000
Continuing operations		
Media and broadcasting	**459 698**	346 871
Financial services	**38 310**	3 197
Limited payout gaming	**11 656**	8 000
Casino gaming	**1 312 303**	570 024
Hotels	**600 407**	111 563
Information technology	**45 705**	28 631
Transport	**116 905**	120 911
Industrial	**37 550**	53 718
Food and beverage	**129 802**	28 796
Energy	**73 140**	36 000
Exhibition and properties	**(107 919)**	(68 657)
Other	**6 940**	60 438
	2 724 497	1 299 492
Discontinued operations		
Financial services	**(5 156)**	(18 024)
Energy	**(12 778)**	2 527
	(17 934)	(15 497)

44. SEGMENT INFORMATION (Continued)

	Assets		Liabilities	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Media and broadcasting	**981 500**	527 040	**534 327**	186 382
Financial services	**3 882 568**	6 231 276	**3 770 081**	6 103 688
Limited payout gaming	**134 023**	93 103	**14 949**	33 805
Casino gaming	**4 301 186**	3 805 165	**1 124 457**	1 791 425
Hotels	**2 708 840**	2 674 283	**1 094 502**	706 078
Information technology	**128 880**	90 015	**56 144**	45 218
Transport	**845 680**	518 318	**488 479**	377 704
Industrial	**545 980**	314 310	**375 993**	181 214
Food and beverage	**295 765**	172 639	**-**	-
Energy	**1 125 226**	923 377	**528 259**	472 833
Exhibition and properties	**433 400**	375 900	**82 900**	65 100
Other	**703 651**	645 670	**1 783 524**	1 470 338
	16 086 699	16 371 096	**9 853 615**	11 433 785

	Property, plant and equipment additions		Depreciation	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Media and broadcasting	**35 184**	16 320	**23 938**	21 372
Financial services	**-**	2 554	**-**	907
Limited payout gaming	**79 523**	45 722	**16 061**	8 677
Casino gaming	**443 812**	163 256	**196 376**	53 615
Hotels	**218 594**	47 504	**84 161**	22 252
Information technology	**13 464**	11 908	**10 348**	4 613
Transport	**147 010**	59 439	**36 830**	31 582
Industrial	**96 540**	35 108	**15 769**	13 206
Energy	**56 101**	24 459	**39 046**	7 966
Exhibition and properties	**1 400**	1 500	**3 800**	3 600
Other	**899**	2 578	**208**	103
	1 092 527	410 348	**426 537**	167 893

Amounts applicable to associates and joint ventures included above :

	Results	Investment in associates and joint ventures	Results	Investment in associates and joint ventures
	2008	**2008**	2007	2007
	R'000	**R'000**	R'000	R'000
Media and broadcasting	**(3 079)**	**12 351**	(2 756)	5 817
Financial services	**7 883**	**16 525**	16 482	33 828
Gaming, hotels and leisure	**46 943**	**260 896**	140 372	221 747
Information technology	**3 484**	**14 101**	3 187	9 638
Transport	**5 719**	**9 891**	7 494	9 891
Industrial	**-**	**-**	18 414	44 164
Food and beverage	**129 735**	**292 740**	31 474	169 341
Energy	**(3 915)**	**84 830**	(492)	95 566
Other	**1 266**	**48 965**	728	2 468
	188 036	**740 299**	214 903	592 460

45. RELATED PARTY TRANSACTIONS

Related parties include:

45.1 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 5 and annexure A.

45.2 A subsidiary acquired 100% of Yired (Proprietary) Limited from the existing shareholders, which included the Company, an unrelated outside shareholder, Rivetprops 47 (Pty) Ltd of which Mr JA Copelyn is a director, Geomer Investments (Pty) Ltd of which Mr MJA Golding is a director and shareholder and Majorshelf 183 (Pty) Ltd of which Mr TG Govender is a director. Messrs Copelyn and Golding are directors of the Company. Mr Govender is the Company Secretary.

45.3 Key management compensation was paid as follows:

	2008	2007
	R'000	R'000
Salaries and other short-term employees benefits	**46 113**	28 213

Details of directors' remuneration are disclosed in note 43 to the financial statements.

