CONTENTS

CORPORATE ADMINISTRATION

DIRECTORS

Executive Directors

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

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

Theventheran Govindsamy Govender [Kevin]
(Financial Director)
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Non-Executive Directors

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

Rakesh Sanjee Garach #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Mimi Freddie Magugu #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Dr Lynette Moretlo Molefi #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Jabulani Geffrey Ngcobo #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Yunis Shaik #
52 Troon Road
Greenside, 2193

Independent

WEBSITE ADDRESS

www.hci.co.za

COMPANY REGISTRATION NUMBER

1973/007111/06

SHARE CODE

HCI ISIN: ZAE000003257

COMPANY SECRETARY AND REGISTERED OFFICE

HCI Managerial Services (Pty) Limited
Block B, Longkloof Studios
Darters Road, Gardens,
Cape Town, 8001

Telephone: (021) 481 7560
Telefax: (021) 426 2777
P O Box 5251
Cape Town, 8000

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Registration number 1994/001166/21
42 Wierda Road West,
Wierda Valley,
Johannesburg, 2196
Private Bag X10046,
Sandton 2146

BANKERS

First National Bank of Southern Africa Limited

SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton, Sandown, 2196

TRANSFER SECRETARIES

Computershare Investor Services Ltd
70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

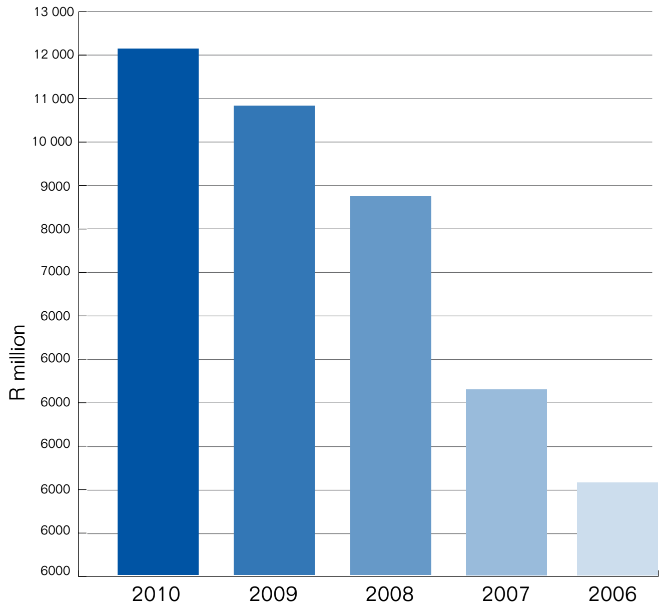
FINANCIAL HIGHLIGHTS FOR THE YEAR

		2010	2009	2008
Dividend per share	- cents	**60**	-	60
Share price - high	- cents	**8 195**	7 850	9 000
- low	- cents	**3 550**	3 303	6 040
- at year end	- cents	**7 800**	4 021	7 700

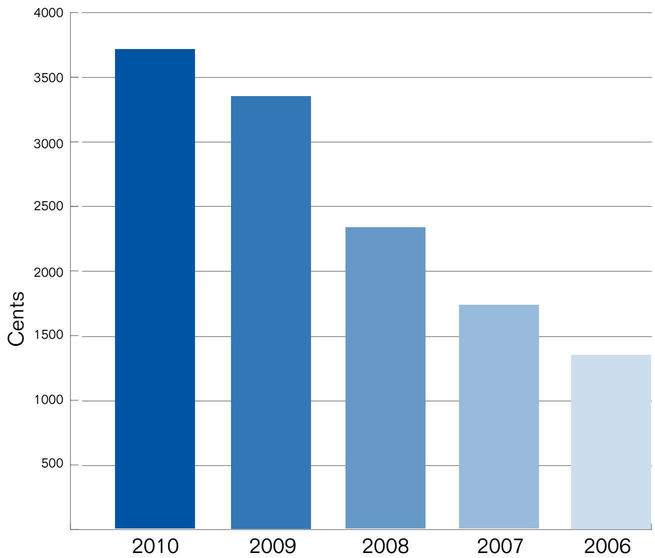
FIVE YEAR REVIEW

	2010	2009	2008	2007	2006
Group Revenue ('Rm)	**12 136**	10 902	8 820	4 185	2 126
Net asset carrying value per share – cents	**3 704**	3 371	2 375	1 710	1 425
Shares in issue ('000) (net of treasury) – average	**125 085**	124 692	124 179	123 691	119 853
– at year end	**125 254**	124 909	123 851	123 896	122 882

GROUP REVENUE



NET ASSET CARRYING VALUE PER SHARE



BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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.

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 Mineworkers. He is also chief executive officer of e.tv; chairman of Johnnic Holdings Limited and holds directorships in numerous companies.

KEVIN GOVENDER
Financial Director
B.Comm (Hons) B.Compt (Hons)

Kevin is the financial director of HCI. He joined the HCI group in 1997 where he has also held the position of company secretary and chief financial officer from 2001. He holds directorships in several HCI subsidiaries and is a trustee of the HCI Foundation. He was appointed to the HCI Board as an executive director in June 2009.

VIRGINIA ENGEL

Non-Executive Director

Virginia is chief executive officer 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.

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.

FREDDIE MAGUGU

Independent 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.

NON-EXECUTIVE DIRECTORS

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.

MORETLO MOLEFI

Independent Non-Executive Director
BSc MBChB 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 As a board member of International Society for Telemedicine and eHealth and vice-president of SA Telemedicine Association. She was appointed to the board of HCI in December 2006.

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 and as lead independent non-executive director in August 2010.

REPORT OF CHAIRMAN

It is with pleasure that we present the fourteenth annual report of Hosken Consolidated Investments Limited ("HCI") since we took over the management of the company.

REVERSING INTO GOLD REEF CASINO RESORTS

For the past decade or so HCI's central investment decision has been the increase of its stake in Tsogo Sun Holdings ("TSH") by the purchasing of shares in its 51% BEE holding company Tsogo Investment Holdings ("TIH").

The process was set in motion when our main shareholder, the Southern African Clothing and Textile Workers Union ("SACTWU") requested HCI's assistance to dispose of its 10% stake in TIH at the same price at which other TIH shares had been traded. HCI obliged and offered it to the main shareholders of TIH without success and eventually decided to buy it into HCI. This resulted in an HCI appointment to the board of directors of TSH. We attended a presentation by TSH's management of the five year 'steady state' projection of the company's future and were convinced that the underlying company was better than a gold mine.

Our efforts to increase our exposure resulted in seven further transactions to buy out various minority shareholdings. As HCI accumulated shares it attracted more and more resistance from others who perceived such accumulation as dangerous to their own interests. It culminated in a hostile bid for control of the remnants of Barney Barnato's 19th century holding company, 'Johnnies', known at the time as Johnnic Holdings Limited. Success in this effort finally secured control over TIH by HCI.

During the financial year under review the remaining minority shareholder, Nafhold, the investment arm of the National African Federated Chamber of Commerce and Industry, agreed to dispose of its 25% holding in TIH for some seventeen times the price per share of our original purchase! This acquisition still seemed worth doing and HCI is in the process of seeking relevant regulatory approval thereof.

Shortly thereafter, we became party to an exchange agreement with Gold Reef Resorts Limited ("GRR"). The effect of this agreement is that TIH and its co-shareholder, SABMiller PLC, will swap their shares in TSH for JSE listed shares in GRR. These shares currently trade at values that would place the HCI interest in the merged company at around R7,7 billion or about R60 per HCI share.

This largely brings to a close a long, tedious journey of the building of a very influential stake in what, without doubt, will be the premier hotel and casino company in the country and a significant group even by international standards once the regulatory requirements are finalised. We trust this will be achieved before the end of the calendar year.

It opens the next door of building the company further in the future. The merged entity should achieve this, both by acquisitions into new markets and a significant uptick in tourism and consumer spend which we believe must come back into its current markets at some point, be it next year or later. The merged group has stated that its dividend policy will, subject to normal caveats, be 50% of net profit and we believe the group will provide HCI with a reasonably strong and stable cash flow in the future.

MJA Golding
Chairman

CONTROLLING DEBT

HCI's holdings currently earns about R500 million of cash per year. Acquisitions made by HCI, primarily into the TIH shareholding, have cost many times this amount and have invariably been achieved by taking on debt at the centre of our holding company. In addition, we felt it sensible to reduce the amount of debt held at the level of one or two of our subsidiaries as they struggled in exceptionally difficult trading environments during the past financial year. The combination of these two factors focused HCI's need to limit the total practical exposure of the holding company to debt.

The disposal of assets at reasonable prices in the negative equity environment in recent times was not easy. Nevertheless, HCI did succeed in disposing of our interest in Clover Limited at approximately five times our entry price from five years earlier and the sale of our minority interest in Sun Coast Casinos by consolidating it into TSH. Both sales released significant cash to HCI and strengthened the balance sheet of our primary investment namely TSH itself, prior to it being merged into GRR. HCI further sold a smaller asset, namely our stake in Johnson Access (Pty) Limited, at a good price and disposed of our stake in Montauk Energy Corporation LLC into TIH. Whilst this last transaction has turned out to be a little superfluous since the subsequent agreement reached with Nafhold to acquire their minority interest in TIH, it did release cash to the group.

The net effect of all these transactions has been that HCI was able to pay for the acquisition of the TIH minority holdings, to build wash plants in its coal mines, as well as reduce the overall levels of debt in the group to levels that appear to us to be more prudent.

ORGANIC GROWTH

While the last couple of years have, in general, not been easy for any business, we are pleased with the performance of many of our businesses which have continued to lay foundations for the future growth of the group. Key among these has been the performance of our media assets.

In addition many investments have been made at subsidiary level, including the building of the Pivot office complex at Montecasino as well as several new hotels both in South Africa and externally; the acquisition of the Newcastle and Caledon casinos; the awarding of a licence to operate LPM machines in Gauteng; the opening of the e.tv Africa channel as well as the e.tv Africa News channel and, subsequent to year end. the launch of our Afrikaans news on the DStv KykNET channel; the acquisition of the gas rights on several new sites in the USA, as well as buying out the balance of the interest in a joint venture to manage two high BTU sites in Pittsburgh.

These businesses have negotiated several new contracts which are key to their future success including an eight-year coal supply agreement with Eskom; a contract to supply and monitor high speed cameras for traffic control in the City of Cape Town; a one-year extension of the Pan-African Parliament lease at Gallagher Estates; the renegotiation of a Division of Revenue Act ("DORA") compliant contract for bus subsidies which has ended a very difficult period for Golden Arrow Bus Services without significant reduction in our service to the city.

In addition, our management team in Seardel has worked like a Trojan to turn that business around. It was rewarded with the first group profit, albeit small, for the second half of the year. Whilst it would be silly to underestimate the difficulties of returning all the businesses in that group to sustainability, we are confident that the group as a whole has been steered well away from the rocks that it was previously approaching. Seardel's debt levels are more realistic, its customer relationships are greatly improved, and its production efficiencies are at more workable levels.

All of these developments have combined to give HCI management the feeling that the group is now back on a growth path in all its key investment areas.

We would like to state our thanks to a broad range of people who constitute the backbone of the various subsidiaries of our group and to express our appreciation for the hard efforts they have made over the year.

JA Copelyn
Chief Executive Officer

GAMING HOTEL AND LEISURE

TSOGO SUN GROUP

TSOGO SUN GROUP (PROPRIETARY) LIMITED

www.tsogosun.co.za

www.southernsun.co.za

During the year under review, the group entered into an agreement with Nafcoc Investment Holdings Limited ("Nafhold") for the acquisition of their 25% interest in Tsogo Investment Holding Company (Pty) Limited for a total purchase consideration of R1,2 billion, subject to regulatory approvals. Nafhold shareholders have approved the transaction as have two out of six gaming boards. The transaction is still under consideration at the remaining four gaming boards but is expected to be completed later this calendar year. HCI's effective exposure to Tsogo Sun will increase to approximately 51% from the present 38%, prior to the effect of the proposed merger with Gold Reef Resorts Limited, wherafter it will reduce to an effective 41%.

The financial year ended 31 March 2010 proved to be one of the most difficult trading periods in Tsogo Sun`s history. Total income of R5 810 million was 2% below last year and earnings before interest, tax, depreciation, amortisation, property rentals and exceptional items ("EBITDAR") at R2 309 million reflected a 12% decline on the prior year. This decline in EBITDAR was driven principally by the Hotel divisions which reflected a year-on-year decline in EBITDAR of 29% (pre-foreign exchange losses) on the back of the lowest occupancies on record as a result of the macroeconomic environment. The underlying operations of the Tsogo Sun group remain sound and are highly geared towards the South African consumer (in gaming) and corporate market (in hotels). The group is poised for growth as these sectors of the South African economy improve.

A segmental analysis of the Tsogo Sun group's revenue and EBITDAR is as follows:

2010

(R`million)	Revenue	EBITDAR	Margin
Montecasino precinct	**1 796**	**632**	**35,2**
Suncoast precinct	**1 195**	**504**	**42,2**
Other Gaming	**1 065**	**577**	**54,2**
Tsogo Sun Gaming	**4 056**	**1 713**	**42,2**
Southern Sun Hotels South Africa	**1 549**	**555**	**35,8**
Southern Sun Hotels Offshore	**237**	**72**	**30,4**
Foreign exchange losses	**-**	**(52)**	**-**
Inter-group elimination/ corporate	**(32)**	**21**	**-**
	5 810	**2 309**	**39,7**

2009

(R`million)	Revenue	EBITDAR	Margin
Montecasino precinct	1 817	694	38,2
Suncoast precinct	1 167	510	43,7
Other Gaming	902	529	58,6
Tsogo Sun Gaming	3 886	1 733	44,6
Southern Sun Hotels South Africa	1 778	780	43,9
Southern Sun Hotels Offshore	294	109	37,1
Foreign exchange losses	-	(5)	-
Inter-group elimination/ corporate	(37)	5	-
	5 921	2 622	44,3

The Tsogo Sun group remains focused on its growth strategy and will continue to pursue opportunities to develop and enhance its core Hotel and Gaming businesses.

The gaming industry has been under pressure in all markets with the Western Cape and Gauteng provinces reporting market size reductions while KwaZulu-Natal recorded some growth but at lower levels than previously experienced. Total Gaming division income of R4 056 million and EBITDAR of R1 713 million were achieved during the year, assisted by the acquisition of the two Century casinos with effect from 30 June 2009.

EBITDAR margins in Tsogo Sun Gaming have been under pressure on the back of revenue declines, excluding acquisition activity. However, the division continued to outperform other operators in South Africa with a margin of 42,2%, reflective of the quality of assets and the efficient cost structures in place.

Montecasino gaming win reflected a decline of 1,8% against a Gauteng provincial decline of 3,2% for the year ended March 2010. The consequential gain in market share arose as the Montecasino catchment area was less affected than other Gauteng markets. This trend has seen some reversal in the last quarter of the financial year, as some of these markets recovered from previously depressed levels. Montecasino continues to service high levels of footfall attracted by the entertainment and events on offer. Overall casino activity levels in terms of number of wagers remains in line with the prior periods with the average bet reflecting marginal decline. EBITDAR at R632 million is 9% below the prior year as overheads increased by 3,7% including gaming taxes.

The KwaZulu-Natal market grew by 4,5% over the prior year with the Suncoast casino reflecting growth of 3,8% in gaming win. The Durban market continues to show greater resilience than other large gaming markets in South Africa. EBITDAR at R504 million is 1% below the prior year as overheads increased by 5,2% including gaming taxes. The group's other Gaming interests (consisting of inter alia, Nelspruit, Emalahleni (Witbank), East London, Caledon, Newcastle), the Sandton Convention Centre and the central management activities, performed satisfactorily during the year given the economic environment. EBITDAR for this segment of R577 million was some 9% above the prior year and included a R54 million contribution from the newly acquired Century operations for the nine months from 30 June 2009.

Excluding this acquisition activity, EBITDAR reflected a 1% decline on the prior year.

The Southern Sun Hotel group in South Africa experienced a continuation of the economic contraction in the hospitality market that started half way through the prior financial year. With no recovery in the core corporate and government segments, occupancies were under pressure at 58% (prior year 68%). The group managed to maintain average room rates achieved at R801 in line with the prior year's R803. The weakness in corporate and government spend was partially offset by increases in the leisure and sports segments. In line with the consequential Revpar decline, revenues declined by 13% to R1 549 million during the year.

Operating costs were well controlled at R994 million, a R4 million reduction on the prior year, despite above inflation increases in payroll, regulated utility costs and property rates. However, with significant fixed capacity, EBITDAR declined by 29% to R555 million. The group continues to actively manage costs while maintaining operating standards. This business is considered to be a good long-term business, as evidenced by an EBITDAR margin of 35,8% being achieved in difficult trading conditions.

The Offshore division of the Southern Sun Hotel group achieved total revenue of R237 million, representing a 19% decline on the prior year with EBITDAR pre-foreign exchange losses of R72 million reported for the year. Occupancies were negatively affected and at 66% was 5% below the prior year, particularly in the Seychelles, which experienced weak European leisure demand. US Dollar room rates held up on prior year at US$177 but when translated to Rand, reflected a decline of 15%.

The Rand remained strong during the year under review which impacted both the translation of US Dollar and Euro earnings streams as well as resulting in a R52 million foreign exchange loss on the translation of Offshore monetary items, being mainly cash and loans to associates.

Tsogo Sun has previously disclosed a number of corporate activities undertaken in pursuit of its growth strategy and has made significant progress on these during the year under review. These include:

- The conclusion of the regulatory process around the acquisition of a 25% stake in Gold Reef Resorts Limited ("Gold Reef") and control of the Gold Reef voting pool in June 2009, bringing the total voting interest in Gold Reef to 34,9%;
- In February 2010, Tsogo Sun announced the proposed merger with Gold Reef and effective reverse listing of Tsogo Sun via the acquisition by Gold Reef of the entire issued share capital of Tsogo Sun through the issue of new shares to Tsogo Investment Holding Company (Pty) Limited and SABSA (Pty) Limited. On 26 April 2010, the shareholders of Tsogo Sun and Gold Reef approved the proposed transaction through the passing of the relevant resolutions. The closing of the transaction remains subject to inter alia the approval of the various Gaming Boards and the competition authorities. Once concluded this transaction will lead to the creation of the pre-eminent Gaming and Hotel group in South Africa, with 14 Casinos and over 90 hotels.
- The conclusion of the regulatory process for the acquisition of Century Casinos Inc's, South African operations, being the Caledon Casino, Hotel and Spa and the Century Casino Newcastle, and the integration of these operations into Tsogo Sun Gaming with effect from 30 June 2009;
- The acquisition of the 30% effective interest in Suncoast Casino, via the acquisition of Millennium Casino Limited from Johnnic Holdings Limited, a fellow subsidiary, with effect from 7 October 2009;
- The conclusion of a joint venture arrangement with 888.com, a leading on-line casino operator. Whilst the implementation of on-line gaming is being delayed by pending approval of regulations, the group is well placed to ultimately pursue on-line gaming once the legislation permits;
- The completion of The Pivot development in the Monte Casino precinct, including the exciting new Southern Sun Hotel, Conference Centre, offices and parking;
- The addition of the Southern Sun Hyde Park, Southern Sun Ikoyi (Lagos), Garden Court Umhlanga, StayEasy Pietermartizburg and StayEasy Emalahleni (Witbank) to the group's hotel portfolio; and
- The increase in the group`s effective economic interest in the Middle East management company from 50% to 80%.

The difficult trading environment for both Gaming and Hotels has continued into the 2011 financial year but with a more stable year on year comparative performance. The first quarter for both hotels and gaming has been favorably impacted by the successful 2010 FIFA World Cup combined with the positive effect of the prior period expansion activity.

The regulatory process for the approval of the proposed merger with GRR is progressing well and it is hoped to be able to implement the merger before the end of the 2010 calendar year.

VUKANI GAMING CORPORATION (PROPRIETARY) LIMITED

www.vslots.co.za

Vukani, the group's limited payout machine ("LPM") operator, has now firmly established itself as the leader in the industry. Vukani received two more route operator licenses and is now operating in all eight provinces where licenses are issued.

The installed LPM base increased from 2972 in the prior year to 3121 at 31 March 2010. Despite increasing the installed base by only 5%, EBITDA as a percentage of gross gaming revenue ("GGR") increased from 8,5% in the prior year to 14,6% during the year under review. It is expected that the planned increases to the installed LPM base as well as a continued focus on improving GGR will see this trend continue.

EBITDA has increased by some 98,8%. This increase has been achieved by strict cost control and a programme of improving GGR per LPM across the installed LPM base by improved venue selection and management as well as the introduction of new LPM's and games. The full effect of these initiatives will only be realised in the next year.

The focus in the upcoming year will be the continued improvement of GGR per machine and rolling out of machines in new provinces. Two new route operator licenses coupled with a strong marketing drive to improve both GGR as well as the primary business of the venues puts Vukani in a strong position to capitalise on all the initiatives launched thus far.