46. CONTINGENT LIABILITIES

Group

As part of its provision of funding and investment services, FI Funding and Investments Holdco (Pty) Ltd 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.
There are existing claims of R181million against certain FI Funding and Investments Holdco (Pty) Ltd subsidiaries. The directors of these companies are confident that the claims be successfully defended.
The assets and liabilities of FI Funding and Investments Holdco (Pty) Ltd and its subsidiaries have been classified as held for sale at 31 March 2008. The agreement to dispose of FI Funding and Investments Holdco (Pty) Ltd became unconditional on 9 July 2008.
Certain subsidiaries of the Group have entered into structured finance arrangements in relation to intellectual property sale and lease back transactions with Nedbank Limited. SARS is currently assessing these financial structures, the outcome of which remains uncertain. This could have an adverse effect on the Group. The Group has taken advice on the matter and based on this advice believe that the Group will be able to defend any actions.

Company

The company has issued guarantees and suretyships to ABSA Bank Limited and First Rand Bank Limited for the preference share debt granted to Mercanto Investments (Pty) Ltd, Flaghigh Investments (Pty) Ltd and Tangney Investments (Pty) Ltd, subsidiaries. At 31 March 2008 the total amount owing in respect of this preference share debt amounted to R 1 000 million (2007: R581 million).

47. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR FIGURES

Certain prior figures have been restated or reclassified, this is primarily as a result of the finalisation of, at acquisition, fair values in terms of IFRS 3 (refer to note 48.3) and the classification of certain operations as held for sale. These restatements and reclassifications are detailed below:

	Restatements arising from finalisation of at acquisition fair values in terms of IFRS 3	Reclassifications relating to the application of IFRS 5	Other reclassifications
Balance sheet			
Non current assets			
Property, plant and equipment	1 239 224		(18 838)
Goodwill	(298 835)		
Other intangible assets	(1 090)		18 838
Current assets			
Trade and other receivables	988		
Capital and reserves			
Accumulated reserves	1 366		
Minority interest	(588 789)		
Non current liabilities			
Borrowings	6 640		
Deferred taxation	(361 254)		
Current liabilities			
Trade and other payables	1 750		(2 925)
Provisions			2 925
Income statement			
Revenue		(131 081)	
Net funding income		(66 477)	
Depreciation and amortisation	5 754	5 985	
Other operating expenses		178 143	
Investments income		(6)	
Share of profits of associates		(504)	
Investment surplus		(8)	
Fair value adjustment of investment properties		(568)	
Fair value adjustments of investments		(424)	
Impairment of goodwill and investments		149	
Finance costs		839	
Taxation	(1 699)	33 079	
Discontinued operations		(19 127)	

Certain intangible assets, previously classified as property, plant and equipment, have been reclassified as it more correctly reflects the nature of these assets.

As a result of the above IFRS 3 restatements earnings and headline earnings per share have been restated from 464.66 and 413.31 cents per share to 463.55 and 412.21 cents per share respectively.

48. BUSINESS COMBINATIONS

48.1 SUBSIDIARIES ACQUIRED

	Principal activity	Date of acquisition	Proportion of shares acquired
Viamedia (Proprietary) Limited	Cell phone content provider	16/07/2007	50.01%
Sasani Africa (Proprietary) Limited	Television studio operator	16/03/2008	100.00%
Mikros Traffic Monitoring (Proprietary) Limited	Traffic management	01/04/2007	100.00%
Syntell Imaging (Proprietary) Limited	Traffic management	01/04/2007	50.50%
Tubeworx (Proprietary) Limited	Vehicle component manufacturer	01/04/2007	100.00%
Auto Tube Manufacturers (Proprietary) Limited	Vehicle component manufacturer	01/10/2007	100.00%

48.2 COST OF ACQUISITION, NET CASH OUTFLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED

Non-current assets	
Property, plant and equipment	74 569
Other non-current assets	1 089
Current assets	
Programming rights	9 522
Other current assets	124 480
Bank and cash	79 605
Non-current liabilities	
Borrowings	(25 566)
Deferred tax liability	(302)
Current liabilities	(127 876)
	135 521
Minority share	(23 804)
Existing share of net assets before business combination	(341)
Excess fair value of assets acquired	(4 885)
Goodwill on acquisition	107 451
Cost of acquisitions	213 942
Deferred payment	(24 500)
Cash balances acquired	(79 605)
Net cash outflow on acquisition	109 837

48.3 FAIR VALUES DETERMINED ON A PROVISIONAL BASIS

Prior year acquisition

The acquisition of Tsogo Sun was accounted for using provisional figures provided by Tsogo Sun. Following a detailed assessment of Tsogo's assets, liabilities and contingent liabilities, the following adjustments were made:

Property	1 251 458
Deferred taxation	(362 923)
Goodwill	(591 508)
Minority interest	(297 027)

In finalising the fair value of the assets acquired, goodwill of R 139,6 million was recognised. This goodwill relates primarily to the Tsogo Sun Casino licenses and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships. These items are not considered to be separately identifiable and are therefore not recognised as individual intangible assets.

48.3 FAIR VALUES DETERMINED ON A PROVISIONAL BASIS

Current year acquisition

The acquisition of Sasani Africa (Proprietary) Limited and Viamedia (Proprietary) Limited have been provisionally accounted for, as permitted by IFRS 3. The purchase price allocation will be completed within the next 12 months and any resulting fair value adjustments to assets and the recognition of intangible assets will be accounted for accordingly.

48.4 GOODWILL ARISING ON ACQUISITION

The purchase price of the businesses acquired includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

48.5 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The acquired businesses contributed revenues of R 396 million and profit before tax of R 79 million to the Group for the periods from dates of effective control to 31 March 2008. Had the acquisitions been effective on 1 April 2007 the contribution to revenue would have been R 635 million and the contribution to profit before tax would have been R 166 million.

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49. FINANCIAL RISK MANAGEMENT

49.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the treasury departments (Treasury) of the major operating units under policies approved by their board's of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

49. FINANCIAL RISK MANAGEMENT (Continued)

49.1.1 MARKET RISK

Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. The Group secures its debt denominated in US Dollar in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars), with no recourse to the South African operations. As a result no forward cover contracts is required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	Closing rate
	2008	2007	**2008**	2007
United States Dollar	**7.15**	7.06	**8.15**	7.29
Euro	**10.3**	9.03	**12.84**	9.74

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2007.

	Profit/(loss)	
	2008	2007
	R'000	R'000
Local currency:		
Tanzanian Shilling	**696**	46
Mozambiquan Meticals	**(1 431)**	(602)
Lusaka Kwacha	**(240)**	188
Seychelles Rupee	**763**	2 185
Euro	**3 375**	118
Dollar	**5 936**	3 838
Swiss Franc	**7**	38

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on loans to minority shareholders of fellow subsidiary companies. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Where appropriate the Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

At 31 March the interest rate profile of the Group's interest-bearing financial instruments (excluding those disclosed in note 13) was:

	Carrying amount	
	2008	2007
	R'000	R'000
Fixed rate instruments		
Financial assets	**30 325**	16 496
Financial liabilities	**(192 943)**	(763 784)
	(162 618)	(747 288)
Variable rate instruments		
Financial assets	**378 507**	209 045
Financial liabilities	**(3 673 427)**	(2 021 370)
	(3 294 920)	(1 812 325)

Fair value sensitivity analysis for fixed rate instruments:
A change of 100 basis points in interest rates would have increased or decreased equity by R1,5 million (2007: R6,9 million).

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates would have increased or decreased profit or loss by R5,0 million (2007: R4,6 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

Other price risk

The Group does not invest in listed securities and therefore does not have any equity price risk other than a current derivative financial instrument – a put option (refer note 12). The Group is not exposed to commodity price risk other than the market price of natural gas. In order to mitigate the risks associated with the fluctuations in natural gas prices the Group purchased in the money put options for a significant portion of the anticipated gas production for the calendar years 2008 to 2011 . A change of 1% in the gas price would have increased/decreased post tax profits by R3,3 million (2007: Rnil). The analysis assumes that all other variables remain constant.