TRANSPORT

GOLDEN ARROW BUS SERVICES (PROPRIETARY) LIMITED ("GABS")

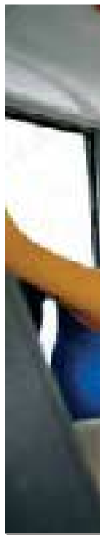
www.gabs.co.za

The implementation of the Division of Revenue Act (DORA), the change from a passenger to a capped kilometer based subsidy formula and the effects of the recessionary economic cycle were the defining features of Golden Arrow's operating performance during the period under review. DORA which was introduced in April 2009, prescribed that bus subsidy funding for the 2009/10 financial year and beyond be covered by a conditional grant capped by imputed operational kilometers.

In the case of Golden Arrow, this effectively meant that the company's subsidy allocation for the review period decreased by approximately R100 million, which in turn gave effect to a 4 % decrease in operating revenue. As a means to align costs with the reduced subsidy revenue, the company was compelled to trim its services by 10% and cut personnel by 260 which resulted in the closure of its Eastgate depot in Blackheath. The reduction in personnel was fortunately achieved through normal attrition.

Whilst this cost containment strategy resulted in a 4,5% decrease in operating costs, overall there was a 4,9% decline in operating profits during the reporting period.

An inherent shortcoming of a kilometer-based subsidy formula is that the expansion of bus services is not possible should there be an increase in passenger demand. This, in view of government's stated policy of public transport first, seems to be counter productive and will impact negatively on future growth. One benefit of the new format is that travel incentives which can accommodate a variety of passenger requirements can be introduced and with this in mind we have introduced the GABS GO card which enables passengers to travel to any destination. The uptake of this new card has been very good.



Whilst the short term effect of the introduction of DORA has been absorbed the long term institutional frame work within which we will operate has not been finalised and it remains uncertain exactly what role existing bus operations will play in the future.

Notwithstanding the realignment of human and physical resources to absorb the reduction in subsidy revenue, a significant revenue shortfall was still prevalent which necessitated the implementation of two fares increases during the review period. This, together with the debilitating economic recession, saw the large scale shedding of jobs in the Cape metropol, which resulted in a 10% drop in passenger numbers.

Despite the constrained operating environment, the company continued its expansive fleet recapitalization strategy which, since

its acquisition by HCI in 2004 has seen the refurbishment of 132 buses and the purchase of 400 new buses. Twenty five low floor, air conditioned and wheelchair friendly buses, purchased during the current financial year at a cost of almost R2million each, has given road based public transport a significant boost and will go a long way to elevating the profile of public transport in Cape Town. The company's current fleet capacity of 1058 has an industry benchmark average operating age of 10,1 year which was facilitated by the scrapping of 102 buses during the year.

The immediate challenge facing public transport during the coming year is the start of the introduction of the Integrated Rapid Transport (IRT) system. Whilst Golden Arrow supports the concept of integrated transport systems as envisioned with the rollout of IRT system, the current model is viewed as inappropriate within the local context. Operating the system effectively is going to be costly due to the requirements of bus stations, supporting personnel, ticketing systems and security which cannot be offset by high passenger volumes as is the case in South American cities. Due consideration should have been given to less expensive options such as congestion charges and preferential right to public transport vehicles within the context of the current spatial development patterns that characterize South African Cities.

Golden Arrow remains committed to supporting the expansion of public transport by continuing to run bus services that are affordable, convenient and safe and which derive an equitable rate of return on the investment that is required to operate a sustainable business.

MEDIA AND BROADCASTING

SABIDO (PROPRIETARY) LIMITED

www.etv.co.za

Considering the recession, the Sabido Group performed above expectations in the period under review.

e.tv retained its position as the most-watched English medium service in the country (and the second most-watched overall) with the continued popularity of shows such as Rhythm City, Scandal, news and movies.

While e.tv remains the major revenue earner for the Group it should be noted that higher than expected profits this year were largely a result of tight cost controls rather than a significant increase in advertising revenue. Both audience and revenue share for e.tv are under pressure from the growth in pay-TV which has seen an unprecedented increase in middle-income earners. e.tv has increased its footprint outside the country with the launch of the new "e.tv Africa" service which is available via satellite in twelve African countries on a syndicated basis. The syndication of e.tv Africa enhances the programming and advertising of the Group's equity interests in Botswana and Ghana while providing a low-risk opportunity to air e.tv in other African countries.

The launch of digital terrestrial television ("DTT") remains elusive as a result of an apparent about-turn by government in the technology to be used for DTT transmission. Delays in the launch of free-to-air multi-channel television will negatively affect terrestrial broadcasters going forward as it means that free-to-air broadcasters are unable to compete with pay-TV on an equal footing.

The eNews Channel, which has been on air for almost two years now, has been the market leader from day one. It has benefited from the increase in subscribers to DStv and its share of viewership on DStv Compact is more than double its closest competitor. During the period under review its coverage was extended to the whole of southern Africa. In October, eNews Africa was launched – this service consists of a three-hour programming block which airs on the eNews Channel and two live nightly bulletins which air on e.tv Africa. The Group plans to launch a pan-African version of the news channel which will be syndicated around the continent and abroad.

Yfm's performance has shown improvement over the recent period. Its audience has remained stable at around 1.6 million and advertising revenue has picked up in the last two quarters. Yfm has applied for two additional licences in Durban and Cape Town.

The content aggregation arm of the Group has grown significantly with 160 hours of originally produced product (with a significant amount in HD) and over 2 000 hours of acquired product. Given the volume of product that has now been acquired, additional resources have been invested in the sales and distribution of product.

The facilities businesses – Sasani and Cape Town Film Studios – have performed in accordance with expectations.

e.tv China was established at the beginning of the year and this vehicle will be used to explore and secure opportunities in the lucrative Chinese media and advertising market.

EXHIBITIONS AND PROPERTY

GALLAGHER ESTATES LIMITED ("GALLAGHER")

www.gallagher.co.za

The Gallagher Estates group consists of the exhibition and property businesses. The EBITDA of exhibition business for the year ending March 2010 declined by 60% to R6.9 million. The business was negatively impacted by the economy and the 2010 FIFA World Cup as clients postponed events but operating margins have improved.

The property business was less affected by the economic down turn and delivered an EBITDA contribution of R27 million. The lease for the Pan African Parliament was renewed to February 2011.

In terms of an order by the Competition Tribunal in 2005, HCI is required to divest its interest in the Gallagher Conferencing business as a consequence of acquiring an indirect interest in the Sandton Convention Centre. A proposal for the sale of the business to an independent, not for profit, charitable trust has been submitted to the Competition Commission and will be implemented in the 2011 financial year, if approved. Accordingly, HCI will sell the business but retain the fixed property of the exhibition business, which it will lease to the charitable trust. The lease income of the exhibition properties is already reflected in the property income.

ENERGY

MONTAUK ENERGY CAPITAL LLC ("MONTAUK")

We indicated in 2009 that the natural gas market has the ability to surprise and it was no different in 2010. While the number of drill rigs declined and the US was hit by the coldest winter in many years, the price of natural gas did not recover above the $6,00 per MMBtu level for any prolonged period of time. This is even more surprising given the significant recovery in crude oil prices. The historical relationship between crude oil and natural gas prices seems to be broken or redefined to say the least (the ratio is now 18 times compared to a historical 10-12 times). The development of shale gas deposits may well be at the base of this change which could affect gas prices for some time into the future.

The effect of the lower gas prices would have been more severe on Montauk had it not entered into new gas sales agreements, at a premium to spot prices, at two of its high BTU facilities. The premiums on these new contracts represent the green value of Montauk's production of renewable energy. The benefits of these five year agreements were only included for a part of the year and 2011 should show a measurable increase in EBITDA from the $5.1 million in the current year. Gas sales account for 66% of 2010 revenue and electricity 20% with the remainder being profits on hedges and green energy credits. Operational practices at site level are improving with measurement of production metrics and plant maintenance being key priorities.

The business has a healthy development pipeline, mostly focused on electricity generation, with investment opportunities approaching $100 million for the next three years. Many of the projects will qualify for stimulus grant funding from the US government. These projects, if developed, will result in a significantly larger proportion of Montauk's future income being derived from electricity sales based on long term fixed price power purchase agreements. The performance of the business will be significantly affected by the price of natural gas in the short term.

MINING

HCI KHUSELA COAL (PROPRIETARY) LIMITED ("HKC")

HCI Khusela Coal was granted mining rights by the Department of Minerals and Energy ("DME") on 26 June 2008 in respect of the Palesa and Mbali mines. Following the replacement of the project management company the development costs of the Palesa, Mbali and Nokuhle mines were reassessed and increased to R550 million in aggregate, which represents a significant increase from previous estimates. To date R468m has been spent. While we would not like to underestimate the challenges of turning each business in the group around, we do believe the group as a whole will return to profitability in the future rather than languish in the dangerous waters through which it has been chartering over the last two years.

The development of the Palesa and Mbali mines is now largely complete with the exception of some adjacent infrastructure to the Mbali plant which will be completed closer to the time Mbali becomes operational. The completion of the wash plant at Palesa has enabled the Palesa Colliery to negotiate and complete an order with Eskom in which it supplies 160 000 tons for the next 8 years ending 31 March 2018. This order should enable Palesa to be a profitable mine on a standalone basis. While the move from start-up to full production should improve efficiencies, mining costs, and their future escalation, remain a concern. Management are in discussion with the mining contractor to investigate opportunities to reduce costs per ROM ton.

In the case of Mbali, the review application against the decision by the DMR to grant African Exploration Mining and Finance Corporation (Pty) Limited a mining right on a portion of the Mbali mine, despite our prospecting right, is ongoing. Accordingly, management ceased construction of the mining infrastructure, other than the wash plant, pending the outcome of the review application and the requisite environmental approvals.

The Nokuhle mining right application was lodged with the DMR on 17 November 2009 and the EIA and EMP reports were lodged on 11 May 2010.

Resource/Reserve data are updated as additional boreholes are drilled and mining is completed. After taking into consideration geological, mining and plant efficiency losses the current status is as follows:

RUN OF MINE TONS ('000)	PALESA	MBALI	NOKUHLE	TOTAL
Mineral reserve: proven	73 644	6 835	-	80 479
Mineral reserve: probable	-	-	9 859	9 859
Mineral resource: indicated	60 457	-	-	60 457
	134 101	6 835	9 859	150 795

The mineral resource at Nokuhle also includes 28 million inferred tons not included in the resource and reserve statement above.

An agreement has been concluded to purchase the 20% interest of Khusela Women Investments (Pty) Limited ("KWI) in HKC. The final implementation of the agreement is subject to the approval of the Minister and will result in HKC being 100% owned by HCI.

CLOTHING AND TEXTILES

SEARDEL INVESTMENT CORPORATION LIMITED ("SEARDEL")

www.seardel.co.za

It has been 17 months since HCI became the majority shareholder of Seardel and began its turnaround strategy despite much market scepticism. We have previously mentioned that the performance of the Seardel over the second half of the financial year was of central importance to its future. We are pleased to report that group recorded an R18 million attributable profit for the second six months of the year reducing the loss of R222 million reported at interim stage to R204 million by year end. Of particular interest is the fact that continuing operations managed to break even for the full year after having reported a R50 million loss in the first half. If one adjusts for certain reclassifications that took place during the second half of the year then, on a like for like basis, continuing operations delivered an attributable net profit of R29 million for the second six months of the year. While we would not like to underestimate the challenges of turning each business in the group around, we do believe the group as a whole will return to profitability in the future rather than languish in the dangerous waters through which it has been chartering over the last two years.

Seardel is a separately listed entity and more detailed information can be obtained from Seardel's results directly.

VEHICLE COMPONENTS MANUFACTURE

FORMEX INDUSTRIES (PROPRIETARY) LIMITED

www.formex.co.za

Formex experienced a very difficult trading year culminating in an operating loss of R89 million. This loss far exceeded our expectations. Our realisation that the slump in the automotive market would be prolonged helped preparations for the storm but the extent of the actual sales decline was considerably larger than projected by our customers' sales forecasts. The Pulley division's loss before tax was the most substantial and accounts for R54,7 million of total group loss.

In 2009, consolidated turnover from continuing operations was R499 million, declining to R311 million in 2010. The loss in turnover required HCI to support the group by providing additional funding.

During the year the Pulley division and the Doorlock division were closed and sold respectively. The closure of the Pulley division was precipitated by significant airfreight costs which resulted from production constraints following the moving of the facility to Ga-Rankuwa and an inability to obtain higher prices from customers. The Doorlock division was sold as there was insufficient turnover to support the overhead cost structure needed to manage the division efficiently and HCI anticipated that the consequences of holding on to it would drain Formex generally.

As indicated in 2009, Formex's strategy is to grow the complementary Pressing and Tubing businesses, where products are often sold to the same clients, into the same exhaust systems. This strategy has enabled the group to reduce overhead costs and improve manufacturing processes and controls. However, in order to achieve return on asset targets, lost margin must be reclaimed and work must be secured to operate infrastructure at designed capacity.

The forward order book and customer releases are showing an improvement, but the key to the profitability of the division lies in improved execution and cost control on the factory floor.

SERVICES AND TECHNOLOGY

SYNTELL (PROPRIETARY) LIMITED

www.syntell.co.za

Syntell is the leading supplier of Traffic Management, Road Safety and Revenue Collection Services to municipalities throughout Southern Africa and selected export markets. The company managed to achieve profit growth from the prior year notwithstanding some operational challenges with key contracts.

The company has further entrenched www.payfine.co.za as South Africa's leading online fine viewing and payment system and plans to expand the range of services to over 1 million registered users through www.paycity.co.za. Such services already include vehicle license renewals as well as municipal bill payments. The company has strengthened it's competitive position in all of its business areas and it enjoys good prospects both locally and internationally .

BUSINESS SYSTEMS GROUP (AFRICA) (PROPRIETARY) LIMITED ("BSG")

www.bsg.co.za

BSG experienced another successful year of growth despite the continued after effects of the recession. Revenue growth moderated from the previous financial year, but is nevertheless considered a good result in the context of the local and global economies. A number of new clients were acquired, many of which show potential to become long-term partnerships. Consulting capacity also grew as the company continued to attract world class talent. BSG also won the IT industry category in the Deloitte Best Company to Work for Awards for the second consecutive year.

The brand continued to be escalated through the successful sponsorship of the BSG Energade Triathlon Series for the second year of a four year sponsorship deal. This sponsorship delivered significant airtime on national television for the duration of the seven race series across South Africa. The BSG Elite Triathlon team put in excellent performances to exemplify BSG's high performing culture.

The outlook for the year ahead is positive as BSG grows its consulting business and invests further in intellectual property assets in the areas of people effectiveness and commodity trade finance. There is a strong focus on growing long-term client relationships with annuity income streams and delivering benefits to clients to underline the value of the brand.

BUSINESS SEGMENTS

AS AT 30 AUGUST 2010

GAMING, HOTELS AND LEISURE		Tsogo Investment Holding Company **74.7%**	Vukani Gaming Corporation **100%**
TRANSPORT		Golden Arrow Bus Service **100%**	
MEDIA AND BROADCASTING	e.tv **64%**	Yired **64%**	e sat.tv Communications **64%**
PROPERTY AND EXHIBITIONS		Gallagher **100%**	
ENERGY		Montauk Energy Capital **91.5%**	
MINING		HCI Khusela Coal **80%**	
CLOTHING AND TEXTILE		Seardel Investment Corporation **70.6%**	
INDUSTRIAL		Formex Engineering **90%**	
SERVICES AND TECHNOLOGY	Syntell **55%**	Business Systems Group (Africa) **40%**	Isilumko **30.1%**

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2010.

	Number of shareholders	% of total	Number of shares '000	% of total
1 – 1000 shares	1 055	66,10	278 559	0,21
1 001 – 10 000 shares	338	21,18	1 194 798	0,91
10 001 – 100 000 shares	125	7,83	4 161 939	3,17
100 001 – 1 000 000 shares	56	3,51	22 904 511	16,67
Over – 1 000 000 shares	22	1,38	103 861 323	79,04
	1 596	100,00	131 401 130	100,00

Type of shareholder	Number of shareholders	% of current shareholders	Number of shares '000	% of issued capital
Public companies	8	0,50	6 939 225	5,28
Banks	30	1,88	23 629 344	17,98
Close corporations	14	0,88	18 890	0,01
Individuals	1 097	68,73	16 081 721	12,24
Nominees and trusts	115	7,21	2 346 128	1,79
Other corporations	156	9,77	61 728 034	46,99
Pension funds	126	7,90	5 393 257	4,10
Private companies	49	3,07	11 082 849	8,43
Share trust	1	0,06	4 181 682	3,18
	1 596	100.00	131 401 130	100.00

SHAREHOLDERS' DIARY

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

STOCK EXCHANGE PERFORMANCE

	31 March 2010
Total number of shares traded (000's)	13 315
Total value of shares traded (R'000)	760 608
Market price (cents per share)	
- Closing	7800
- High	8195
- Low	3550
Market capitalisation (R'000)	10 327 288

SIGNIFICANT SHAREHOLDINGS

At 31 March 2010, insofar as HCI is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2010	2009
Southern African Clothing and Textile Workers Union and associated entities	38.2	39.5
M.J.A Golding	6.9	7.1
	45.1	46.6

SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2010	2009	**2010**	2009
Public	**41.1**	40,7	**1 582**	1 576
Non public	**58.9**	59,3	**14**	18
Controlling shareholders	**38.2**	39,5	**1**	2
Directors	**11.1**	12,2	**6**	9
Associates of directors	**5.4**	5,6	**4**	4
Share trust	**3.2**	0,9	**1**	1
Treasury shares	**1,0**	1,1	**2**	2
	100,0	100,0	**1 596**	1 594

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, to ensure sound corporate governance and structures are applied within the Group.

HCI is considering the implications and effect of the code of governance and principles for South Africa as contained in the King Report (King III), launched on 1 September 2009 which is effective from 1 March 2010. The board will report on the implementation and application of King III and the new South African Companies Act, 71 of 2008, anticipated to become effective in October 2010, at the end of the next financial year.

BOARD OF DIRECTORS

The board of directors of HCI comprises of three executive directors and six non-executive directors, of which five are independent. The board comprises 89% historically disadvantaged South Africans and 22% women.

The board is structured so as to ensure clear division of responsibilities at board level to ensure a balance of power and authority, such that no-one individual has unfettered powers of decision making. Such appointments are formal and transparent, and a matter for the board as a whole. All non-executive directors are appointed so as to bring independent judgment on material decisions of the company.

The directors are entitled to seek independent professional advice at the company's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors

The board retains control over HCI and its subsidiaries, meetings are held at least quarterly, to review the performance of subsidiary and associated companies, group strategy and other matters relating to the achievement of HCI's objectives. Directors are provided with substantive board papers to enable them to consider the issues on which they are requested to make decisions.

All of the executive directors have entered into three year service contracts with the company. These contracts have been approved by the remuneration committee and define the terms of employment of the executive directors. Where appropriate, the chief executives and executive directors of subsidiary companies have entered into service contracts with that subsidiary.

The roles of the chairman and chief executive officer are separated. HCI has appointed Mr Yunis Shaik as lead independent non-executive director in view of the fact that the chairman is an executive director. This is considered acceptable by King III.

According to the Articles of Association of the company, HCI may have a maximum of 12 directors. In line with the amendments to the JSE Listing requirements the board was restructured in June 2009 with the following changes:

Certain executive directors responsible for the running of group subsidiaries have resigned from the HCI Board in order to focus their energies on the running of these subsidiaries. These directors are JA Mabuza, VE Mphande and A van der Veen. Mr AM Ntuli, a full time employee and director of Seardel Investment Corporation Ltd ("Seardel"), a HCI group subsidiary, resigned as he joined the executive management team of Seardel.

The present Chief Financial Officer, Mr TG Govender was appointed to the board of directors as the Group Financial Director. Subsequent to year-end Mr VE Mphande retired as chief executive officer of Vukani Gaming Corporation and has been invited to rejoin the board of HCI as a non-executive director as from 1st September 2010.

There were no changes to the non-executive directorate during the year under review. Mr MS Magugu's status has changed to that of an independent non-executive director as he now meets the criteria of an independent non-executive director.

In terms of the company's articles of association, one-third of directors must retire at every annual general meeting and are eligible for re-election. The directors retiring by rotation at the forthcoming annual general meeting are Mr JA Copelyn, Dr LM Molefi and Mrs VM Engel, who offer themselves for re-election Likewise, Mr VE Mphande offers himself for election.

In terms of the company's memorandum and articles of association, there is no mandatory retirement age for non-executive directors. Non-executive directors do not hold service contracts with the company.

The names and biographies of the directors of the company are listed on page 4 and 5.

The board met five times during the past year.