49.1.2 CREDIT RISK

The Group has no significant concentrations of credit risk. Overall credit risk is managed at entity level. Credit risk arises from cash and cash equivalents, derivatives financial instruments and deposits with banks and financial institutions, as well as credit exposures to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Group Audit Committee approved parties are accepted. The Group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the Group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer note 16 for further credit risk analysis in respect of trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

49.1.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year end for five years into the future in terms of the Group's long term planning process.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 March 2008			
Bank borrowings	595 621	2 137 192	-
Obligations under finance lease	21 743	68 544	23 270
Derivative financial instruments	58 871	-	-
Trade and other payables	1 394 110	-	-
	2 070 345	2 205 736	23 270
At 31 March 2007			
Bank and other borrowings	795 035	1 578 117	308 910
Obligations under finance lease	19 446	59 518	24 128
Trade and other payables	1 079 156	-	-
	1 893 637	1 637 635	333 038

49.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, share premium, revenue reserves and other reserves being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by the cash flow profile of the Group and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

49.3 FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. All interest rates are market related in terms of the Group's current credit rating with financial institutions.

Interests in Principal Subsidiary Companies — Annexure 1

For the year ended 31 March 2008

	Issued share capital R'000	Effective Interest %	2008 Shares R'000	2008 Loans R'000	2007 Shares R'000	2007 Loans R'000
Shares and loans stated at cost less impairment						
Investment Holding companies						
Almania Investments (Proprietary) Limited	*	100	**1**	**13 393**	1	13 652
Ancestral Investments (Proprietary) Limited	*	100	*****	**(17)**	*	(17)
Catwalk Investments 167 (Proprietary) Limited	*	100	**-**	**213**	111 566	
Descarte Investments No. 8 (Proprietary) Limited	2	100	**574**	**(574)**	574	(574)
Durban Add-Ventures Limited	61 500	36	******	******	**	**
Fabcos Investment Holding Company (Proprietary) Limited		50	**585 512**		582 012	
Flaghigh Investments (Proprietary) Limited	*	100	**35 000**	**111 500**	35 000	39 751
HCI Properties (Proprietary) Limited	*	100	*****	*****	*	*
Johnnic Holdings Limited	*	51	******	******	**	**
Johnnies Strategic Holdings Limited	*	51	******	******	**	**
Lennings Limited	7 000	51	******	******	**	**
Mercanto Investments (Proprietary) Limited	*	100	*****	**189 448**	*	126 951
Mettle Food & Beverages (Proprietary) Limited	*	100	*****	**5**	*	5
Merilyn Investments (Proprietary) Limited	25 002	100	**25 065**	**13 660**	25 065	13 660
Millenium Casino Holdings Limited	*	51	******	******	**	**
Move On Up 104 (Proprietary) Limited	*	100	*****	**5**	*	5
HCI Lifting Services (Proprietary) Limited	*	100	**2 256**	**9 226**	2 256	9 226
Rowan Tree 4 (Proprietary) Limited	*	100	*****	**(597)**	*	(597)
Sabido Investments (Proprietary) Limited	1 021	63	**23 496**	**(39 346)**	23 496	
Sagewise 118 (Proprietary) Limited	*	100	*****		*	
Squirewood Investments (Proprietary) Limited	*	100	*****	**21 305**	*	21 305
Tangney Investments (Proprietary) Limited	1	100	**32 500**	**45 035**	32 500	45 035
Winslet Investments (Proprietary) Limited	*	100	*****		*	
Gaming, hotels and leisure						
Tsogo Investment Holding Company (Proprietary) Limited	**	69	******		**	
Tsogo Sun Holdings (Proprietary) Limited	25	35	******		**	
Tsogo Sun Gaming (Proprietary) Limited	**	35	******		**	
Southern Sun Hotels (Proprietary) Limited	**	35	******		**	
Southern Sun Offshore (Proprietary) Limited	**	35	******		**	
Tsogo Sun (Proprietary) Limited	**	35	******		**	
Limited payout gaming						
Global Payment Technologies Holdings (Proprietary) Limited	44 888	100	*****	**55 845**	*	55 845
Online Gaming Systems Australia (Proprietary) Limited	*	60	*****		*	
Vukani Gaming (Proprietary) Limited	*	100	******		**	
Financial and management services						
C&A Associated Consultants (Proprietary) Limited	*	100	**5 013**	**866**	5 013	-
FI Funding and Investments Holdco (Proprietary) Limited	*	100	******		**	
HCI Managerial Services (Proprietary) Limited	*	100	*****	**2 684**	*	(2 516)
HCI Treasury (Proprietary) Limited	150	100	*****	**77 816**	*	22 535
HJS Advisory Services (Proprietary) Limited	*	100	*****	**1 221**	*	1 221
Mettle Consolidated Investments (Proprietary) Limited	*	100	******		**	
FI Operations Limited	*	100	******		**	(5 000)
Industrial						
Autotube Manufacturing (Proprietary) Ltd	*	100	******		**	
Baisch Engineering (Proprietary) Limited	*	80	******		**	