BOARD ATTENDANCE

Director	June	August	Nov 5	Nov 25	March
MJA Golding	Yes	Yes	No	Yes	Yes
JA Copelyn	Yes	Yes	Yes	No	Yes
RS Garach	Yes	Yes	Yes	Yes	Yes
VE Engel	Yes	Yes	Yes	Yes	Yes
TG Govender **	Yes	Yes	Yes	Yes	Yes
JA Mabuza *	Yes	N /A	N /A	N/A	N /A
MF Magugu	Yes	No	Yes	Yes	Yes
LM Molefi	Yes	Yes	No	Yes	Yes
VE Mphande *	Yes	N /A	N /A	N/A	N /A
AM Ntuli *	Yes	N /A	N /A	N/A	N /A
JG Ngcobo	Yes	Yes	No	Yes	Yes
Y Shaik	Yes	Yes	Yes	Yes	No
A van der Veen *	Yes	N /A	N /A	N/A	N /A

* Resigned 11 June 2009

** Appointed 11 June 2009

Details of directors of the board appear on pages 4 and 5 of this annual report.

The board's key roles and responsibilities are

- Promoting the interests of all stakeholders
- Formulation and approval of strategy
- Retaining effective control
- Ultimate accountability and responsibility for the performance and affairs of the company and its subsidiaries.

BOARD COMMITTEES

Board committees have been established to assist the board in discharging its responsibilities. In line with King II, all board committees comprise of only members of the board. All committees are empowered to obtain such external or other independent professional advice as they consider necessary to carry out their duties.

Each of the company's major subsidiaries has established board and committee structures which submit regular reports to the company. This ensures the maintenance of high standards and best practice for corporate governance and internal control throughout the group. The boards of the main subsidiaries comprise of a majority of non-executive directors. The board has appointed the following committees to assist it in the performance of its duties:

- Executive committee
- Remuneration committee
- Audit and risk committee

EXECUTIVE COMMITTEE

The HCI Executive Committee ("Exco") comprises Messrs MJA Golding (Executive Chairman) JA Copelyn (Chief Executive Officer) and TG Govender (Chief Financial Officer). The three executives are in regular discussion at least weekly and are primarily responsible for the daily management of the group including the allocation and investing of the group's resources.

The major operating subsidiaries and associated companies all operate on similar principles.

REMUNERATION COMMITTEE

Members: Messrs MF Magugu (chairman) and JG Ngcobo.

A report by the HCI Remuneration Committee has been provided on page 25 of this annual report.

AUDIT AND RISK COMMITTEE

Members: Mr RS Garach (chairman); Dr LM Molefi and Mr Y Shaik.

A report by the HCI Audit and Risk Committee has been provided on page 26 of this annual report

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group.

The group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the group's key operating subsidiaries and associated company levels for ensuring adherence to the various Acts and Codes that govern the day-to-day operations. Each group company has its own board of directors responsible for the management, including risk management and internal control, of that company and its business. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed.

The group audit and risk committee assists the board in discharging its responsibilities. It also considers reports and information generated by the subsidiary companies audit or finance committees to their respective boards.

INTERNAL AUDIT

The group does not consider it necessary to establish an internal audit function at group level. Where appropriate, subsidiaries have their own internal audit departments. Reports generated by the subsidiary companies internal audit departments are made available and discussed at the HCI group audit and risk committee.

SUSTAINABILITY

Aspects of HCI's social, transformation, ethical and safety, health and environmental policies and practices are provided on page 27 of this annual report. The HCI Foundation Social Report covers the corporate social investment programme.

COMPLIANCE WITH LAWS, CODES AND STANDARDS

The group and its subsidiaries comply with the laws, codes and standards as regulated by the various statutes in the industries that they operate, including the listing requirements of the JSE Limited.

DEALING IN THE COMPANY'S SECURITIES

The company has a policy in place regarding dealings in its securities. The company's directors, executives and senior employees are prohibited from dealing in HCI securities during certain prescribed restricted periods. The company secretary regularly disseminates written notices to inform them of the insider trading legislation and advise them of closed periods. All directors and senior executives are required to obtain clearance from the company secretary prior to the dealings in the company's securities. All dealings in the company's securities are disclosed in terms of the applicable JSE listings requirements.

GOVERNANCE OF INFORMATION TECHNOLOGY

Due to the inherent risks in information technology, King III has recommended that the board of directors be responsible for the assessment, implementation and monitoring of IT within the company.

The company has procedures in place to provide network security, data backup and recovery for business critical IT systems. Network security incorporates data security, internet and e-mail security and desktop and notebook protection. Firewall routers, hosted mail firewall solution and capital Trend antivirus and anti-spyware suite have been installed. Management approval is required to give users access to confidential data.

The network is distributed between 2 offices connected via a Wide Area Network with the Active Directory replicated between both sites.

Disaster Recovery Planning, focuses on equipment failure, and is a work in progress, amended as required. Regular back-up procedures are performed and stored off-site.

All subsidiaries within the group are responsible for monitoring of their IT procedures.

DISCLOSURES

To ensure shareholder parity HCI ensures that accurate and timely disclosure of information that may have a material effect on the value of its securities or influence investment decisions is made to all shareholders. The company publishes details of its corporate actions and performance in the main South African daily newspapers. The company maintains a website through which access is available to the broader community on the company's latest financial, operational and historical information, including its annual report.

EMPLOYMENT EQUITY

As an equal opportunity company, the group is representative of all the people in South Africa.

ETHICS

HCI commits the group to maintaining high ethical and moral codes of conduct in its professional and social dealings.

All the members of the committee are independent non-executive directors. In line with the recommendations of King II, the chief executive attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made in which he is affected.

Members: Messrs MF Magugu (chairman) and JG Ngcobo.

The committee met twice during the past year, as per the articles of association.

Each major group subsidiary has its own remuneration committee.

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors as well as providing strategic guidance to the other remuneration committees in the group. It takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company. The committee utilises the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management.

The functions and mandates of the remuneration committee include:

- make recommendations to the board on directors' fees and the remuneration and service conditions of executive directors, including the chief executive;

- provide a channel of communication between the board and management on remuneration matters;

- review the group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the board;

- review and approve the terms and conditions of executive directors' employment contracts, taking into account information from comparable companies;

- determine and approve any grants to executive directors and other senior employees made pursuant to the company's executive share scheme and share appreciation rights scheme; and

- review and approve any disclosures in the annual report or elsewhere on remuneration policies or directors' remuneration.

Executive directors earn a basic salary which is determined by independent remuneration consultants and escalate in line with inflation for the duration of their contracts. Bonuses payable are purely discretionary and are determined annually after reviewing the performance of the group and its subsidiaries. The maximum bonuses that can be earned by executive management are as follows:

Position	% of annual salary
Chief executive officer	75
Executive chairman	75
Chief financial officer	65
Other senior management	40 - 65

Directors' emoluments and other relevant remuneration information are disclosed in the remuneration report from page 99 to 102 of the annual financial statements.

M F Magugu
Chairman
30 August 2010

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act ("the act").

FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the act as follows:

- Reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- Reviews legal matters that could have a significant impact on the group's financial statements;
- Reviewed the external audit reports on the annual financial statements;
- Verified the independence of the external auditor, nominated PKF(Jhb) Inc. as the auditor for 2010 and noted the appointment of Mr Theunis Schoeman as the designated auditor;
- Approved the audit fees and engagement terms of the external auditor; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

The audit committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed hereunder and meets at least three times per annum in accordance with the audit committee charter. All members act independently as described in section 269A of the Companies Act. During the year under review the following meetings were held:

ATTENDANCE

The external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. Executive directors and relevant senior managers attended meetings by invitation.

Member	Profession/ Position	12th May 2009	03rd November 2009	8th March 2010
RS Garach	Chartered Accountant	Yes	Yes	Yes
Y Shaik	Attorney	Yes	Yes	No
LM Molefi	Medical doctor	Yes	Yes	Yes

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the external auditors.

INDEPENDENCE OF EXTERNAL AUDITOR

During the year under review the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by JSE Listings Requirement 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

R S Garach
Chairman
30 August 2010

ENVIRONMENTAL

This is HCI's first year extending the annual report to deal with environmental issues. In truth HCI and its subsidiaries have not spent much time reflecting on the groups contribution to global warming or other environmental issues in the past and being obliged to do so going forward has been a stimulus to starting some focused effort at correcting this.

HCI has embarked on a few steps to monitor the sustainability of its business, focusing on areas such as power, water use, waste disposal, transportation and facility maintenance. These include a process to measure various sustainability criteria, embarkation on a Carbon Information Management process and the gathering of data to conduct an Energy Efficiency audit.

HCI fully expect that this process will be broadened in the future.

ENVIRONMENT, HEALTH AND SAFETY

Some of the subsidiaries have various sustainability initiatives in place:

Conservation of energy:
· Tsogo Sun Holdings ("TSH") utilises heat-waste conversion programs;
· The generation of furnaces at Golden Arrow Bus Services ("GABS") was changed from coal to LPG gas;
· Seardel Limited have exchanged their coal burners to gas.

Conservation of water
· Ground water is utilised at the HCI Khusela Coal mines and recycled water is used where possible;
· TSH makes use of drip irrigation.

Air emissions at Montauk are monitored through certified environmental hygienists

TSH, e.tv and Gallagher Convention Centre have embarked on energy efficient lighting strategies

All subsidiaries ensure that waste products and effluent are disposed of in a lawful way according to regulations. Formex is committed to recycling used oil.

The GABS Southgate depot in Philippi, which opened at the end of 2009, was certified by the consulting engineers as being environmentally consistent in all aspects of design and construction. The depot features energy saving lighting and motors, as well as solar powered heating and air-conditioning.

EMPLOYEES

HCI and its subsidiaries have implemented numerous initiatives to improve staff welfare through education, training, and skills development programs.

SOCIAL RESPONSIBILITY

Social responsibility programs are a significant part of the ethos of the Group. Our initiatives in this area are lead by the HCI Foundation and its work is separately reported in a publication distributed to shareholders together with this annual report.

The Foundation's budget for last year was some R30 million. To this one must add the significant contributions to CSI spend effected directly through HCI subsidiaries. While one can always do more, the efforts made by the group in this direction are unusually large for its size.

There are several really commendable programs run through the Foundation and shareholders are encouraged to read the social report to get a feel of the extent of the work being done in these areas.

HCI COMPANY PARTNERSHIPS

HCI is pleased to report that in the year under review the Group's focus on contributing to social issues surrounding it, has been continued with the same intensity as in previous years by both its subsidiaries and at Group level. Our efforts in this regard are coordinated by the HCI Foundation which serves both to assist in the funding of efforts made by subsidiaries and to provide a framework in which such work can be encouraged and supported by the group as a whole.

TRANSFORMATION ACTIVITIES

HCI achieved a Level 3 (83%) rating on the generic scorecard for the financial year.

According to the Financial Mail Top Empowerment Companies 2010 survey this placed the company as the 6th most highly empowered company on the stock exchange and one of the exceptionally few that is majority owned by BEE shareholders. We greatly value this recognition of the special character of the group.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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 30 to 124 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 2010 which appear on pages 30 to 124 were approved by the board of directors on 30 August 2010 and are signed on its behalf by:

MJA Golding	JA Copelyn	TG Govender
Chairman	Chief Executive Officer	Chief Financial Officer

30 August 2010
Cape Town

DECLARATION BY THE COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2010, 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.

HCI Managerial Services (Proprietary) Limited

HCI Managerial Services (Pty) Ltd
Company secretary
30 August 2010
Cape Town

REPORT OF THE INDEPENDENT AUDITOR

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 statements of financial position as at 31 March 2010, 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 30 to 124.

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 2010, 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
Cape Town
30 August 2010

NATURE OF BUSINESS

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

OPERATIONS AND RESULTS

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.

OVERVIEW OF RESULTS

Group results

The group results reflect an overall increase of 16,5% in headline earnings attributable to HCI shareholders. Basic earnings declined when compared to the prior year due to the large negative goodwill included in the prior year from the first-time consolidation of the Seardel group. The results are somewhat of a mixed set with some businesses severely affected by the economic downturn whilst others proved more resilient.

Growth in the media businesses together with the first-time full year consolidation of Seardel were the most significant drivers of growth in revenue. Despite significant cost controls across the group, group EBITDA fell 6% largely due to the disappointing performance of the hotel business and to a lesser extent the natural gas and vehicle component businesses. Once again the media and limited payout gaming businesses exhibited strong growth in EBITDA.

Finance costs for the year have decreased primarily as a result of the lower interest rate environment. The share of the profits of associates has increased significantly as a result of the inclusion of R408 million being the group's share of the profit on the sale of the Danone business by Clover Industries Limited.

Included in investment surplus are the profits on the disposal of the Johnson Access platform business and the door module business of Formex.

Fair value adjustments of investment properties relate largely to the upward revaluation of the Gallagher properties. Asset impairments relate primarily to property, plant and equipment impaired by Seardel.

The impairment of goodwill and investments relates primarily to the impairment of carrying value of the investment in Clover Industries Limited to the expected proceeds from the forthcoming disposal as detailed below and the impairment of the goodwill relating the group's investment in the bingo operations.

Group balance sheet and cash flow

The group's overall financial position remains strong with the major businesses still generating strong cash flows despite the difficult trading conditions. The group remains well positioned to benefit from the recovery in the economy.

Tsogo Sun Holdings (Pty) Limited ("Tsogo Sun")

During the year under review, the group entered into an agreement with Nafcoc Investment Holdings Limited ("Nafhold") for the acquisition of their 25% interest in Tsogo Investment Holding Company (Pty) Limited for a total purchase consideration of R1,2 billion, subject to regulatory approvals. Nafhold shareholders have approved the transaction and Gaming Board approvals remain outstanding. HCI's effective exposure to Tsogo Sun will increase to approximately 51% from the present 38%.

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.

SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 19 to the financial statements.

DIRECTORATE

The directors of the company appear on page 2. Details of changes are set out on page 22.

SHAREHOLDING OF DIRECTORS

The shareholding of directors of the company and their participation in the share incentive scheme, in the issued share capital of the company as at 31 March 2010, are set in notes 41 and 42 respectively.

DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2010 are set out in note 43 to the financial statements.

SECRETARY

The secretary of the company is HCI Managerial Services (Proprietary) Limited. There was no change in the office of the Company Secretary. The name, business and postal address of the Company Secretary are set out on page 2 of this report.

SUBSIDIARIES

Details of the company's interest in subsidiaries are set out in Annexure A on page 122 to 124.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

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

DISTRIBUTION TO SHAREHOLDERS

Ordinary dividend number 41, in the amount of sixty cents per share, was paid to shareholders on 12 July 2010.

LITIGATION STATEMENT

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of HCI are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of HCI.

MATERIAL CHANGE

There has been no material change in the financial or trading position of the HCI group since the publication of its provisional results for the year ended 31 March 2010.

SUBSEQUENT EVENTS

Prior to year end the group had entered into an agreement to dispose of its equity interests in Clover Industries Limited ("Clover") by way of a buyback of its ordinary shares by Clover and a restructuring of the present participating preference shares held in Clover. Subsequent to year end the disposal became unconditional and the group received approximately R490 million in proceeds from the disposal with the only remaining exposure to Clover being R110 million in three-year compulsory redeemable preference shares with a fixed dividend coupon of 90% of the prime rate.

During the year shareholders were advised that Gold Reef Resorts Limited ("Gold Reef") and Tsogo Sun Holdings (Proprietary) Limited ("TSH"), a 51% subsidiary of Tsogo Investment Holdings Company (Proprietary) Limited ("TIH"), which in turn is a 74.67% subsidiary of HCI, had entered into an agreement (the "Exchange Agreement") detailing the terms and conditions of a merger of their respective gaming and hotel businesses (the "Proposed Transaction"), to form a combined business. On 26 April the shareholders of the company, TSH, TIH and Gold Reef approved the Proposed Transaction, which however remains subject to regulatory approval.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

		Group		Company	
	Notes	**2010**	2009	**2010**	2009
Revenue	31	**8 450 312**	7 433 768	**-**	-
Net gaming win		**3 686 356**	3 468 702	**-**	-
		12 136 668	10 902 470	**-**	-
Depreciation and amortisation		**(713 206)**	(631 857)	**-**	-
Other operating expenses		**(9 026 074)**	(7 591 446)	**(22 513)**	(30 547)
Investment income	32	**104 876**	125 963	**228 683**	163 152
Share of profits of associates and joint ventures		**536 443**	68 196	**-**	-
Negative goodwill released		**2 544**	876 023	**-**	-
Investment surplus	33	**41 976**	49 778	**11 500**	19 734
Fair value adjustments of investment properties		**17 834**	(15 608)	**-**	-
Other impairment reversals		**51 681**	4 070	**-**	94 018
Assets impairments		**(48 692)**	(37 505)	**-**	-
Fair value adjustments of financial instruments		**3 871**	(225 148)	**-**	-
Impairment of goodwill and investments	34	**(197 573)**	(73 594)	**(17 731)**	-
Finance costs	35	**(657 548)**	(686 961)	**(41)**	(5 124)
Profit before taxation	36	**2 252 800**	2 764 381	**199 898**	241 233
Taxation	37	**(669 632)**	(775 426)	**(13 867)**	(12 000)
Profit for the year from continuing operations		**1 583 168**	1 988 955	**186 031**	229 233
Discontinued operations	38	**(251 680)**	(105 664)	**-**	-
Profit for the year		**1 331 488**	1 883 291	**186 031**	229 233
Attributable to:					
Equity holders of the parent		**603 995**	1 110 488		
Minority interest		**727 493**	772 803		
		1 331 488	1 883 291		
Earnings per share (cents)	39	**482.87**	890.58		
Continuing operations		**632.31**	878.91		
Discontinued operations		**(149.44)**	11.67		
Diluted earnings per share	39	**469.99**	869.09		
Continuing operations		**615.45**	857.71		
Discontinued operations		**(145.46)**	11.38		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

		Group		Company	
	Notes	**2010**	2009	**2010**	2009
Profit for the year		**1 331 488**	1 883 291	**186 031**	229 233
Other comprehensive income net of tax:	20				
Foreign currency translation differences		**(276 836)**	144 242	**-**	-
Cashflow hedge reserve		**(1 478)**	(21 819)	**-**	-
Asset revaluation reserve		**869**	274 554	**-**	-
Total comprehensive income for the year		**1 054 043**	2 280 268	**186 031**	229 233
Attributable to:					
Equity holders of the parent		**409 076**	1 283 359		
Minority interest		**644 967**	996 909		
		1 054 043	2 280 268		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Notes	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Assets					
Non-current assets		**14 968 791**	13 979 556	**2 487 141**	2 329 523
Property, plant and equipment	1	**9 660 977**	9 271 620	**-**	-
Investment properties	2	**218 585**	166 937	**-**	-
Goodwill	3	**1 544 195**	1 263 883	**-**	-
Intangible assets	4	**565 506**	649 139	**-**	-
Intangible assets mining	5	**78 896**	53 993	**-**	-
Investments in associates	6	**2 278 535**	1 842 331	**9 256**	9 256
Investments in joint ventures	7	**126 719**	118 563	**-**	-
Other financial assets	8	**62 827**	63 752	**-**	-
Subsidiary companies	9	**-**	-	**2 297 448**	2 320 025
Deferred taxation	10	**230 997**	343 446	**-**	-
Operating lease equalisation asset	11	**962**	4 970	**-**	-
Finance lease receivables	12	**38 626**	33 195	**-**	-
Non-current receivables	13	**161 966**	167 727	**180 437**	242
Current assets		**3 790 747**	4 042 113	**98 054**	14 976
Inventories	14	**743 803**	1 033 276	**-**	-
Programme rights	15	**268 631**	220 138	**-**	-
Other financial assets	8	**32 896**	110 184	**-**	-
Trade and other receivables	16	**1 444 695**	1 769 286	**135**	93
Taxation		**9 137**	13 875	**-**	-
Bank balances and deposits	17	**1 291 585**	895 354	**97 919**	14 883
Non-current assets/disposal group assets held for sale	18	**110 886**	26 972	**-**	-
Total assets		**18 870 424**	18 048 641	**2 585 195**	2 344 499

AS AT 31 MARCH 2010 (CONTINUED)