	Issued share capital R'000	Effective Interest %	2008 Shares R'000	2008 Loans R'000	2007 Shares R'000	2007 Loans R'000
Formex Industries (Proprietary) Limited	100	80	**6 759**	**20 970**	6 759	20 970
Formex Pressings (Proprietary) Limited	*	80	**		**	
Hi-Reach Manlift (Proprietary) Limited	*	80	**		**	
Johnson Access (Proprietary) Limited	2 000	80	**6 205**		4 090	
Philmec (Proprietary) Ltd	*	100	**		**	
Tubeworx (Proprietary) Ltd	*	100	**		**	
Tylon (Proprietary) Limited	*	89	**		**	
Tylon Holdings (Proprietary) Limited	*	89	**16 429**	**(63 932)**	16 429	(67 911)
Transport						
Golden Arrow Bus Services (Proprietary) Limited	*	100	**265 014**		265 014	
Hollyberry Props 12 (Proprietary) Limited	*	100	**		**	
Broadcasting and media						
Sabido Properties (Proprietary) Limited	*	63	**		**	
e.tv (Proprietary) Limited	860 488	63	**		**	
e.sat tv (Proprietary) Limited	*	63	**		**	
Yired (Proprietary) Limited	*	63			13 504	
Energy						
HCI Khusela Coal (Proprietary) Limited	*	80	*		*	
Johnnic Holdings USA LLC (1)	*	51	**		**	
Other						
IGI Investment Company Limited	37 546	55	*	**(222)**	*	
21 Impala Road Properties (Proprietary) Limited	*	100	**655**	**(967)**	655	(967)
Limtech Biometric Solutions (Proprietary) Limited	*	51	*		*	491
Gallagher Estate Holdings Limited	19 300	51	**		**	
Mars Holdings (Proprietary) Limited	*	51	**19 801**		19 801	
Sam Sisonke (Proprietary) Limited	*	100	**1 362**	**(13 725)**	1 362	
			1 025 642	**443 812**	1 145 097	293 070

* under R1 000

** Indirectly held

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary.

	2008 R'000	2007 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**834 646**	832 557
Aggregate losses after tax	**(114 043)**	(56 180)

Subsidiaries are incorporated in South Africa unless otherwise shown.

(1) USA

Encumbrances

Shares and loans having a total carrying value of R 1 588 (2007: R 1 562 million) have been pledged a security for certain loans owing to loan funders of the Group. Refer note 22.

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 2008

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 HCI, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, on Friday 24 October 2008 at 11h00, for the following business:

1. To consider and adopt the Annual Financial Statements of the Company for the year ended 31 March 2008 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 2008 be and is hereby approved.

3. To re-elect the following directors of the Company:
   3.1 R. Garach
   3.2 V.E. Mphande
   3.3 Y. Shaik
   3.4 A. van der Veen

   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, 3.2, 3.3 and 3.4 appears on page 4 and 5 of this annual report.

4. To authorise the directors to re-appoint 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 Limited (JSE), when applicable."

APPROVAL TO ISSUE SHARES OR OPTIONS FOR CASH

6. "RESOLVED THAT the directors of the Company be and they are hereby authorised by way of a general authority, to issue, or issue options over, 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 and options which are the subject of the issue for cash must be of a class already in issue or in the case of options in respect of a class of equity securities 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 of shares or options 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 or options 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 or options 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 of shares or options representing in the aggregate, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of equity securities in issue prior to that issue; and

6.6 in determining the price at which an issue of shares or options 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 of shares or options 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.

SPECIAL RESOLUTION NUMBER 1

APPROVAL TO REPURCHASE SHARES

7. "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 and the Group, will be in excess of the Company and the Group's liabilities for a period of 12 months after the date of the annual general meeting;

7.7 the ordinary capital and reserves of the Company and the Group will be adequate for a period of 12 months after the date of the notice of the annual general meeting;

7.8 the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;

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, unless a repurchase program is in place, where dates and quantities of shares to be traded during the prohibited period are fixed, and full details of the program have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

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 LISTING REQUIREMENTS SECTION

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 – page 4 and 5;
- Major shareholders of HCI – page 20 and 21;
- Directors interests in securities – page 74 and 75; and
- Share capital of the company – page 58.

LITIGATION STATEMENT

Dispute regarding shares in Tangney Investments (Proprietary) Limited ("Tangney") (Case No. 03/7941)

An application was made to the High Court of South Africa (Witwatersrand Local Division) by Nafcoc Investment Holding Company Limited ("Nafcoc") under case number 03/7941, for an order declaring, inter alia, that the transfer of 66 shares in Tsogo Investment Holding Company (Proprietary) Limited ("TIH") ("the disputed shares") that HCI's wholly-owned subsidiary, Tangney purchased from African Renaissance Holdings (Proprietary) Limited ("African Renaissance"), is invalid for want of compliance with TIH's articles of association as read with its shareholders' agreement and directing that the disputed shares be transferred back to African Renaissance. These 66 shares constituted 4.4% of all the ordinary issued shares in the capital of TIH. HCI has opposed the application and the application has been argued. The Court has referred the matter to oral evidence and Nafcoc has filed a declaration setting out its claim. HCI intends filing a plea to the claim in due course.

Nafcoc demands regarding shares in TIH

In another matter, Nafcoc caused its attorneys to address a letter of demand to TIH demanding that TIH in turn, send letters of demand to HCI subsidiaries that are shareholders in TIH. Nafcoc contends that the acquisition by HCI of the shares in the subsidiaries concerned is a breach of the shareholders' agreement regulating the affairs of TIH. The TIH board resolved to seek independent legal advice on the matter and the independent legal advice was that the complaint is without substance and that TIH is not required to address demands to the relevant HCI subsidiaries. Although this independent advice is not binding on Nafcoc, it is hoped that Nafcoc will not seek to take the matter any further. It should be noted that more than 24 months has passed since the independent advice was obtained. Should Nafcoc take the matter further, the matter will be defended by the relevant HCI subsidiaries.

Review application of the Mpumalanga Gambling Board's decision ("MGB") (Case No. 13937/07)

In addition to the above, HCI's application to the relevant Gaming Authorities for approval of the transaction in terms of which HCI acquired all of the shares held by Fabvest Investment Holdings Limited in Fabcos Investment Holding Company Limited ("FIH") (which shares constituted 50% of the entire issued share capital of FIH) ("the FIH acquisition"), was objected to by Nafcoc. Approval of the FIH acquisition has been obtained from the KwaZulu-Natal Gambling Board, the Eastern Cape Gambling and Betting Board and the Gauteng Gambling Board. The MGB, however, refused the application. HCI has filed an application for the review of the MGB's decision in the Transvaal Provincial Division under Case No. 13937/07.

The MGB consented to an interdict in relation to its demand that HCI dispose of the interest acquired in FIH, pending the final determination of the review. The record of the decision of the MGB has been lodged with the Registrar of the High Court and both the MGB and HCI have filed their answering and replying affidavits, respectively. The matter is scheduled to be heard on 21, 22 and 23 April 2009.

Given that HCI is opposing and resisting the various objections and legal proceedings referred to above, the subjudicae rule prohibits discourse on the merits of the various matters at this stage. An adverse outcome may affect the fulfillment of the conditions to the FIH Acquisition and/or HCI's interests in the Tsogo Group. The extent of the impact which such matters may have on the HCI Group cannot be determined at this stage.

DIRECTORS RESPONSIBILITY STATEMENT

The directors, whose names are given on page 4 and 5 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 repository 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: 26 August 2008
Place: Cape Town