		Group		Company	
		2010	2009	**2010**	2009
	Notes	**R'000**	R'000	**R'000**	R'000
Equity and liabilities					
Capital and reserves		**8 380 190**	7 619 925	**2 169 607**	1 796 105
Ordinary share capital	19	**31 361**	31 227	**32 850**	31 844
Share premium	19	**683 917**	672 300	**937 299**	750 834
Other reserves	20	**82 394**	270 636	**-**	-
Accumulated profits		**3 841 495**	3 237 126	**1 199 458**	1 013 427
Equity attributable to equity holders of the parent		**4 639 167**	4 211 289	**2 169 607**	1 796 105
Minority interest		**3 741 023**	3 408 636	**-**	-
Non-current liabilities		**5 895 287**	6 095 744	**-**	-
Financial liabilities	21	**18 836**	31 087	**-**	-
Operating lease equalisation liability	11	**287 429**	262 067	**-**	-
Borrowings	22	**4 657 471**	4 808 980	**-**	-
Finance lease liabilities	23	**57 736**	102 043	**-**	-
Post retirement medical benefit liabilities	24	**135 474**	146 968	**-**	-
Long term incentive plan	25	**15 964**	12 540	**-**	-
Long term provisions	26	**52 049**	43 483	**-**	-
Deferred revenue	27	**17 480**	3 667	**-**	-
Deferred taxation	10	**652 848**	684 909	**-**	-
Current liabilities		**4 574 694**	4 332 972	**415 588**	548 394
Trade and other payables	28	**1 634 071**	2 040 337	**1 193**	12 826
Financial liabilities	21	**58 762**	23 795	**-**	-
Amounts owing to subsidiary companies	9	**-**	-	**382 987**	526 105
Current portion of borrowings	22	**2 160 130**	1 455 175	**-**	-
Current portion of finance lease liabilities	23	**4 710**	19 964	**-**	-
Taxation		**110 346**	170 399	**31 408**	9 463
Provisions	26	**250 164**	269 903	**-**	-
Long term incentive plan	25	**24 322**	7 743	**-**	-
Bank overdrafts	29	**332 189**	345 656	**-**	-
Non-current liabilities/disposal group liabilities held for sale	18	**20 253**	-	**-**	-
Total equity and liabilities		**18 870 424**	18 048 641	**2 585 195**	2 344 499

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2010

	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 2008	30 963	612 792	91 483	2 205 256	3 291 540	6 232 034
Share capital and premium						
Shares issued	252	78 850	-	-	-	79 102
Treasury shares released	112	3 508	-	-	-	3 620
Treasury shares acquired by subsidiary	(100)	(22 850)	-	-	-	(22 950)
Current operations						
Total comprehensive income	-	-	172 871	1 110 488	996 909	2 280 268
Equity settled share-based payments	-	-	2 629	-	-	2 629
Transfers	-	-	3 653	(3 653)	-	-
Minority interest on acquisition of subsidiaries	-	-	-	-	437 101	437 101
Effects of changes in holding	-	-	-	-	(533 819)	(533 819)
Capital reductions and dividends	-	-	-	(74 965)	(783 095)	(858 060)
Balances at 31 March 2009	31 227	672 300	270 636	3 237 126	3 408 636	7 619 925
Share capital and premium						
Treasury shares released	134	11 617	-	-	-	11 751
Current operations						
Total comprehensive income	-	-	(194 919)	603 995	644 967	1 054 043
Equity settled share-based payments	-	-	7 408	-	-	7 408
Transfers	-	-	(731)	374	357	-
Effects of changes in holding	-	-	-	-	5 061	5 061
Capital reductions and dividends	-	-	-	-	(317 998)	(317 998)
Balances at 31 March 2010	**31 361**	**683 917**	**82 394**	**3 841 495**	**3 741 023**	**8 380 190**

FOR THE YEAR ENDED 31 MARCH 2010

	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
COMPANY				
Balances at 31 March 2008	31 592	671 984	860 016	1 563 592
Share capital and premium				
Shares issued	252	78 850	-	79 102
Current operations				
Total comprehensive income for the year	-	-	229 233	229 233
Dividend paid	-	-	(75 822)	(75 822)
Balances at 31 March 2009	31 844	750 834	1 013 427	1 796 105
Share capital and premium				
Shares issued	1 006	186 465	-	187 471
Current operations				
Total comprehensive income for the year	-	-	186 031	186 031
Balances at 31 March 2010	**32 850**	**937 299**	**1 199 458**	**2 169 607**

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Cash flows from operating activities		**1 765 164**	952 335	**202 534**	135 505
Cash generated (utilised) by operations	40.1	**3 144 219**	3 363 659	**(12 510)**	(10 547)
Investment income		**105 517**	139 446	**228 682**	163 152
Changes in working capital	40.2	**195 106**	(212 125)	**(11 674)**	64 407
Cash generated (utilised) by operating activities		**3 444 842**	3 290 980	**204 498**	217 012
Finance costs		**(660 559)**	(715 550)	**(41)**	(5 124)
Changes in finance lease receivables		**-**	101 164	**-**	-
Taxation paid	40.3	**(700 929)**	(869 418)	**(1 923)**	(561)
Dividends paid		**(318 190)**	(854 841)	**-**	(75 822)
Cash flows from investing activities		**(2 061 381)**	(3 997 457)	**(306 969)**	(124 005)
Business combinations	40.4	**(412 547)**	(177 660)	**-**	-
Investment in:					
- Subsidiary companies		**-**	(932 732)	**(142 973)**	(143 738)
- Associated companies and joint ventures		**(369 146)**	(1 277 374)	**-**	-
- Other		**(29 932)**	127 279	**(180 196)**	-
Dividends received		**58 517**	(262)	**-**	-
Short term loans advanced		**(8 753)**	(678)	**-**	-
Increase in long term receivables		**(31 467)**	(14 260)	**-**	-
Proceeds on disposal of investments		**1 620**	25 145	**16 200**	19 733
Intangible assets acquired		**(94 685)**	(104 653)	**-**	-
Property, plant and equipment:					
- Additions		**(1 260 584)**	(1 670 595)	**-**	-
- Disposals		**85 596**	28 333	**-**	-
Cash flows from financing activities		**717 752**	2 969 423	**187 471**	-
Ordinary shares issued and treasury shares sold		**7 275**	3 621	**187 471**	-
Treasury shares acquired		**-**	(22 950)	**-**	-
Ordinary shares repurchased		**-**	-	**-**	-
Short term loans raised		**-**	(96)	**-**	-
Change in minority shareholders		**17 520**	-	**-**	-
Long term funding raised		**692 957**	2 988 848	**-**	-
Cash and cash equivalents					
Movements		**421 535**	(75 699)	**83 036**	11 500
At beginning of year		**549 698**	621 719	**14 883**	3 383
Foreign exchange difference		**(11 694)**	3 678	**-**	-
At end of year	40.5	**959 539**	549 698	**97 919**	14 883

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.

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the AC500 series of interpretations, the Companies Act, 1973, as amended, and the Listings requirements of the JSE Limited. 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 accounting policies are consistent with that applied in the previous year, except for the adoption of IFRS 8, Operating Segments, and IAS 1(revised). These standards have only impacted on the disclosure and not on the previously reported results.

b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board.

c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries and associated entities controlled by the group.

i) Subsidiaries

Subsidiaries are entities controlled by the group, where control is the power to directly or indirectly 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 intragroup 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 and joint ventures

The group recognises its share of associates' results as a one line entry before tax in the income statement, after accounting for 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.

The group recognises its share of joint ventures' results as a one line entry before tax in the income statement.

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

The groups' investment in joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The groups' share of its joint ventures 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 groups' share of net assets of the joint venture. When the groups' share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. 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 functional and presentation currency.

(ii) Transactions and balances

The financial statements for each group 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.

(ii) Goodwill

Goodwill arising on consolidation represents the excess of the costs of the 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) 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 and infrastructure	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
Leasehold improvements	Lesser of estimated useful life or period of lease

(ii) 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.

(iii) 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. Bid costs are amortised on a straight line basis

(iii) Management contracts

The group owns a management contract which has been externally purchased and capitalised at cost. This contract is not amortised as the life of the contract is indefinite.

(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) 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.

(vi) Distribution rights

Distribution rights represent multi-territory and multi-platform programming rights that the group is able to onsell to other broadcasters. Distribution rights are initially recognised at cost. Distribution rights are amortised over the products' economic life-cycle which is determined on a pro-rate basis of the individual titles total cost based on the territory and broadcast platform for which the distribution rights have been on sold. Distribution rights are amortised on a straight line basis. Distribution rights are tested for impairment annually until they are brought into use.

(vii) Capitalised evaluation and exploration expenditure, and capitalised development expenditure

Capitalised evaluation and exploration expenditure, and capitalised development expenditure with finite lives are amortised over their estimated useful economic life as follows:

Mineral assets	2 - 25 years
Exploration and evaluation assets	Units of production method over estimated useful life

Direct attributable expenses relating to mining and other major capital projects, site preparations and exploration and development are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Costs capitalised to evaluation and exploration expenditure are transferred to capitalised development costs once the technical feasibility and commercial viability of developing the mine has been established and the decision to develop the mine has been taken by the directors.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the asset is substantially complete.

Capitalised evaluation and exploration expenditure is amortised and is tested for impairment only if indicators of impairment exist in accordance with IFRS 6. Capitalised development expenditure will be amortised over the useful life on a unit of production basis once the mine is commissioned, and is tested for impairment at each balance sheet date in accordance with IAS 38, until the mine is commissioned. Once the mine is commissioned impairment testing is only done if there is an indicator of impairment.

(viii) Gas rights

Gas rights with finite lives are amortised over their estimated useful economic life as follows:

Gas rights	Units of production method of depletion over gas rights term

(ix) Programming under development

Programming under development represents costs relating to programming that is still in the process of development and cannot yet be brought into use. Once brought into use, these assets will be amortised and transferred to Programme rights.

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)

Financial 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, 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.

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.

(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.

(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.

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.

(iv) Financial liabilities at fair value through profit and loss

Non-derivative financial liabilities are measured initially and subsequently at fair value by discounting the future cash payments using the market rate applicable at balance sheet date. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

(v) Financial liabilities at amortised cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings.

(vi) 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.

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

(vii) 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.

Fair Value

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.

Impairment

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.

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 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 re-measured 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 maturity of the 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 i), non-current assets classified as held for sale (see note i). Impairment reviews are performed by comparing the carrying value of the 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 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).

(i) Provision for rehabilitation

Long-term environmental obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure, in view of the uncertainty of estimating the potential future proceeds.

Annual contributions will be made to the group's Environmental Rehabilitation Trust Fund to be created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabiliation during, and at the end of the life of mines.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of ongoing current programs to prevent and control pollution and to rehabilitate the environment is charged against income as incurred.

(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 fair value of the leased property or, if lower, 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 balance sheet 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*

Subsidiaries of the group operate 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 calculated in terms of the requirements set out in Circular 3/2009 issued by SAICA.

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.

Principles of critical accounting estimates and assumptions

(i) 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 1(e). The recoverable amounts of cash generating units have been determined based on value in-use calculations.

These calculations require the use of estimates – see note 3 for details.

(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:

3.1 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 2010 or later periods which the Group has not early adopted:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 3 Business Combinations - Revised	The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.	The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 April 2010.
IFRS 9 Financial Instruments	New standards that forms the first part of a three-part project to replace *IAS39 Financial Instruments: Recognition and Measurement* (effective for periods beginning 1 January 2013) IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. They require all financial assets to be: (a) classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. (b) initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. (c) subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.	The Group will apply IFRS 9 from annual periods beginning 1 April 2013
IAS 27 Consolidation and Separate Financial Statements – Revised	The revised standard requires the effects of all transactions with non-controlling interests to be recorded in other comprehensive income if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.	The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 April 2010.

3.2 The adoption of the following standards, amendments and interpretations is not anticipated to have a material effect on the consolidated results of operations or financial position of the Group and Company.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 2 (Amendment) Group Cash-settled Share-based Payment Transactions	• Clarification of scope of IFRS2 and IFRS3 revised Accounting for Group cash-settled share-based payment transactions – clarity of the definition of the term 'Group'	Effective for periods beginning 1 January 2010
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (and consequential amendment to IFRS 1)	• Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations • Plan to sell the controlling interest in a subsidiary	Effective for periods beginning 1 January 2010
IAS 1 (Amendment) Presentation of financial statements	• Current/non-current classification of convertible instruments	Effective for periods beginning 1 January 2010
IAS 7 (Amendment) Cash flow statements	• Classification of expenditures on unrecognised assets	Effective for periods beginning 1 January 2010
IAS 10 (Amendment) Events after the reporting period	• Amendment resulting from the issue of *IFRIC 17 Distributions of Non-cash Assets to Owners*	Effective for periods beginning 1 July 2009
IAS 17 (Amendment) Leases	• Classification of leases of land and buildings	Effective for periods beginning 1 January 2010
IAS 18 (Amendment) Revenue	• Determining whether an entity is acting as a principal or as an agent	Effective for periods beginning 1 January 2010
IAS 24 (Amendment) Related Party Disclosures	• Clarification of the definition of a related party • Simplification of the disclosure requirements for government-related entities	Effective for periods beginning 1 January 2011
IAS 32 (Amendment) Financial Instruments: Presentation	• Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer	Effective for periods beginning 1 February 2010
IAS 36 (Amendment) Impairment of Assets	• Unit of accounting for goodwill impairment testing	Effective for periods beginning 1 January 2010
IAS 38 (Amendment) Intangible Assets	• Additional consequential amendments arising from revised IFRS 3 (revised) • Measuring the fair value of an intangible asset acquired in a business combination	Effective for periods beginning 1 July 2009
IAS 39 (Amendment) Financial Instruments – Recognition and Measurement	• Treating loan prepayment penalties as closely related derivatives • Scope exemption for business combination contracts • Cash flow hedge accounting	Effective for periods beginning 1 January 2010

3.3 The new interpretations are as follows, all effective for periods on or after 1 July 2009 unless otherwise stated:

Standard	Details of amendment	Annual periods beginning on or after
IFRIC 16 (Amendment): Hedges of a Net Investment in a Foreign Operation	Amendment to the restriction on the entity that the entity can hold hedging instruments	
IFRIC 17: Distributions of Non-cash Assets to Owners	Guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as distribution of reserves or dividends	
IFRIC 18: Transfers of Assets from Customers	Guidance with respect to the accounting for plant, property and equipment from customers	
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	Clarifies the requirements when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially	Effective for periods beginning 1 July 2010

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
1. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Broadcast studios and equipment	**363 216**	304 272		
Mining infrastructure	**11 898**	7 328		
Land and buildings	**6 324 110**	6 618 284		
Leasehold improvements	**539 591**	103 478		
Properties under construction	**508 291**	257 158		
Plant and machinery	**3 954 809**	3 434 656		
Buses	**680 402**	634 015		
Other equipment and vehicles	**989 827**	812 344		
	13 372 144	12 171 535		
Accumulated depreciation				
Broadcast studios and equipment	**252 029**	218 140		
Mining infrastructure	**247**	-		
Land and buildings	**594 935**	905 164		
Leasehold improvements	**181 703**	37 788		
Plant and machinery	**2 006 101**	1 367 245		
Buses	**185 965**	142 499		
Other equipment and vehicles	**490 187**	229 079		
	3 711 167	2 899 915		
Carrying value				
Broadcast studios and equipment	**111 187**	86 132		
Mining infrastructure	**11 651**	7 328		
Land and buildings	**5 729 175**	5 713 120		
Leasehold improvements	**357 888**	65 690		
Properties under construction	**508 291**	257 158		
Plant and machinery	**1 948 708**	2 067 411		
Buses	**494 437**	491 516		
Other equipment and vehicles	**499 640**	583 265		
	9 660 977	9 271 620		
Movements in property, plant and equipment				
Balance at beginning of year				
Broadcast studios and equipment	**86 132**	66 518		
Mining infrastructure	**7 328**	-		
Land and buildings	**5 713 120**	4 830 065		
Leasehold improvements	**65 690**	63 568		
Properties under construction	**257 158**	29 523		
Plant and machinery	**2 067 411**	852 303		
Buses	**491 516**	396 766		
Other equipment and vehicles	**583 265**	393 485		
	9 271 620	6 632 228		

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
PROPERTY, PLANT AND EQUIPMENT (continued)				
Additions				
Broadcast studios and equipment	**43 751**	62 980		
Mining infrastructure	**392**	7 328		
Land and buildings	**141 920**	429 304		
Leasehold improvements	**81 034**	7 679		
Properties under construction	**354 894**	250 281		
Plant and machinery	**491 634**	551 478		
Buses	**54 708**	138 043		
Other equipment and vehicles	**98 143**	214 637		
	1 266 476	1 661 730		
Business combinations				
Broadcast studios and equipment	**15 715**	-		
Land and buildings	**200 925**	1 042 688		
Leasehold improvements	**9 085**	4		
Properties under construction	**6 876**	-		
Plant and machinery	**(40 220)**	508 237		
Other equipment and vehicles	**34 289**	39 143		
	226 670	1 590 072		
Borrowing costs capitalised				
Properties under construction	**24 504**	-		
Disposals and transfers				
Broadcast studios and equipment	**(253)**	(11 309)		
Mining infrastructure	**4 178**	-		
Land and buildings	**(155 491)**	(547 422)		
Leasehold improvements	**223 022**	(73)		
Properties under construction	**(135 141)**	(22 646)		
Plant and machinery	**(201 805)**	530 846		
Buses	**(7 095)**	(715)		
Other equipment and vehicles	**(12 675)**	944		
	(285 260)	(50 375)		
Depreciation				
Broadcast studios and equipment	**(33 889)**	(31 928)		
Mining infrastructure	**(247)**	-		
Land and buildings	**(87 968)**	(69 750)		
Leasehold improvements	**(19 189)**	(5 350)		
Plant and machinery	**(346 464)**	(322 662)		
Buses	**(44 692)**	(42 578)		
Other equipment and vehicles	**(120 107)**	(108 788)		
	(652 556)	(581 056)		

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
PROPERTY, PLANT AND EQUIPMENT (continued)				
Impairments				
Land and buildings	**-**	(10 339)		
Leasehold improvements	**(1 754)**	(138)		
Plant and machinery	**(906)**	(62 777)		
Other equipment and vehicles	**(10 630)**	-		
	(13 290)	(73 254)		
Currency translation				
Broadcast studios and equipment	**(269)**	(129)		
Land and buildings	**(83 331)**	38 574		
Plant and machinery	**(20 942)**	9 986		
Other equipment and vehicles	**(72 645)**	43 844		
	(177 187)	92 275		
Balances at end of year				
Broadcast studios and equipment	**111 187**	86 132		
Mining infrastructure	**11 651**	7 328		
Land and buildings	**5 729 175**	5 713 120		
Leasehold improvements	**357 888**	65 690		
Properties under construction	**508 291**	257 158		
Plant and machinery	**1 948 708**	2 067 411		
Buses	**494 437**	491 516		
Other equipment and vehicles	**499 640**	583 265		
	9 660 977	9 271 620		

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

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 22.

Impairments

Impairments in respect of property, plant and equipment that are considered to be obsolete and are no longer in use.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000

2. INVESTMENT PROPERTIES

Investment properties consist of:		
Bare dominiums	**19 829**	14 920
Other investment properties	**198 756**	152 017
	218 585	166 937

Investment properties are stated at fair value. The fair value of the bare 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 other investment properties at 31 March 2010, totalling R185 million, has been arrived at on the basis of a valuation carried out at 31 March 2010 by Mr Conrad Penny, an independent valuer not related to the Group. The fair value of other investment properties, totalling R13,7 million, has been arrived at on the basis of an internal valuation. The valuations have been 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.

Reconciliation of carrying value		
At beginning of year	**166 937**	182 665
Fair value adjustments	**19 392**	(15 991)
Transfer from property, plant and equipment	**28 333**	-
Improvements	**3 923**	263
At end of year	**218 585**	166 937

3. GOODWILL

Arising on acquisition of shares in subsidiaries	**1 544 195**	1 263 883
Reconciliation of carrying value		
At beginning of year	**1 263 883**	846 098
Business combinations	**369 289**	69 628
Increase / decrease in holdings	**(6 359)**	356 396
Impairment	**(77 160)**	(12 106)
Effects of foreign exchange currency differences	**(5 458)**	3 867
At end of year	**1 544 195**	1 263 883

GOODWILL (continued)

Goodwill relates primarily to the Group's casino and hotel interests (R1 294 million in the current year and R1 031,5 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 "Earnings 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 comparative companies' trading on the Johannesburg Stock Exchange, and is considered to represent a fair multiple that the cash generating units ("CGU") would achieve were they to list.

The value of other CGU's to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. The following were the principal assumptions, based on past experience, that were used to calculate the net present value of those CGU's :

Pre tax discount rates	11% - 15%
Number of years	20 years
Total natural gas MMBTU production escalator	8%
Carbon credit pricing increase	5%
Cost growth rate	2% - 6%
US Electricity price increase	2%

The impairment relates mainly to the Group's bingo operations (R65 million) and automotive component manufacture business (R11,5 million) in the current year and certain of the the Group's information technology investments (R10 million) in the prior year.

4. OTHER INTANGIBLE ASSETS

	Bid costs R'000	Management contract R'000	Computer software R'000	Trademark R'000	Programming under development R'000	Distribution rights R'000	Tax credits R'000	Customer contracts R'000	Gas rights R'000	Total R'000
Group 2010										
Carrying value										
at beginning of year	**67 858**	**396**	**75 778**	**13 029**	**12 620**	**49 000**	**-**	**153 460**	**276 998**	**649 139**
Additions	**2 514**	**-**	**23 750**	**3 729**	**11 610**	**34 188**	**-**	**3 801**	**-**	**79 592**
Business Combinations	**10 859**	**-**	**(5 390)**	**-**	**-**	**-**	**-**	**212**	**14 955**	**20 636**
Transfers	**(10 535)**	**-**	**14 950**	**-**	**-**	**-**	**-**	**-**	**-**	**4 415**
Foreign exchange										
differences	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31 691)**	**(66 592)**	**(98 283)**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12 181)**	**-**	**(12 181)**
Amortisation	**(15 275)**	**-**	**(27 974)**	**(1 596)**	**-**	**-**	**-**	**(14 902)**	**(18 065)**	**(77 812)**
Carrying value										
at end of year	**55 421**	**396**	**81 114**	**15 162**	**24 230**	**83 188**	**-**	**98 699**	**207 296**	**565 506**
Cost	**173 400**	**396**	**199 613**	**22 012**	**24 230**	**83 188**	**25 534**	**177 168**	**265 352**	**970 893**
Accumulated										
amortisation	**(117 979)**	**-**	**(118 499)**	**(6 850)**	**-**	**-**	**(25 534)**	**(78 469)**	**(58 056)**	**(405 387)**
	55 421	**396**	**81 114**	**15 162**	**24 230**	**83 188**	**-**	**98 699**	**207 296**	**565 506**
Group 2009										
Carrying value										
at beginning of year	69 644	88	68 339	17 167	5 806	-	-	118 202	253 590	532 836
Additions	2 000	308	19 471	142	6 814	49 000	-	3 033	241	81 009
Business Combinations	-	-	5 390	-	-	-	-	22 385	-	27 775
Transfers	9 352	-	1 690	-	-	-	-	-	(99)	10 943
Foreign exchange										
differences	-	-	-	-	-	-	-	21 115	45 300	66 415
Impairment	-	-	(860)	-	-	-	-	-	-	(860)
Amortisation	(13 138)	-	(18 252)	(4 280)	-	-	-	(11 275)	(22 034)	(68 979)
Carrying value										
at end of year	67 858	396	75 778	13 029	12 620	49 000	-	153 460	276 998	649 139
Cost	171 155	274 229	171 824	18 183	12 620	49 000	33 705	179 499	330 550	1 240 765
Accumulated										
amortisation	(103 297)	(273 833)	(96 046)	(5 154)	-	-	(33 705)	(26 039)	(53 552)	(591 626)
	67 858	396	75 778	13 029	12 620	49 000	-	153 460	276 998	649 139

OTHER INTANGIBLE ASSETS (continued)

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	1 to 7 years
Management contract	Indefinite
Computer software	1 to 5 years
Trademark	23 years
Programming under development	*
Distribution rights	*
Tax credits	1 year
Customer contracts	15 years

* Programming under development and distribution rights have not yet been brought into use. These assets were tested for impairment and no impairment was required. Once brought into use the assets would be amortised over its expected useful life which would only be determined at that stage.

5. INTANGIBLE ASSETS MINING

	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
Group 2010			
Carrying value at beginning of year	**4 163**	**49 830**	**53 993**
Amortisation	**-**	**(673)**	**(673)**
Rehabilitation provision cost capitalised	**-**	**10 848**	**10 848**
Additions	**1 911**	**12 817**	**14 728**
Carrying value at end of year	**6 074**	**72 822**	**78 896**
Group 2009			
Carrying value at beginning of year	21 541	-	21 541
Transfers	(18 460)	18 460	-
Rehabilitation provision cost capitalised	-	10 075	10 075
Additions	1 082	21 295	22 377
Carrying value at end of year	4 163	49 830	53 993

INTANGIBLE ASSETS MINING (continued)

Additions include capitalised expenses such as geology costs, engineering costs, environmental costs, feasibility costs, consultants fees and mining staff costs.

Capitalised development expenditure is tested annually for impairment in accordance with IAS 38. The recoverable amount of the cash generating units has been determined with reference to a discounted cash flow valuation of the mines. An inflation rate of 6% (2009:10%) has been applied on cash flows that have been discounted at 6% (2009:18%).

The following assumptions have been applied when reviewing capitalised development expenditure for impairment:

Future expected profits have been estimated using budgeted project cash flows extending over 360 months for the Palesa mine and 60 months for the Mbali mine.

Sales growths and gross margins were based on expected sales prices and sales volumes for export and inland coal. Sales and sales prices were assumed to grow in line with expansion and expected inflation. An offer and acceptance letter has been signed to deliver coal to Eskom. The period of the contract is 8 years starting on 1 April 2010 and ends on 31 March 2018.

Costs were assumed to grow in line with expansion and expected inflation.

The recoverable amount of the cash generating units were determined to exceed the net asset value of the mines as at 31 March 2010 and therefore no impairment was necessary.

6. INVESTMENTS IN ASSOCIATES

Name of associates	Principal activity	Group's Interest 2010	Group's Interest 2009	Group Carrying value 2010 R'000	Group Carrying value 2009 R'000	Company Carrying value 2010 R'000	Company Carrying value 2009 R'000
The following are the group's principal associates:							
Business Systems Group (Proprietary) Limited	Information technology	**40%**	40%	**13 871**	11 676	**3 000**	3 000
Clover Industries Limited *	Food and Beverage	**45%**	45%	**603 806**	277 757	**-**	-
Hotel Formula 1 (Proprietary) Limited	Hotel operator	**47%**	47%	**40 345**	39 767	**-**	-
Gold Reef Resorts Limited	Hotel and casino operator	**23%**	23%	**1 500 755**	1359 832	**-**	-
Galaxy Bingo International South Africa (Proprietary) Limited##	Bingo operator	**-**	49%	**-**	47 084	**-**	-
Monte Cinemas (Proprietary) Limited	Hotel operator	**49%**	49%	**22 287**	19 957	**-**	-
Magellan-Montauk LFS LLC #	Energy	**50%**	50%	**-**	30 096	**-**	-
Other associates**				**97 471**	56 162	**6 256**	6 256
				2 278 535	1842 331	**9 256**	9 256
Directors valuation of unlisted associates				**777 780**	482 499		
Market valuation of listed investment in Gold Reef Resorts Limited				**1 311 437**	1 070 246		

In terms of the impairment testing requirements, an investor applies IAS 39 to identify potential impairment indicators in an associate accounted for under IAS 28. In terms of IAS 39, if there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost, this is objective evidence of impairment. As the Gold Reef share price has been trading at lower levels than the original cost for a prolonged period, and the share price decline may be deemed significant, an impairment test was performed in accordance with IAS 36 – Impairment of Assets, comparing the carrying amount to the recoverable amount of the asset. The carrying amount would not automatically be written down to the current share price. The share price decline is an indicator and also establishes the 'fair value less costs to sell' of the associate. However, IAS 36 requires that the recoverable amount under value in use should also be calculated before recording an impairment loss. The discounted cash flow analysis prepared by management indicate that the value in use is in excess of the carrying value of the investment and therefore no impairment was recognised.

INVESTMENTS IN ASSOCIATES (continued)

The carrying value of the Group's investment in Clover Industries Limited has been impaired by R94 million to the proceeds expected from the forthcoming disposal as detailed in note 49.

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

Incorporated in the United States
Accounted for as a subsidiary in the current year. (Refer note 47)

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

	Information Technology	Food and Beverage	Hotels and Casino
Total assets	37 772	4 530 556	5 217 105
Total liabilities	(6 352)	(2 964 180)	(2 240 887)
Net assets	31 420	1 566 376	2 976 218
Revenue	71 858	6 242 915	2 377 780
Group's share of associates profits / (losses) for the year	3 083	421 017	103 999

The following associates do not have 31 March year ends:

Name of associate	*Year end*
Gold Reef Resorts Limited	December
Hotel Formula 1 (Proprietary) Limited	December
Magellan-Montauk LFS LLC	December
Clover Industries Limited	June

The results of these associates, with the exception of Gold Reef Resorts Limited, are equity accounted using management prepared information on a basis coterminous with the Group's year end. The results of Gold Reef Resorts Limited has been included based on the financial statements for the year ending 31 December 2009, but taking into account any changes in the period from 1 January 2010 to 31 March 2010 that would materially affect the group's results.

	2010 **R'000**	2009 R'000
Group's share of associates:		
Contingent commitments	**9 680**	14 881
Capital commitments	**59 000**	55 000

7. INVESTMENT IN JOINT VENTURES

The following are the Group's principal joint ventures:

Name of joint ventures	Principal activity	Group's interest 2010	Group's interest 2009	Group Carrying value 2010 R'000	Group Carrying value 2009 R'000	Company Carrying value 2010 R'000	Company Carrying value 2009 R'000
Southern Sun Middle East LLC *	Hotel operator	**-**	49%	**-**	715	**-**	-
United Resorts and Hotels Limited **	Hotel operator	**50%**	50%	**126 719**	117 848	**-**	-
				126 719	118 563	**-**	-

* Accounted for as a subsidiary in the current year. (Refer note 47)

** Incorporated in Seychelles

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

	2010 R'000	2009 R'000
Current assets	**124 559**	24 463
Non-current assets	**266 955**	348 985
Current liabilities	**(21 983)**	(5 277)
Non-current liabilities	**(277 264)**	(228 008)
Income	**37 970**	53 507
Expenses	**54 313**	56 805
Net	**(16 343)**	(3 298)
Group's share of joint ventures' capital commitments	**-**	-

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
8. OTHER FINANCIAL ASSETS				
Financial assets carried at fair value through profit or loss				
Derivatives used for hedging	**3 334**	-		
Option to purchase shares	**9 059**	8 318		
Foreign exchange contract	**-**	19 389		
	12 393	27 707		
Available for sale investments held at fair value *				
Redeemable preferences shares	**-**	90 203		
Sinking fund insurance policies	**48 775**	52 102		
Other	**34 555**	3 924		
	83 330	146 229		
	95 723	173 936		
Current portion	**32 896**	110 184		
Non-current portion	**62 827**	63 752		
	95 723	173 936		

* 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.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
9. SUBSIDIARY COMPANIES				
Shares at cost less impairment			**848 575**	871 784
Amounts owing by subsidiary companies			**1 448 873**	1 448 241
			2 297 448	2 320 025
Amounts owing to subsidiary companies			**(382 987)**	(526 105)
			1 914 461	1 793 920

These loans are interest free and have no set dates of repayments.

Full details of subsidiary companies are provided on pages 122 to 124

	Group	
	2010	2009
	R'000	R'000
10. DEFERRED TAX		
Movements in deferred taxation		
At beginning of year	**(341 463)**	(256 898)
Business combination	**(3 407)**	(37 718)
Asset revaluations	**10 531**	(78 438)
Accelerated tax allowances	**(6 766)**	(2 742)
Provisions and accruals	**22 774**	7 427
Assessed losses	**(47 011)**	11 017
Other	**(56 509)**	17 189
Change in rate	**-**	(1 300)
At end of year	**(421 851)**	(341 463)
Analysis of deferred taxation		
Accelerated tax allowances	**(482 813)**	(520 150)
Provisions and accruals	**269 637**	197 353
Deferred revenue	**33 092**	18 721
Asset revaluations	**(401 973)**	(407 137)
Assessed losses	**191 446**	252 040
Other	**(31 240)**	117 710
	(421 851)	(341 463)
Composition of deferred taxation		
Deferred taxation assets	**230 997**	343 446
Deferred taxation liabilities	**(652 848)**	(684 909)
	(421 851)	(341 463)

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
11. OPERATING LEASE EQUALISATION				
Straight-lining of operating leases				
Assets	**962**	4 970		
Liabilities	**(287 429)**	(262 067)		
	(286 467)	(257 097)		
12. FINANCE LEASE RECEIVABLES				
Finance lease receivables	**38 626**	33 195		
Details of finance lease receivables				
Gross investment in leases	**79 401**	69 142		
Unearned finance income	**(16 029)**	(15 641)		
Present value of minimum lease payments	**63 372**	53 501		
Less: short term portion*	**(24 746)**	(20 306)		
	38 626	33 195		

* Included in trade and other receivables

Finance leases totalling R32,5 million have been ceded to Standard Bank as security in respect of a loan of R30.3 million. Interest is charged at rates varying between 10% and 23%.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
13. 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 (Proprietary) Limited, 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 (Proprietary) Limited, a subsidiary of the Group.				
Loans to development trusts These unsecured loans are interest free.	**11 500**	11 500	**-**	-
Prepayments	**25 602**	3 713	**-**	-
Loan to HCI Employee Share Trust (2001)	**-**	-	**180 195**	-
Letter of credit	**13 132**	19 260	**-**	-
Other loans These loans are due within 1 to 6 years and bear interest at rates ranging form 0% to 5% per annum.	**19 133**	39 525	**242**	242
Less: Current portion	**(6 401)**	(5 271)	**-**	-
	161 966	167 727	**180 437**	242

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.

Non-current receivables are denominated in the following currencies:

South African Rand	**145 683**	127 063	**180 437**	242
United States Dollars	**16 283**	29 964	**-**	-
Seychelles Rupee	**-**	10 700	**-**	-
	161 966	167 727	**180 437**	242

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
14. INVENTORIES				
Raw materials	**190 046**	333 506		
Work in progress	**91 540**	185 876		
Finished goods	**274 427**	333 137		
Consumables and spares	**42 189**	38 717		
Merchandise	**22 036**	38 648		
Coal	**22 109**	2 567		
Operating equipment	**108 183**	104 682		
Provision for obsolete inventory	**(6 727)**	(3 857)		
	743 803	1033 276		

Inventories stated at net realisable value - R112 million (2009: R164 million).

Encumbrances

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

	Group		Company	
15. PROGRAMME RIGHTS				
Television programmes				
- International	**218 986**	203 830		
- Local	**49 645**	16 308		
	268 631	220 138		
Reconciliation of carrying value				
At beginning of year	**220 138**	352 121		
Additions	**214 711**	46 697		
Amortised through other operating expenses	**(166 218)**	(178 680)		
At end of year	**268 631**	220 138		

	Group		Company	
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1 170 273**	1 549 010	**-**	-
Other receivables	**313 249**	244 397	**135**	93
Provision for impairment of trade receivables	**(37 901)**	(23 365)	**-**	-
Provision for impairment of other receivables	**(926)**	(756)	**-**	-
Net trade and other receivables	**1 444 695**	1 769 286	**135**	93

The above values approximate fair value.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
TRADE AND OTHER RECEIVABLES (continued)				
Trade receivables past due but not impaired				
At 31 March 2010, trade receivables of R139,4 million (2009: R215,3 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 aging analysis of these trade receivables is as follows:				
30 to 60 days	**81 530**	90 326		
60 to 90 days	**19 433**	30 852		
More than 90 days	**38 436**	94 167		
Impairment of trade receivables				
At 31 March 2010, trade receivables of R37,9 million (2009: R39,2 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:				
Balance at 1 April	**39 185**	20 531		
Provision for receivables impairment	**10 425**	15 986		
Receivables written off during the year as uncollectible	**(7 680)**	(4 226)		
Business combination	**-**	11 516		
Unused amounts reversed	**(4 029)**	(4 622)		
Balance at 31 March	**37 901**	39 185		
Other receivables past due but not impaired				
At 31 March 2010, other receivables of R22,4 million (2009: R34,8 million) were past due but not impaired. The aging analysis of these trade receivables is as follows:				
Up to 3 months	**7 453**	13 622		
3 to 6 months	**3 861**	1 264		
More than 6 months	**11 132**	19 961		

Impairment of other receivables

At 31 March 2010, other receivables of R0,93 million (2009: R0,76 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.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
TRADE AND OTHER RECEIVABLES (continued)				
Movements on the provision for impairment of other receivables is as follows:				
Balance at 1 April	**756**	1 740		
Provision for receivables impairment	**189**	83		
Receivables written off during the year as uncollectible	**(19)**	(1 067)		
Balance at 31 March	**926**	756		

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 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
SA Rand	**1 361 258**	1 682 201	**135**	93
US Dollars	**50 781**	40 813	**-**	-
Euro	**11 921**	16 654	**-**	-
British pound	**1 704**	12 150	**-**	-
Other currencies	**19 031**	17 468	**-**	-
	1 444 695	1 769 286	**135**	93

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 R2,010 million (2009 : R2,010 million) have been pledged to support guarantees of R2 million (2009 : R2 million) issued by the company's bankers in favour of certain South African Provincial Gaming Boards for the due and punctual fulfillment of the licence obligations under which certain group subsidiaries operate.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Non-current assets classified as held for sale	**110 886**	26 972		
Liabilities associated with the non-current assets held for sale	**(20 253)**	-		
	90 633	26 972		

18.1 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. Discontinued operations consist of the operations from passive sites that were exited during fiscal year ended 31 March 2008, as a result of put options exercised by Montauk Energy Capital ("MEC"). Discontinued operations also consist of the operations of 2 other sites that were sold during the 2008 fiscal year as well as the operations from Waste Energy Technology, LLC as a result of a fiscal year 2008 restructuring of MEC that discontinued the external engineering and construction business.

	2010 R'000	2009 R'000
Assets associated with the passive landfill sites classified as held for sale		
Property, plant and equipment	**-**	154

Refer to note 38.1 for details of operations related to the above assets that have been classified as discontinued.

18.2 Following the commitment by management in the Seardel group to dispose of certain assets, the following assets have been reflected as non-current assets/disposal group assets held for sale:

	2010 R'000	2009 R'000
Assets associated with the Seardel group classified as held for sale	**81 725**	26 818
Property, plant and equipment	**81 725**	18 818
Investments	**-**	8 000

Refer to note 38.2 for details of operations related to the above assets that have been classified as discontinued.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)				
18.3 Following the closure of the pulley division of Formex Industries the remaining assets which are in the process of being disposed of have been reflected as held for sale:				
Assets associated with the pulley division of the Formex group classified as held for sale				
Property, plant and equipment	**25 388**	-		
Liabilities associated with the pulley division of the Formex group classified as held for sale	**(20 253)**	-		
Net assets of the pulley division of the Formex group classified as held for sale	**5 135**	-		
Refer to note 38.4 for details of operations related to the above assets and liabilities that have been classified as discontinued.				
18.4 Following the sale of the access platform business, Johnson Access, the remaining assets of the business which are in the process of being disposed of have been reflected as held for sale:				
Assets associated with the Johnson Access business classified as held for sale				
Other non-current assets	**3 773**	-		
Refer to note 38.5 for details of operations related to the above assets and liabilities that have been classified as discontinued.				

19. ORDINARY SHARE CAPITAL

	2010 Number of shares '000	2009 Number of shares '000	**2010 R'000**	2009 R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in company	**131 401**	127 375	**32 850**	31 844
Treasury shares held by subsidiary and employee share trust	**(5 959)**	(2 466)	**(1 489)**	(617)
	125 442	124 909	**31 361**	31 227

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

	Number of shares '000	Share capital R'000	Share premium R'000
In issue at 31 March 2008	126 369	31 592	671 984
Johnnic Holdings Limited share offer	1 006	252	78 850
	127 375	31 844	750 834
Treasury shares held by subsidiary and employee share trust	(2 466)	(617)	(78 534)
In issue at 31 March 2009	124 909	31 227	672 300
In issue at 31 March 2009	127 375	31 844	750 834
Shares issued to employee share trust	4 026	1 006	186 465
	131 401	32 850	937 299
Treasury shares held by subsidiary and employee share trust	(5 959)	(1 489)	(253 382)
In issue at 31 March 2010	125 442	31 361	683 917

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 2010							
At beginning of year	**187 632**	**8 455**	**(15 633)**	**89 720**	**462**	**-**	**270 636**
Exchange differences on translation of foreign subsidiaries	**(194 027)**	**-**	**-**	**-**	**-**	**-**	**(194 027)**
Equity-settle share based payments	**-**	**7 408**	**-**	**-**	**-**	**-**	**7 408**
Fair value gains	**-**	**-**	**(1 761)**	**-**	**-**	**-**	**(1 761)**
Current revaluations	**-**	**-**	**-**	**869**	**-**	**-**	**869**
Transfer to profit or loss	**-**	**-**	**-**	**(731)**	**-**	**-**	**(731)**
At end of year	**(6 395)**	**15 863**	**(17 394)**	**89 858**	**462**	**-**	**82 394**
Group 2009							
At beginning of year	75 157	5 826	(12 784)	27 023	529	(4 268)	91 483
Exchange differences on translation of foreign subsidiaries	112 415	-	-	-	-	-	112 415
Equity-settle share based payments	-	2 629	-	-	-	-	2 629
Fair value gains	-	-	(2 849)	-	-	-	(2 849)
Current revaluations	-	-	-	63 372	-	-	63 372
Other	-	-	-	-	(67)	-	(67)
Transfer to profit or loss	60	-	-	(675)	-	4 268	3 653
At end of year	187 632	8 455	(15 633)	89 720	462	-	270 636

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000

21 FINANCIAL LIABILITIES

Certain bank borrowings (refer note 22 below) have been hedged by a interest rate swap agreement. The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the hedging instrument is more than 12 months, and as a current asset or liability if the maturity of the hedging instrument is less than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and liabilities in the balance sheet.

Derivatives designated and effective as hedging instruments carried at fair value.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Interest rate swap - cash flow hedge	**71 499**	54 882		
Financial liabilities carried at fair value through profit or loss				
Foreign exchange contract	**6 099**	-		
	77 598	54 882		
Current portion	**58 762**	23 795		
Non-current portion	**18 836**	31 087		
	77 598	54 882		

22. BORROWINGS

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Bank borrowings*	**4 705 503**	3 568 598		
Other borrowings	**423 958**	1 498 124		
Redeemable preference shares	**1 490 000**	1 000 000		
Loans from minority shareholders	**198 140**	197 433		
	6 817 601	6 264 155		
Current portion of borrowings	**(2 160 130)**	(1 455 175)		
	4 657 471	4 808 980		
Secured	**6 033 584**	5 705 918		
Unsecured	**784 017**	558 237		
	6 817 601	6 264 155		

* Bank borrowings amounting to R3,186 million have been hedged by a interest rate swap agreement as detailed in note 21 above.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
BORROWINGS (continued)				
The following represents the book value of the security for these borrowings:				
Property, plant and equipment	**4 914 705**	4 394 973		
Investment properties	**196 276**	152 016		
Inventory	**501 354**	749 360		
Intangible assets	**305 995**	153 460		
Other assets	**20 328**	20 702		
Long term receivables	**47 892**	35 412		
Other financial assets	**495 062**	400 717		
Trade receivables	**605 150**	822 905		
Bank balances	**248 028**	455 642		
Non-current assets held for sale	**81 725**	-		
Guarantees	**174 150**	2 701 934		
	7 590 665	9 887 121		
Fixed rates	**180 022**	322 861		
Floating rates	**6 637 579**	5 941 294		
	6 817 601	6 264 155		
Maturity of these borrowings is as follows:				
Due within 1 year	**2 160 130**	1 360 156		
Due within 2 - 5 years	**4 480 074**	4 645 700		
Due after 5 years	**177 397**	258 299		
	6 817 601	6 264 155		
Analysis by currency				
United States Dollar	**163 346**	397 823		
South African Rand	**6 654 255**	5 866 332		
	6 817 601	6 264 155		
	%	%		
Weighted average effective interest rates	**9. 4**	11. 83		

At 31 March 2010, the carrying value of borrowings approximates their fair value.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
23. FINANCE LEASE LIABILITIES				
Due within 1 year	**11 929**	32 922		
Due within 2 to 5 years	**60 498**	101 873		
Due after 5 years	**17 699**	35 220		
	90 126	170 015		
Less future finance charges	**(27 680)**	(48 008)		
Present value of finance lease liabilities	**62 446**	122 007		
Due within 1 year	**11 239**	27 038		
Due within 2 to 5 years	**42 048**	77 821		
Due after 5 years	**9 159**	17 148		
	62 446	122 007		
Included in financial statements as:				
Current	**4 710**	19 964		
Non-current	**57 736**	102 043		
	62 446	122 007		
Interest rates for the leases are 12.11% with the leases expiring between 2015 and 2016				
The following represents the carrying value of security for these liabilities:				
Property, plant and equipment	**337 517**	73 086		

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.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
RETIREMENT BENEFIT INFORMATION (continued)				
Present value of funded obligations	**34 896**	33 547		
Fair value of plan assets	**(24 427)**	(21 380)		
	10 469	12 167		
Unrecognised actuarial gains	**6 216**	6 205		
Unrecognised past service costs	**6 205**	6 509		
Liability per the balance sheet	**22 890**	24 881		
The amounts recognised in the income statement are as follows:				
Current service cost	**492**	589		
Interest cost	**2 954**	2 707		
Expected return on plan assets	**(2 041)**	(1 751)		
Net actuarial loss	**(1 400)**	(2 965)		
Past service cost	**(304)**	240		
Total included in employee costs	**(299)**	(1 180)		

	Group	
	2010	2009
	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.75**	9.00
Health care cost inflation	**8.00**	7.30
Expected return on plan assets	**10.75**	10.00
Remuneration inflation	**7.50**	6.75

As at 31 March	**2010**	2009	2008	2007	2006
Present value of defined benefit obligations	**34 896**	33 547	31 612	30 798	29 121
Fair value of plan assets	**(24 427)**	(21 380)	(18 835)	(18 286)	(15 450)
Deficit	**10 469**	12 167	12 777	12 512	13 671
Experience adjustments on plan liabilities	**839**	(2 384)	1 641	2 786	(821)
Experience adjustments on plan assets	**1 258**	2 547	391	2 976	1 019

No contributions are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2010 (2009: Rnil).

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
RETIREMENT BENEFIT INFORMATION (continued)				
As at 31 March, the effects of a 1% movement in the assumed medical cost trend rate were as follows:				
Effect on the current service cost and interest cost	**2 955**	2 577		
Effect on the post-retirement medical aid liability	**29 354**	26 691		

24.2.2 A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund ("MBF" of "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.

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

Balance at beginning of year	**41 256**	39 345
Net expense recognised in the income statement	**5 613**	3 490
Benefit payments	**(1 932)**	(1 579)
Balance at end of year	**44 937**	41 256

The calculation of accrued service liability in respect of post-retirement healthcare was performed by Fifth Quadrant Actuaries and Consultants as at 31 March 2010.

The amounts recognised in the income statement are as follows:

Current service cost	**2 412**	1 972
Interest cost	**3 715**	3 431
Net actuarial (gain) / loss	**(514)**	(1 913)
Pensioner subsidy	**(1 932)**	(1 579)
Total included in employee costs	**3 681**	1 911

	Group	
	2010	2009
	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.20**	9.00
Medical aid subsidy increase rate	**7.40**	7.30
Normal retirement age	**65 years**	65 years
Continuation of membership at retirement	**55.00**	55.00

RETIREMENT BENEFIT INFORMATION (continued)

	2010	2009	2008	2007	2006
As at 31 March					
Present value of obligations	**44 937**	41 256	39 345	34 311	30 823

Contributions of R17,3 million are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2010.

As at 31 March, the effects of a 1% movement in the discount rate and the subsidy rate would have had the following impact on the post-retirement medical aid liability:

	2010	2009
Upward movement		
Discount rate increased by 1%	**44 940**	41 256
Subsidy increase rate by 1%	**51 300**	47 450
Downward movement		
Discount rate reduced by 1%	**39 770**	36 310
Subsidy decrease rate by 1%	**51 500**	36 310

24.2.3 A subsidiary of the group subsidises certain past employees, who participate in the National Independent Medical Aid Society ("NIMAS") and who joined before 1 July 1996. These past employees are eligible for a 50% retirement subsidy of the total medical scheme contributions.

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

	2010	2009
Opening balance	**85 177**	-
Business combination	**-**	100 385
Net expense / (gain) recognised in the income statement	**7 349**	(4 001)
Contributions	**(4 520)**	(2 951)
Effect of curtailment	**(16 524)**	-
Actuarial gains	**(1 757)**	(8 256)
	69 725	85 177
Less: Current portion*	**(2 078)**	(4 346)
Balance at end of year	**67 647**	80 831

* Included in trade and other payables

The amounts recognised in the income statement are as follows:

	2010	2009
Current service cost	**771**	639
Interest on obligation	**6 578**	3 362
	7 349	4 001

RETIREMENT BENEFIT INFORMATION (continued)

	Group	
	2010	2009
	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.25**	9.00
Medical aid subsidy increase rate	**7.50**	7.30

	2010	2009	2008	2007	2006
As at 31 March					
Present value of obligations	**69 725**	85 177	89 182*	70 400*	67 754*
Experience adjustments on plan liabilities	**1 757**	(718)	1 951*	- *	323*

*These values were as at 30 June for the respective years.

There are no surplus or deficit in the plan as there are no plan assets.

Contributions of R4,6 million are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2010 (2009: R4,5 million)

As at 31 March, the effects of a 1% movement in the assumed medical cost trend rate were as follows:

	2010	2009
Upward movement		
Effect on the current service cost and interest cost	**8 227**	4 777
Effect on the post-retirement medical aid liability	**78 076**	97 490
Downward movement		
Effect on the current service cost and interest cost	**6 619**	3 376
Effect on the post-retirement medical aid liability	**62 719**	75 137

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 movement 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 3 above.

LONG TERM INCENTIVE LIABILITIES (continued)

The Group has two long term incentive payment plans:

25.1 The Tsogo Sun Group Share Incentive Plan, which closed out during 2009, was 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 2010 the Group has recorded liabilities of R nil (2009: R nil) in respect of this long term incentive plan. The current portion of this liability is R nil (2009: R nil).

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

	2010		2009	
	Number of shares	**Weighted average exercise price per share**	Number of shares	Weighted average exercise price per share
Group				
Outstanding at beginning of year	-	-	5 108 686	R 8.92
Exercised during the year	-	-	(5 108 686)	R 72.87
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-

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. For certain allocations, 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. The 2009 allocation vests in full three years after date of allocation.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
LONG TERM INCENTIVE LIABILITIES (continued)				
At 31 March 2010 the Group has recorded liabilities of R40,3 million (2009: R20,3 million) in respect of this plan. The current portion of this liability is R24,3 million (2009: R7,7 million)				
26. PROVISIONS				
Incentives				
Balance at beginning of year	**73 604**	69 050		
Raised during the year	**40 184**	42 185		
Utilised	**(49 957)**	(37 631)		
Balance at end of year	**63 831**	73 604		
Jackpot provisions				
Balance at beginning of year	**7 961**	10 326		
Raised during the year	**38 618**	33 091		
Utilised	**(37 406)**	(35 456)		
Balance at end of year	**9 173**	7 961		
Asset retirement obligation				
Balance at beginning of year	**24 853**	21 100		
Exchange differences	**3 601**	3 926		
Other	**(187)**	41		
Raised during the year	**-**	3 600		
Utilised	**(3 813)**	(3 814)		
Balance at end of year	**24 454**	24 853		
Rehabilitation liability				
Balance at beginning of year	**17 574**	7 498		
Raised during the year	**10 021**	10 076		
Balance at end of year	**27 595**	17 574		
Leave pay				
Balance at beginning of year	**46 912**	14 176		
Transfers	**-**	(3 783)		
Business combination	**-**	41 989		
Exchange differences	**-**	101		
Raised during the year	**29 172**	22 763		
Unused amounts reversed	**(895)**	(583)		
Other	**(281)**	348		
Utilised	**(35 806)**	(28 099)		
Balance at end of year	**39 102**	46 912		

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
PROVISIONS (continued)				
Staff bonuses				
Balance at beginning of year	**32 891**	19 947		
Transfers	**-**	3 783		
Exchange differences	**-**	(942)		
Other	**(306)**	(1 191)		
Raised during the year	**54 262**	34 865		
Unused amounts reversed	**(6 875)**	-		
Transfers	**(11 454)**	-		
Utilised	**(43 279)**	(23 571)		
Balance at end of year	**25 239**	32 891		
Repurchase of service				
Balance at beginning of year	**40 261**	36 659		
Raised during the year	**4 619**	3 602		
Balance at end of year	**44 880**	40 261		
Restructuring				
Balance at beginning of year	**12 057**	-		
Business combination	**-**	39 862		
Raised during the year	**53 006**	-		
Unused amounts reversed	**(3 539)**	-		
Utilised	**(43 754)**	(27 805)		
Balance at end of year	**17 770**	12 057		
Third party claims				
Balance at beginning of year	**9 636**	8 101		
Raised during the year	**11 995**	9 053		
Utilised	**(9 141)**	(7 518)		
Balance at end of year	**12 490**	9 636		
Provision in respect of guarantees given				
Balance at beginning of year	**20 000**	20 000		
Balance at end of year	**20 000**	20 000		
Other				
Balance at beginning of year	**27 636**	24 500		
Raised during the year	**20 770**	40 648		
Unused amounts reversed	**(1 800)**	(5 163)		
Utilised	**(28 726)**	(29 046)		
Exchange differences	**-**	968		
Other	**(201)**	(4 270)		
Balance at end of year	**17 679**	27 637		
Total provisions	**302 213**	313 386		

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
PROVISIONS (continued)				
Non-current	**52 049**	43 483		
Current	**250 164**	269 903		
	302 213	313 386		

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.

Rehabilitation liability

Rehabilitation obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date.

27. DEFERRED REVENUE

The group accounts for its customer loyalty programmes in terms of IFRIC 13 Customer Loyalty Programmes with the liability on the balance sheet allocated to deferred revenue.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Frequent guest programme				
At the beginning of the year	**35 312**	35 481		
Created during the year	**53 077**	21 781		
Utilised during the year	**(51 705)**	(21 950)		
At the end of the year	**36 684**	35 312		

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
DEFERRED REVENUE (continued)				
The expected timing of the utilisation of the above provsions is as follows:				
Within one year (included in trade and other payables)	**19 204**	31 645		
Two to three years	**17 480**	3 667		
	36 684	35 312		

This liability on the balance sheet had previously been allocated to provisions.

28. TRADE AND OTHER PAYABLES

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Trade payables	**732 085**	576 109	**-**	-
Operating lease liabilities	**5 595**	14 363	**-**	-
Other payables	**905 391**	1 449 865	**1 193**	12 826
	1 643 071	2 040 337	**1 193**	12 826

29. BANK OVERDRAFTS

29.1 Trade receivables totaling R67,9million (2009: R47,6 million) have been ceded as security for debtor's factoring facilities. The balance of the facility at year end was R 46,3 million (2009: R8,8 million).

29.2 A subsidiary, Seardel Investment Corporation Limited, has secured its debt facilities, including overdraft facilities, by providing general, special and mortgage bonds over assets of the group to a special purpose vehicle, which has in turn guaranteed the obligations of Seardel group companies in favour of the Seardel group lenders.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
BANK OVERDRAFTS (continued)				
The following assets are subject to the above bonds:				
Property, plant and equipment	**906 162**	904 687		
Intangible assets	**3 933**	3 933		
Other financial assets	**3 026**	3 026		
Non-current receivables	**34 760**	34 760		
Inventories	**501 354**	498 279		
Trade and other receivables	**583 089**	571 505		
Non-current assets held for sale	**81 725**	81 725		
29.3 Overdrafts of a subsidiary of R88 million (2009: Rnil) are secured over assets as part of its general borrowings (see note 22).				

30. COMMITMENTS				
Operating lease arrangements where the Group is a lessee:				
Future leasing charges:				
Payable within one year	**159 662**	162 053		
Payable within two to five years	**462 402**	496 299		
Payable after five years	**716 830**	801 026		
	1 338 894	1 459 378		
Operating lease arrangements where the Group is a lessor:				
Future leasing charges for premises:				
Receivable within one year	**32 226**	26 023		
Receivable within two to five years	**69 115**	64 374		
Receivable after five years	**573**	2 709		
	101 914	93 106		
Capital expenditure				
Authorised by directors but not yet contracted for:				
Property, plant and equipment	**346 388**	1 441 385		
Intangible assets	**23 000**	68 971		
	369 388	1 510 356		
Authorised by directors and contracted to be expended:				
Property, plant and equipment	**208 040**	301 330		
Intangible assets	**8 040**	-		

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

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
31. REVENUE				
Sale of goods	**3 798 982**	2 583 191		
Provision of services	**4 651 330**	4 850 577		
	8 450 312	7 433 768		
32. INVESTMENT INCOME				
Dividends				
Unlisted investments	**5 660**	11 016	**-**	-
Associates	**-**	-	**995**	2 852
Subsidiaries	**-**	-	**226 657**	152 788
	5 660	11 016	**227 652**	155 640
Interest				
Bank	**88 131**	97 939	**1 031**	2 489
Other	**11 085**	17 008	**-**	5 023
	99 216	114 947	**1 031**	7 512
33. INVESTMENT SURPLUS				
Gain on sale of associate	**-**	6 469	**-**	-
Gain on sale of other investments	**2 747**	-	**-**	-
Gain on disposal / part disposal of subsidiary	**39 229**	43 309	**11 500**	19 734
	41 976	49 778	**11 500**	19 734
34. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill	**77 160**	12 106	**-**	-
Impairment of investment in associates	**94 968**	61 488	**-**	-
Impairment of other investments and loans	**25 445**	-	**-**	-
Impairment of investments in subsidiaries	**-**	-	**17 731**	-
	197 573	73 594	**17 731**	-
35. FINANCE COSTS				
Interest	**585 605**	587 033	**41**	5 124
Preference dividends	**71 943**	99 928	**-**	-
	657 548	686 961	**41**	5 124

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
36. PROFIT BEFORE TAXATION				
The following items have been included in arriving at profit before taxation:				
Auditors remuneration				
- Audit fees - current year	**18 246**	14 102	**308**	301
- prior year	**1 463**	-	**702**	798
- Other services	**3 733**	3 059	**29**	40
Consultancy fees	**60 861**	108 908	**-**	4 610
Secretarial fees	**241**	47	**142**	182
Operating lease charges				
- Premises	**223 353**	225 958	**-**	-
- Plant and equipment	**46 688**	37 588	**-**	-
Profit on disposal of property, plant and equipment	**(21 893)**	(11 233)	**-**	-
Foreign exchange loss	**1 365**	10 418	**-**	-
Other losses	**6 064**	127 238	**-**	-
Gaming levies	**343 272**	291 153	**-**	-
VAT on net gaming win	**409 424**	365 051	**-**	-
Share based payments	**12 884**	2 629	**-**	-
Staff costs	**2 750 907**	2 046 070	**-**	-
Inventory write downs	**17 951**	23 398	**-**	-
Pension fund contributions	**84 182**	75 558	**-**	-
Research and development	**8 122**	-	**-**	-
37. TAXATION				
South African taxes				
Current normal tax	**622 330**	679 767	**282**	686
Prior year normal tax	**(60 489)**	(74 706)	**-**	-
Deferred normal tax	**33 351**	(5 454)	**-**	-
Capital gains tax	**1 585**	26 249	**13 585**	11 314
Secondary tax on companies	**66 384**	142 855	**-**	-
Withholding tax	**6 471**	6 715	**-**	-
	669 632	775 426	**13 867**	12 000

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.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
TAXATION (continued)				
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	**830 819**	352 544		
- Capital gains tax	**-**	-		
- Secondary tax on companies	**88 998**	88 998		
Tax relief at current rates:				
- Normal tax	**232 629**	98 712		
- Capital gains tax	**-**	-		
- Secondary tax on companies	**8 900**	8 900		
Reconciliation of tax rate	**%**	%		
Normal tax rate	**28**	28		
Deferred tax not raised on losses	**2**	3		
Capital losses and non-deductible expenses	**5**	5		
Non-taxable income including share of associates income	**(13)**	(10)		
Raising of deferred tax assets	**-**	(1)		
Prior year charges	**(2)**	(3)		
Differential tax rates - CGT and foreign	**7**	1		
Secondary tax on companies	**3**	6		
Effective rate	**30**	29		
The income tax relating to each component of other comprehensive income is set below:				
Cash flow hedges	**1 799**	15 694		
Currency translation differences	**-**	-		
Revaluations	**-**	(86 350)		
	1 799	(70 656)		

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
38. DISCONTINUED OPERATIONS				
38.1 Discontinued operations relating to interests that a subsidiary Montauk Energy Corporation LLC, has in certain passive landfill sites. A decision has been taken to dispose of these sites in the next 12 months.				
Loss from discontinued operations relating to the passive landfill sites				
Revenue	**-**	-		
Operating costs	**-**	(784)		
Other expenses	**(86)**	(1 132)		
Loss before taxation	**(86)**	(1 916)		
Taxation	**31**	(35)		
	(55)	(1 951)		
Cash flows from discontinued operations				
Cash flows from operating activities	**-**	(751)		
Cash flows from investing activities	**-**	1 618		
	-	867		
Refer to note 18.1 for details of assets relating to the above discontinued operation that have been classified as held for sale.				
38.2 Loss for the year relating to the discontinued textile division of Seardel Investment Corporation				
Revenue	**366 758**	223 252		
Operating and other costs	**(548 839)**	(323 418)		
Finance costs	**(17 620)**	(16 726)		
Loss before taxation	**(199 701)**	(116 892)		
Taxation	**(4 627)**	-		
	(204 328)	(116 892)		
Cash flows from discontinued operations				
Cash flows from operating activities	**34 284**	(3 342)		
Cash flows from investing activities	**117 735**	(9 061)		
Cash flows from financing activities	**(198 718)**	(588)		
	(46 699)	(12 991)		
Refer to note 18.2 for details of assets relating to the above discontinued operation that have been classified as held for sale.				

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
DISCONTINUED OPERATIONS (continued)				
38.3 Discontinued operations relating to the convention business of Gallagher Estates which the group has been ordered by the Competition Commission to dispose of. The group is currently awaiting the Commission's response to proposals by the group regarding the manner of disposal.				
Profit from discontinued operations relating to the convention business				
Revenue	**86 698**	89 338		
Operating costs	**(76 466)**	(73 755)		
Profit before tax	**10 232**	15 583		
Taxation	**(1 196)**	(5 378)		
	9 036	10 205		
Cash flows from discontinued operations				
Cash flows from operating activities	**1 584**	28 814		
Cash flows from investing activities	**(660)**	(24 724)		
Cash flows from financing activities	**(2 303)**	374		
	(1 379)	4 464		
38.4 Loss for the year relating to the discontinued pulley division of Formex Industries (Proprietary) Limited				
Revenue	**107 477**	322 098		
Operating costs	**(173 347)**	(329 299)		
Profit before tax	**(65 870)**	(7 201)		
Taxation	**-**	-		
	(65 870)	(7 201)		
Cash flows from discontinued operations				
Cash flows from operating activities	**(51 507)**	(11 033)		
Cash flows from investing activities	**17 128**	355		
Cash flows from financing activities	**13 105**	-		
	(21 274)	(10 678)		

Refer to note 18.3 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000

DISCONTINUED OPERATIONS (continued)

38.5 Profit from discontinued operations relating to the access platform business, Johnson Access (Proprietary) Limited

	2010 R'000	2009 R'000
Revenue	**30 514**	78 505
Operating costs	**(15 937)**	(73 292)
Profit before tax	**14 577**	5 213
Taxation	**(5 040)**	(1 336)
	9 537	3 877

Cash flows from discontinued operations

	2010 R'000	2009 R'000
Cash flows from operating activities	**19 970**	10 662
Cash flows from investing activities	**(6 613)**	(28 834)
Cash flows from financing activities	**(16 632)**	16 185
	(3 275)	(1 987)

Refer to note 18.4 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

38.6 Profit from discontinued operations relating to the Mettle group of companies

	2010 R'000	2009 R'000
Revenue	-	58 553
Net funding income	-	(23 761)
Operating and other costs and income	-	(26 025)
Profit before taxation	-	8 767
Taxation	-	(2 469)
	-	6 298

Cash flows from discontinued operations

	2010 R'000	2009 R'000
Cash flows from operating activities	-	(23 685)
Cash flows from investing activities	-	(7 431)
	-	(31 116)

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000

39. EARNINGS AND DIVIDENDS PER SHARE

39.1 Earnings per share as presented on the income statement is based on the weighted average number of 125 084 504 ordinary shares in issue (2009 : 124 692 339)

39.2 Diluted earnings per share is based on the weighted average number of 128 512 089 ordinary shares in issue (2009: 127 776 000)

	Group 2010	Group 2009
39.3 Headline earnings per share (cents)	**295.41**	254.30
-Continuing operations	**427.28**	266.42
-Discontinued operations	**(131.87)**	(12.12)
Diluted headline earnings per share (cents)	**287.53**	248.16
-Continuing operations	**415.89**	259.99
-Discontinued operations	**(128.36)**	(11.83)

Reconciliation of headline earnings:

	2010		2009	
	Gross	**Net**	Gross	Net
	R'000	**R'000**	R'000	R'000
Earnings attributable to equity holders of the parent		**603 995**		1 110 488
IAS 16 (gains) / losses on disposal of plant and equipment	**29 486**	**20 789**	(13 083)	(2 731)
IAS 16 impairment of plant and equipment	**29 599**	**24 020**	72 517	49 307
IAS 38 impairment of intangible assets	**-**	**-**	861	472
IAS 36 impairment of goodwill	**75 314**	**75 314**	12 106	12 106
IFRS 3 negative goodwill	**(2 544)**	**(969)**	(876 023)	(873 551)
IAS 28 gain on disposal of associates	**-**	**-**	(9 972)	(8 840)
IAS 28 impairment of joint venture	**1 539**	**1 429**	59 999	47 521
IAS 36 impairment of assets	**161 589**	**142 129**	-	-
IAS 36 reversal of impairments	**(49 338)**	**(34 926)**	(4 070)	(4 070)
IAS 27 profit from disposal / part of subsidiary	**(39 231)**	**(36 483)**	(39 805)	(24 706)
IAS 40 fair value adjustment to investment property	**(17 834)**	**(15 009)**	15 608	11 090
IAS 39 profit on disposal of available for sale asset	**(2 747)**	**(2 747)**	-	-
Re- measurements included in equity-accounted earnings of associates	**(408 026)**	**(408 026)**	-	-
Headline profit		**369 516**		317 086

	Group		Company	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
40. NOTES TO THE CASH FLOW STATEMENT				
40.1 CASH GENERATED BY / (UTILISED IN) OPERATIONS				
Profit after taxation	**1 331 488**	1 883 291	**186 031**	229 233
Taxation	**680 464**	782 140	**13 867**	12 000
Depreciation and amortisation	**728 141**	646 810	**-**	-
Share based payments	**12 884**	2 629	**-**	-
Negative goodwill	**(2 544)**	(876 023)	**-**	-
Profit on disposal of property, plant and equipment	**29 143**	(11 233)	**-**	-
Impairment of goodwill and investments	**211 840**	12 106	**17 731**	-
Other impairments	**30 501**	136 765	**-**	-
Equity accounted profits retained			**-**	
in subsidiaries	**(514 300)**	(48 801)	**-**	-
Forex translation	**(10 967)**	(14 399)	**-**	-
Fair value adjustments	**(20 740)**	240 756	**-**	(94 018)
Investment income	**(105 517)**	(129 023)	**(228 682)**	(163 152)
Preference dividends and interest	**680 132**	722 350	**10 041**	5 124
Investment surplus	**(35 979)**	(49 778)	**(11 500)**	(19 734)
Movement in provisions	**81 849**	8 698	**-**	-
Post retirement medical aid benefits	**(10 013)**	(29 744)	**-**	-
Operating lease equalisation asset	**7 985**	20 707	**-**	-
Long term incentive charges	**23 141**	71 636	**-**	-
Other non cash items	**26 711**	(5 228)	**2**	20 000
	3 144 219	3 363 659	**(12 510)**	(10 547)
40.2 CHANGES IN WORKING CAPITAL				
Inventory	**252 462**	67 062	**-**	-
Programming rights	**(48 493)**	131 983	**-**	-
Trade and other receivables	**294 086**	421 863	**(42)**	55 596
Trade and other payables	**(302 931)**	(765 383)	**(11 632)**	8 811
Other	**(18)**	(67 650)	**-**	-
	195 106	(212 125)	**(11 674)**	64 407
40.3 TAXATION PAID				
Unpaid at beginning of year	**(156 524)**	(208 809)	**(9 463)**	1 976
Charged to the income statement	**(615 565)**	(782 140)	**(13 867)**	(12 000)
Deferred tax movement	**-**	(10 362)	**-**	-
Withholding tax	**(6 471)**	-	**-**	-
Business combinations	**(6 391)**	(24 377)	**-**	-
Foreign exchange difference	**4 813**	(254)	**-**	-
Unpaid at end of year	**79 209**	156 524	**21 407**	9 463
	(700 929)	(869 418)	**(1 923)**	(561)

40.4 BUSINESS COMBINATIONS/DISPOSALS

	2010 Acquisition R'000	2009 Acquisition R'000
40.4.1 ACQUISITIONS		
Property, plant and equipment	**(276 376)**	(1 590 227)
Intangible assets	**-**	(27 775)
Investments	**-**	(9 728)
Deferred tax asset	**(1 845)**	(19 757)
Other non current assets	**(10 859)**	-
Goodwill	**(356 790)**	(69 628)
Negative goodwill	**-**	876 023
Long term receivables	**-**	(35 336)
Other current assets	**(58 658)**	(1 250 757)
Inventory	**(2 660)**	(824 549)
Borrowings	**105 599**	127 437
Deferred liabilities	**-**	116 830
Bank overdrafts	**-**	498 338
Deferred tax liability	**15 917**	43 444
Non-current borrowings including current portion	**-**	332 919
Operating lease equalisation liability	**-**	3 238
Other current liabilities	**59 259**	949 601
	(526 413)	(879 927)
Bank at date of acquisition	**23 579**	(299 130)
	(502 834)	(1 179 057)
Minority interest	**-**	619 067
Costs	**(2 279)**	-
Cash injected by minority	**-**	50 678
Existing share of net assets before business combination	**-**	216 892
Net cash outflow	**(505 113)**	(292 420)

40.4.2 DISPOSALS

	2010 Disposal R'000	2009 Disposal R'000
Property, plant and equipment	**118 285**	4 354
Bare dominiums	**-**	41 964
Investments	**-**	11 718
Intangible assets	**-**	7 085
Deferred tax assets	**-**	27 889
Other non current assets	**-**	313 832
Current portion of long term receivables	**-**	1 664 445
Other current receivables	**21 121**	396 599
Cash and cash equivalents	**5 905**	25 590
Long term borrowings	**(51 343)**	(538 506)
Deferred tax liabilities	**(12 510)**	(4 730)
Other non-current liability	**-**	(280)
Current portion of long term borrowings	**-**	(1 832 988)
Other current liabilities	**(2 152)**	(22 320)
	79 306	94 652
Minority interest	**(6 223)**	(8 609)
	73 083	86 043
Gain on disposal of subsidiaries	**25 388**	54 307
Consideration received in cash	**98 471**	140 350
Less: Cash and cash equivalents disposed of	**(5 905)**	(25 590)
Net cash inflow	**92 566**	114 760

	Group		Company	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
40.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	**1 291 585**	895 354	**97 919**	14 883
Bank overdraft and loans	**(332 189)**	(345 656)	**-**	-
Bank balances classified as held for sale	**143**	-	**-**	-
	959 539	549 698	**97 919**	14 883

41. HCI EMPLOYEE SHARE OPTION SCHEME

In terms of the option scheme, shares are offered either on a share option or on a combined share option and deferred sale basis . Participants can take up shares in tranches over periods of three to 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.

HCI EMPLOYEE SHARE OPTION SCHEME (continued)

Options must be exercised within three years of being granted, where after the options lapse. Options vest over periods of three to seven years. These vesting periods may be varied by the trustees of the scheme. Participants are required to pay for the shares between five and ten years from the date of grant.

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

	2010 Number of shares	2009 Number of shares
Balance at beginning of the year	**2 707 011**	3 348 905
Options granted	**2 121 102**	-
Options vested and paid for	**(532 766)**	(373 344)
Options forfeited	**(113 466)**	(268 550)
Balance at the end of the year	**4 181 881**	2 707 011

The options outstanding at 31 March 2010 become unconditional between the following dates:

	Number of share options	Exercise price R
1 September 2009 and 31 August 2011	250 000	8.55
25 July 2009 and 24 July 2011	107 500	40.50
25 July 2011 and 24 July 2013	107 500	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 2008 and 28 June 2010	263 075	70.00
29 June 2010 and 28 June 2012	263 075	70.00
29 June 2012 and 28 June 2014	263 075	70.00
4 June 2009 and 3 June 2011	1 041 318	37.80
4 June 2011 and 3 June 2012	1 041 318	37.80
	3 531 091	
Options vested but not yet paid for	150 000	8.50
Options vested but not yet paid for	246 250	40.50
Options vested but not yet paid for	254 540	70.00
	4 181 881	

HCI EMPLOYEE SHARE OPTION SCHEME (continued)

Options granted to executive directors

	2010		2009	
	Number of shares	**Weighted average exercise price R**	Number of shares	Weighted average exercise price R
*TG Govender **				
Balance at the beginning of the year	**77 143**	**70.00**		
Options granted	**176 367**	**37.80**		
Balance at the end of the year	**253 510**	**47.60**		
JA Copelyn				
Balance at the beginning of the year	**308 571**	**70.00**	308 571	70.00
Options granted	**460 952**	**37.80**	-	
Balance at the end of the year	**769 523**	**50.71**	308 571	70.00
MJA Golding				
Balance at the beginning of the year	**308 571**	**70.00**	308 571	70.00
Options granted	**460 952**	**37.80**	-	
Balance at the end of the year	**769 523**	**50.71**	308 571	70.00

* Mr Govender was appointed as a director on 11 June 2009

42. DIRECTORS' SHAREHOLDINGS

	Direct beneficial Number	Direct beneficial Percentage holding	Indirect beneficial Number	Indirect beneficial Percentage holding
31 March 2010				
Executive directors				
JA Copelyn	**5 559 931**	**4.2**	**-**	**-**
MJA Golding	**7 541 109**	**5.7**	**1 519 133**	**1.2**
TG Govender	**100**	**-**	**17 250**	**-**
Non-executive directors				
VM Engel	**2 000**	**-**	**-**	**-**
JG Ngcobo	**3 995**	**-**	**-**	**-**
Y Shaik	**17 500**	**-**	**-**	**-**
	13 124 635	**9.9**	**1 536 383**	**1.2**
31 March 2009				
Executive directors				
JA Copelyn	5 559 931	4.4	-	-
MJA Golding	7 541 109	5.9	1 480 733	1.2
VE Mphande	152 500	0.1	-	-
A van der Veen	605 000	0.5	-	-
JA Mabuza	405 555	0.3	-	-
Non-executive directors				
VM Engel	7 000	-	-	-
JG Ngcobo	8 995	-	-	-
AM Ntuli	5 358	-	-	-
Y Shaik	17 500	-	-	-
	14 302 948	11.2	1 480 733	1.2

	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
43. DIRECTORS EMOLUMENTS						
Year ended 31 March 2010						
Executive directors						
JA Copelyn	**-**	**4 356**	**-**	**1 825**	**3 267**	**9 448**
MJA Golding	**-**	**4 356**	**-**	**1 825**	**3 267**	**9 448**
VE Mphande ##	**-**	**387**	**-**	**-**	**-**	**387**
A van der Veen ##	**-**	**707**	**-**	**40**	**-**	**747**
JA Mabuza ##	**-**	**922**	**269**	**-**	**1 100**	**2 291**
TG Govender #	**-**	**1 438**	**-**	**610**	**1 300**	**3 348**
Non-executive directors						
VM Engel	**180**	**-**	**-**	**-**	**-**	**180**
MF Magugu	**210** *	**-**	**-**	**-**	**-**	**210**
LM Molefi	**240** **	**-**	**-**	**-**	**-**	**240**
JG Ngcobo	**210** *	**-**	**-**	**-**	**-**	**210**
AM Ntuli	**53**	**-**	**-**	**-**	**-**	**53**
R Garach	**240** **	**-**	**-**	**-**	**-**	**240**
Y Shaik	**240** **	**-**	**-**	**-**	**-**	**240**
	1 373	**12 166**	**269**	**4 300**	**8 934**	**27 042**

appointed 11 June 2009
resigned 11 June 2009

* includes R30 000 remuneration committee fees
** includes R60 000 audit committee fees

Year ended 31 March 2009						
Executive directors						
JA Copelyn	-	3 960	-	454	743	5 157
MJA Golding	-	3 960	-	454	743	5 157
VE Mphande	-	1 414	-	237	265	1 916
A van der Veen	-	2 829	-	286	530	3 645
JA Mabuza	-	2 293	1 700	34 994	2 100	41 087 ###
Non-executive directors						
VM Engel	160	-	-	-	-	160
MF Magugu	160	-	-	-	-	160
LM Molefi	160	-	-	-	-	160
JG Ngcobo	160	-	-	-	-	160
AM Ntuli	160	-	-	-	-	160
R Garach	160	-	-	-	-	160
Y Shaik	160	-	-	-	-	160
	1 120	14 456	1 700	36 425	4 381	58 082

These amounts were paid by Tsogo Sun Holdings (Proprietary) Limited, a subsidiary of HCI.

	2010 R'000	2009 R'000	2010 R'000	2009 R'000

44. SEGMENT INFORMATION

The following are the summarised results for the various reportable operating segments:

	Revenue		Net gaming win	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
Continuing operations				
Media and broadcasting	**1 614 898**	1 504 367	**-**	-
Limited payout gaming	**10 984**	10 534	**259 822**	225 226
Casino gaming	**646 871**	639 427	**3 409 651**	3 243 476
Hotels	**1 753 493**	2 037 375	**-**	-
Information technology	**230 281**	220 582	**-**	-
Transport	**897 554**	938 789	**-**	-
Vehicle component manufacture	**311 426**	499 600	**-**	-
Mining	**141 551**	6 409	**-**	-
Natural gas	**172 468**	220 994	**-**	-
Clothing and textiles	**2 586 923**	1 271 576	**-**	-
Exhibition and properties	**69 592**	60 553	**-**	-
Other	**14 271**	23 562	**16 883**	-
	8 450 312	7 433 768	**3 686 356**	3 468 702

	Revenue	
Discontinued operations		
Conferencing and exhibition	**86 698**	89 338
Financial services	**-**	58 553
Vehicle component manufacture	**107 477**	324 016
Clothing and textile	**366 758**	223 252
Other	**30 914**	78 505
	591 847	773 664

	Segment Result (profit before tax)	
Continuing operations		
Media and broadcasting	**570 926**	466 392
Limited payout gaming	**14 168**	(7 350)
Casino gaming	**1 144 973**	1 012 942
Hotels	**273 388**	641 602
Information technology	**35 724**	40 009
Transport	**98 048**	92 418
Vehicle component manufacture	**(46 438)**	5 432
Food and beverage	**348 255**	(2 398)
Exhibition and properties	**46 006**	13 077
Mining	**(6 643)**	(19 380)
Natural gas	**(53 734)**	(189 586)
Clothing and textile	**6 859**	(52 509)
Other	**(178 732)**	763 732
	2 252 800	2 764 381

	2010 R'000	2009 R'000	2010 R'000	2009 R'000
SEGMENT INFORMATION (continued)				
	Segment Result (profit after tax)			
Discontinued operations				
Conferencing and exhibition	**9 036**	10 205		
Financial services	**-**	6 298		
Vehicle component manufacture	**(65 870)**	(7 201)		
Clothing and textile	**(204 328)**	(116 892)		
Natural gas	**(55)**	(1 951)		
Other	**9 537**	3 877		
	(251 680)	(105 664)		

	Assets		Liabilities	
Media and broadcasting	**1 345 094**	1 044 098	**503 856**	512 398
Limited payout gaming	**211 402**	204 178	**17 874**	29 250
Casino gaming	**7 140 427**	6 017 770	**4 545 147**	3 303 984
Hotels	**3 971 928**	4 029 090	**1 062 873**	1 259 651
Information technology	**145 759**	145 836	**78 004**	79 818
Transport	**1 071 401**	859 639	**405 605**	544 516
Vehicle component manufacture	**304 240**	554 197	**226 727**	363 402
Food and beverage	**603 806**	283 466	**-**	-
Mining	**501 695**	315 041	**67 084**	72 386
Natural gas	**667 900**	846 297	**197 053**	435 841
Exhibition and properties	**414 959**	436 443	**73 164**	56 780
Clothing and textile	**2 194 732**	2 586 092	**908 009**	1 169 630
Other	**297 081**	726 494	**2 404 838**	2 601 060
	18 870 424	18 048 641	**10 490 234**	10 428 716

	Fixed asset additions		Depreciation and amortisation	
Media and broadcasting	**79 170**	205 388	**66 748**	59 041
Limited payout gaming	**32 100**	89 738	**39 486**	32 308
Casino gaming	**678 193**	462 882	**284 318**	267 711
Hotels	**177 663**	359 340	**148 278**	117 696
Information technology	**12 492**	15 983	**13 632**	13 590
Transport	**60 911**	186 616	**49 922**	47 148
Vehicle component manufacture	**20 700**	70 860	**12 383**	8 403
Natural gas	**12 906**	42 112	**60 766**	73 427
Exhibition and properties	**2 577**	7 968	**2 799**	2 162
Mining	**138 471**	183 593	**6 559**	2 746
Clothing and textile	**50 115**	35 923	**43 739**	25 460
Other	**1 178**	1 327	**1 738**	343
	1 266 476	1 661 730	**730 368**	650 035

SEGMENT INFORMATION (continued)

Amounts applicable to associates
and joint ventures included above :

	2010		2009	
	Results	**Investment in associates and joint ventures**	Results	Investment in associates and joint ventures
	R'000	**R'000**	R'000	R'000
Media and broadcasting	**(3 662)**	**49 755**	(874)	17 159
Gaming, hotels and leisure	**87 656**	**1709 776**	64 697	1599 344
Information technology	**3 186**	**13 871**	2 938	11 676
Transport	**8 844**	**14 541**	8 363	11 303
Food and beverage	**443 161**	**603 806**	(2 539)	277 757
Natural gas	**(2 959)**	**-**	(5 497)	30 096
Clothing and textile	**-**	**-**	(714)	-
Other	**217**	**13 505**	1 822	13 559
	536 443	**2405 254**	68 196	1960 894

The natural gas segment operates in the United States of America.

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 6 and annexure A.

45.2 Key management compensation was paid as follows:

	2010	2009
	R'000	R'000
Salaries and other short-term employee benefits	**79 060**	69 266

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

46. CONTINGENT LIABILITIES

Group

Certain subsidiaries of the Group have entered into structured finance arrangements in relation to intellectual property sale and lease back transactions with Nedbank. 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.

The Group has established bank guarantees in favour of the Department of Mineral and Energy against the future rehabilitation of its operations.

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 (Proprietary) Limited, Flaghigh Investments (Proprietary) Limited and Tangney Investments (Proprietary) Limited, subsidiaries. At 31 March 2010 the total amount owing in respect of this preference share debt amounted to R1 000 million (2009: R1,000 million). The company has issued guarantees and surertyships to Investec Bank Limited for the term loan debt granted to HCI Treasury (Proprietary) Limited, a subsidiary. At 31 March 2010 the total amount owing in respect of these term loans amounted to R300 million (2009: R300 million).

The company has issued capital guarantees in respect of obligations between certain of its subsidiaries.

47. BUSINESS COMBINATIONS

47.1 SUBSIDIARIES ACQUIRED

	Principal activity	Date of acquisition	Proportion of shares acquired
Century Casinos Africa (Proprietary) Limited	Casino operator	30/06/2009	100%
Crystal Brook Distributions (Proprietary) Limited	Media distributor	30/09/2009	100%
Refinery Post Production Facilities (Proprietary) Limited	Media producer	28/02/2010	100%
Galaxy Bingo International (Proprietary) Limited	Bingo operator	10/12/2009	75%

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

	2010	2009
	R'000	R'000
Non-current assets		
Property, plant and equipment	**276 376**	1 590 227
Other non-current assets	**12 704**	92 596
Current assets	**61 318**	2 075 306
Non-current liabilities		
Borrowings	**(105 599)**	(577 186)
Deferred tax liability	**(15 917)**	(43 444)
Current liabilities	**(59 259)**	(1 451 177)
	169 623	1 686 322
Minority share	**-**	(619 067)
Existing share of net assets before business combination	**-**	(216 892)
Excess fair value of assets acquired	**-**	(876 023)
Cash injected by minority	**-**	(50 678)
Goodwill on acquisition	**356 790**	69 628
Cost of acquisitions	**526 413**	(6 710)
Costs	**2 279**	-
Cash balances acquired	**(23 579)**	299 130
Net cash outflow on acquisition	**505 113**	292 420

47.3 PROCEEDS ON DISPOSAL, NET CASH INFLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF

	2010 R'000	2009 R'000
Non-current assets		
Property, plant and equipment	**118 285**	4 354
Other non-current assets	**-**	402 489
Current assets	**27 026**	2 086 634
Non current liabilities		
Borrowings	**(51 343)**	(538 506)
Other non current liabilities	**-**	(280)
Deferred tax liability	**(12 510)**	(4 730)
Current liabilities	**(2 152)**	(1 855 308)
	79 306	94 653
Minority share	**(6 223)**	(8 609)
Net assets disposed of	**73 083**	86 044
Gain on disposal	**25 388**	54 306
Consideration received in cash	**98 471**	140 350
Cash balance disposed of	**(5 905)**	(25 590)
Net cash inflow on disposal	**92 566**	114 760

47.4 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.

47.5 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The acquired businesses contributed revenues of R61 million and profits after tax of R7 million to the group for the periods from dates of effective control to 31 March 2010. Had the acquisitions been effective on 1 April 2009 the contribution to revenue would have been R114 million and the contribution to profit after tax would have been R9 million of profit after tax.

48. FINANCIAL RISK MANAGEMENT

48.1 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.

48.1.1 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 are required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

MARKET RISK (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	2010	2009	**2010**	2009
United States Dollar	**7.83**	8.78	**7.30**	9.61
Euro	**11.05**	12.3	**9.86**	12.72

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 2009.

	Profit/(loss)	
	2010	2009
	R'000	R'000
Local currency:		
Tanzanian Shilling	**112**	201
Mozabiquan Meticals	**(584)**	(308)
Lusaka Kwacha	**(71)**	98
Seychelles Rupee	**(90)**	5 265
Euro	**3 608**	5 972
Dollar	**7 003**	22 973
Swiss Franc	**15**	10

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.

The following carrying amounts were exposed to foreign currency exchange risk:

Non current receivables		
Dollar	**13 132**	29 964
Seychelles Rupee	**3 151**	10 700
	16 283	40 664

MARKET RISK (continued)

	2010	2009
	R'000	R'000
Trade and other receivables		
Australian dollar	**809**	1 888
British pound	**1 704**	12 150
Dollar	**50 781**	40 813
Euro	**11 921**	16 654
Tanzanian Shilling	**547**	280
Mozabiquan Meticals	**4 612**	5 511
Lusaka Kwacha	**5 735**	5 582
Seychelles Rupee	**5 061**	4 207
United Arab Dirhams	**2 267**	-
	83 437	87 085
Trade and other payables		
Singapore dollar	**-**	1 639
Swiss Franc	**146**	247
Euro	**5 844**	5 966
British pound	**1 138**	1 110
Dollar	**170 593**	313 334
	177 721	322 296

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.

MARKET RISK (continued)

At 31 March the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2010	2009
	R'000	R'000
Fixed rate instruments		
Financial assets	**36 341**	39 525
Financial liabilities	**(180 022)**	(322 861)
	(143 681)	(283 336)
Variable rate instruments		
Financial assets	**137 626**	222 398
Financial liabilities	**(6 700 025)**	(6 063 302)
	(6 562 399)	(5 840 904)

Fair value sensitivity analysis for fixed rate instruments:

A change of 100 basis points in interest rates would have increased or decreased equity by R1,2 million (2009: R11,7 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 R56,3 million (2009: R29,7 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

Other price risk

The group does not invest in listed securities and therefore does not have any equity price risk. 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 from time to time the group enters short term future exchange contract to fix gas prices for portions of expected production volumes. A change of 1% in the gas price would have increased/decreased post tax profits by R0,65 million (2009: R3,3 million). The analysis assumes that all other variables remain constant.

48.1.2 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, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure 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.

48.1.3 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, the treasury functions of the major subsidiaries aim 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.

LIQUIDITY RISK (continued)

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 March 2010			
Bank and other borrowings	**2 160 130**	**4 480 174**	**177 397**
Obligations under finance lease	**11 929**	**60 498**	**17 699**
Derivative financial instruments	**58 762**	**18 836**	**-**
Trade and other payables	**1 634 071**	**-**	**-**
	3 864 892	**4 559 508**	**195 096**
At 31 March 2009			
Bank and other borrowings	1 621 690	5 198 615	258 299
Obligations under finance lease	32 922	101 873	135 966
Derivative financial instruments	23 795	26 141	4 946
Trade and other payables	2 008 692	-	-
	3 687 099	5 326 629	399 211

48.2 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.

48.3 FAIR VALUE ESTIMATION

The group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices available in active markets for identical assets or liabilities

Level 2 - Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 - Fair value determined by valuation that uses inputs that are not based on observable market data

The following financial instruments are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 31 March 2010				
Assets				
Financial assets at fair value through profit or loss				
Derivatives	**-**	**-**	**9 059**	**9 059**
Derivatives used for hedging	**3 334**	**-**	**-**	**3 334**
Available-for-sale financial assets				
Equity securities	**24 357**	**-**	**-**	**24 357**
Unit trust investments	**-**	**187**	**-**	**187**
Sinking fund insurance policy	**-**	**-**	**48 775**	**48 775**
Other	**-**	**-**	**10 011**	**10 011**
Total assets	**27 691**	**187**	**67 845**	**95 723**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives used for hedging	**-**	**77 598**	**-**	**77 598**
Total liabilities	**-**	**77 598**	**-**	**77 598**

FAIR VALUE ESTIMATION

The following table presents the changes in level 3 financial instruments for the year ended 31 March 2010:

	Derivatives R'000	Sinking fund insurance policy R'000	Other R'000	Total R'000
Assets				
Carrying amount at 31 March 2009	8 317	50 660	4 485	63 462
Additions	-	-	5 736	5 736
Disposals	-	-	(210)	(210)
Profits / (losses) recognised in profit and loss	742	(1 885)	-	(1 143)
Carrying amount at 31 March 2010	9 059	48 775	10 011	67 845
Liabilities				
Carrying amount at 31 March 2009				-
Carrying amount at 31 March 2010				-
Total gains and losses for the period included in profit or loss for instruments held at 31 March 2010	742	(1 885)	-	(1 143)
	742	(1 885)	-	(1 143)

49. POST BALANCE SHEET EVENTS

Prior to year end the group had entered into an agreement to dispose of its equity interests in Clover by way of a buyback of its ordinary shares by Clover and a restructuring of the present preference shares held. Subsequent to year end the disposal became unconditional and the group received approximately R490 million in proceeds from the disposal with the only remaining exposure to Clover being R110 million in three-year compulsory redeemable preference shares with a fixed dividend coupon of 90% of prime.

During the year shareholders were advised that Gold Reef Resorts Limited ("Gold Reef") and Tsogo Sun Holdings (Proprietary) Limited ("TSH"), a 51% subsidiary of Tsogo Investment Holdings Company (Proprietary) Limited ("TIH"), which in turn is a 74.67% subsidiary of HCI, had entered into an agreement (the "Exchange Agreement") detailing the terms and conditions of a merger of their respective gaming and hotel businesses (the "Proposed Transaction"), to form a combined business. On 26 April the shareholders of the company, TSH, TIH and Gold Reef approved the Proposed Transaction, which however remains subject to regulatory approval.

50. FINANCIAL INSTRUMENTS

An analysis of the Group's assets and liabilities, classified by financial instrument, are set out below.

	Loans and receivables		Financial / liabilities at amortised cost		Non financial instruments	
	2010	2009	**2010**	2009	**2010**	2009
Group						
Assets						
Non-current assets	**161 858**	170,795	**-**	-	**14 744 106**	13 745 009
Property, plant and equipment	**-**	-	**-**	-	**9 660 977**	9 271 620
Investment properties	**-**	-	**-**	-	**218 585**	166 937
Goodwill	**-**	-	**-**	-	**1 544 195**	1 263 883
Intangible assets	**-**	-	**-**	-	**565 506**	649 139
Intangible assets mining	**-**	-	**-**	-	**78 896**	53 993
Investments in associates	**-**	-	**-**	-	**2 278 535**	1 842 331
Investments in joint ventures	**-**	-	**-**	-	**126 719**	118 563
Other financial assets	**-**	-	**-**	-	**-**	-
Deferred taxation	**-**	-	**-**	-	**230 997**	343 446
Operating lease equalisation asset	**-**	-	**-**	-	**962**	4 970
Finance lease receivables	**38 626**	33,195	**-**	-	**-**	-
Non-current receivables	**123 232**	137,600	**-**	-	**38 734**	30 127
Current assets	**2 658 979**	2,618,469	**-**	-	**1 098 872**	1 313 460
Inventories	**-**	-	**-**	-	**743 803**	1 033 276
Programme rights	**-**	-	**-**	-	**268 631**	220 138
Other financial assets	**-**	-	**-**	-	**-**	-
Trade and other receivables	**1 367 394**	1 723 115	**-**	-	**77 301**	46 171
Taxation	**-**	-	**-**	-	**9 137**	13 875
Bank balances and deposits	**1 291 585**	895 354	**-**	-	**-**	-
Non-current assets/disposal group assets held for sale	**-**	-	**-**	-	**110 886**	26 972
Total assets	**2 820 837**	2 789 264	**-**	-	**15 953 864**	15 085 441
Liabilities						
Non-current liabilities	**-**	-	**4 715 207**	4 911 023	**1 161 244**	1 153 634
Financial liabilities	**-**	-	**-**	-	**-**	-
Operating lease equalisation liability	**-**	-	**-**	-	**287 429**	262 067
Borrowings	**-**	-	**4 657 471**	4 808 980	**-**	-
Finance lease liabilities	**-**	-	**57 736**	102 043	**-**	-
Post retirement medical benefit liabilities	**-**	-	**-**	-	**135 474**	146 968
Long term incentive plan	**-**	-	**-**	-	**15 964**	12 540
Long term provisions	**-**	-	**-**	-	**52 049**	43 483
Deferred revenue	**-**	-	**-**	-	**17 480**	3 667
Deferred taxation	**-**	-	**-**	-	**652 848**	684 909

Available for sale		Fair value through profit or loss		Held to maturity investments		Total	
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
53 768	56 026	**9 059**	7 726	**-**	-	**14 968 791**	13 979 556
-	-	**-**	-	**-**	-	**9 660 977**	9 271 620
-	-	**-**	-	**-**	-	**218 585**	166 937
-	-	**-**	-	**-**	-	**1 544 195**	1 263 883
-	-	**-**	-	**-**	-	**565 506**	649 139
-	-	**-**	-	**-**	-	**78 896**	53 993
-	-	**-**	-	**-**	-	**2 278 535**	1 842 331
-	-	**-**	-	**-**	-	**126 719**	118 563
53 768	56 026	**9 059**	7 726	**-**	-	**62 827**	63 752
-	-	**-**	-	**-**	-	**230 997**	343 446
-	-	**-**	-	**-**	-	**962**	4 970
-	-	**-**	-	**-**	-	**38 626**	33 195
-	-	**-**	-	**-**	-	**161 966**	167 727
29 562	90 203	**3 334**	19 981	**-**	-	**3 790 747**	4 042 113
-	-	**-**	-	**-**	-	**743 803**	1 033 276
-	-	**-**	-	**-**	-	**268 631**	220 138
29 562	90 203	**3 334**	19 981	**-**	-	**32 896**	110 184
-	-	**-**	-	**-**	-	**1 444 695**	1 769 286
-	-	**-**	-	**-**	-	**9 137**	13 875
-	-	**-**	-	**-**	-	**1 291 585**	895 354
-	-	**-**	-	**-**	-	**110 886**	26 972
83 330	146 229	**12 393**	27 707	**-**	-	**18 870 424**	18 048 641
-	-	**18 836**	31 087	**-**	-	**5 895 287**	6 095 744
-	-	**18 836**	31 087	**-**	-	**18 836**	31 087
-	-	**-**	-	**-**	-	**287 429**	262 067
-	-	**-**	-	**-**	-	**4 657 471**	4 808 980
-	-	**-**	-	**-**	-	**57 736**	102 043
-	-	**-**	-	**-**	-	**135 474**	146 968
-	-	**-**	-	**-**	-	**15 964**	12 540
-	-	**-**	-	**-**	-	**52 049**	43 483
-	-	**-**	-	**-**	-	**17 480**	3 667
-	-	**-**	-	**-**	-	**652 848**	684 909

	Loans and receivables		Financial / liabilities at amortised cost		Non financial instruments	
	2010	2009	**2010**	2009	**2010**	2009
FINANCIAL INSTRUMENTS (continued)						
Current liabilities	**-**	-	**4 125 505**	3 815 124	**390 427**	494 053
Trade and other payables	**-**	-	**1 628 476**	1 994 329	**5 595**	14 363
Financial liabilities	**-**	-	**-**	-	**-**	-
Current portion of borrowings	**-**	-	**2 160 130**	1 455 175	**-**	-
Current portion of finance lease liabilities	**-**	-	**4 710**	19 964	**-**	-
Other financial liabilities	**-**	-	**-**	-	**-**	-
Taxation	**-**	-	**-**	-	**110 346**	170 399
Provisions	**-**	-	**-**	-	**250 164**	301 548
Long term incentive plan	**-**	-	**-**	-	**24 322**	7 743
Bank overdrafts	**-**	-	**332 189**	345 656	**-**	-
Non-current liabilities/disposal group liabilities held for sale	**-**	-	**-**	-	**20 253**	-
Total liabilities	**-**	-	**8 840 712**	8 726 147	**1 571 924**	1 647 687
Company						
Assets						
Non-current assets	**180 437**	-	**-**	-	**2 306 704**	2 329 281
Investments in associates	**-**	-	**-**	-	**9 256**	9 256
Subsidiary companies	**-**	-	**-**	-	**2 297 448**	2 320 025
Non-current receivables	**180 437**	-	**-**	-	**-**	-
Current assets	**98 054**	14 976	**-**	-	**-**	-
Tax	**-**	-	**-**	-	**-**	-
Trade and other receivables	**135**	93	**-**	-	**-**	-
Bank balances and deposits	**97 919**	14 883	**-**	-	**-**	-
Total assets	**278 491**	14 976	**-**	-	**2 306 704**	2 329 281
Liabilities						
Current liabilities	**-**	-	**384 180**	538 931	**31 408**	9 463
Trade and other payables	**-**	-	**1 193**	12 826	**-**	-
Amounts owing to subsidiaries	**-**	-	**382 987**	526 105	**-**	-
Taxation	**-**	-	**-**	-	**31 408**	9 463
Total liabilities	**-**	-	**384 180**	538 931	**31 408**	9 463

Available for sale		Fair value through profit or loss		Held to maturity investments		Total	
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
-	-	**58 762**	23 795	**-**	-	**4 574 694**	4 332 972
-	-	**-**	-	**-**	-	**1 634 071**	2 008 692
-	-	**58 762**	23 795	**-**	-	**58 762**	23 795
-	-	**-**	-	**-**	-	**2 160 130**	1 455 175
-	-	**-**	-	**-**	-	**4 710**	19 964
-	-	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**110 346**	170 399
-	-	**-**	-	**-**	-	**250 164**	301 548
-	-	**-**	-	**-**	-	**24 322**	7 743
-	-	**-**	-	**-**	-	**332 189**	345 656
-	-	**-**	-	**-**	-	**20 253**	-
-	-	**77 598**	54 882	**-**	-	**10 490 234**	10 428 716
-	242	**-**	-	**-**	-	**2 487 141**	2 329 523
-	-	**-**	-	**-**	-	**9 256**	9 256
-	-	**-**	-	**-**	-	**2 297 448**	2 320 025
-	242	**-**	-	**-**	-	**180 437**	242
-	-	**-**	-	**-**	-	**98 054**	14 976
-	-	**-**	-	**-**	-	**-**	-
-	-	**-**	-	**-**	-	**135**	93
-	-	**-**	-	**-**	-	**97 919**	14 883
-	242	**-**	-	**-**	-	**2 585 195**	2 344 499
-	-	**-**	-	**-**	-	**415 588**	548 394
-	-	**-**	-	**-**	-	**1 193**	12 826
-	-	**-**	-	**-**	-	**382 987**	526 105
-	-	**-**	-	**-**	-	**31 408**	9 463
-	-	**-**	-	**-**	-	**415 588**	548 394

INTEREST IN PRINCIPLE SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 31 MARCH 2010
ANNEXURE 1

	Issued share capital R'000	Effective Interest %	**2010** Shares R'000	**2010** Loans R'000	2009 Shares R'000	2009 Loans R'000
Shares and loans stated at cost less impairment						
Investment holding companies						
Almania Investments (Proprietary) Limited	*	100	**1**	**13 083**	1	13 083
Ancestral Investments (Proprietary) Limited	*	100	*	**(17)**	*	(17)
Catwalk Investments 167 (Proprietary) Limited	*	100	**-**	**213**	-	213
Descarte Investments No. 8 (Proprietary) Limited	2	100	**574**	**(574)**	574	(574)
Durban Add-Ventures Limited	61 500	29	**	**	**	**
Fabcos Investment Holding Company (Proprietary) Limited		100	**585 512**		585 512	
Flaghigh Investments (Proprietary) Limited	*	100	**35 000**	**111 500**	35 000	111 500
HCI Food and Beverages (Proprietary) Limited	*	100	*	**5**	*	5
HCI Lifting Services (Proprietary) Limited	*	100	**2 256**	**9 226**	2 256	9 226
HCI Properties (Proprietary) Limited	*	100	*	*	*	*
Johnnic Holdings Limited	*	100	**	**	**	**
Johnnies Strategic Holdings Limited	*	100	**	**	**	**
Lennings Limited	7 000	100	**	**	**	**
Mercanto Investments (Proprietary) Limited	*	100	*	**1 052 899**	*	1 052 899
Merilyn Investments (Proprietary) Limited	25 002	100	**25 065**	**13 660**	25 065	13 660
Move-On-Up 104 (Proprietary) Limited	*	100	*	**5**	*	5
Rowan Tree 4 (Proprietary) Limited	*	100		**(597)**		(597)
Sabido Investments (Proprietary) Limited	1 021	64	**23 496**		23 496	
Sagewise 118 (Proprietary) Limited	*	100	*		*	
Squirewood Investments (Proprietary) Limited	*	100	*	**20 788**	*	20 788
Tangney Investments (Proprietary) Limited	1	100	**32 500**	**45 035**	32 500	45 035
The Millenium Casino Limited	*	100	**	**	**	**
Winslet Investments (Proprietary) Limited	*	100	*		*	
Gaming, hotels and leisure						
Tsogo Investment Holding Company (Proprietary) Limited	**	75	**		**	
Tsogo Sun Holdings (Proprietary) Limited	25	38	**		**	
Tsogo Sun Gaming (Proprietary) Limited	**	38	**		**	
Southern Sun Hotels (Proprietary) Limited	**	38	**		**	
Southern Sun Offshore (Proprietary) Limited	**	38	**		**	
Tsogo Sun (Proprietary) Limited	**	38	**		**	
Limited payout gaming						
Global Payment Technologies Holdings (Proprietary) Limited	44 888	100	*		*	
Online Gaming Systems Australia (Proprietary) Limited [(2)]	*	60	*		*	
Vukani Gaming (Proprietary) Limited	*	100	**		**	
Financial and management services						
HCI Managerial Services (Proprietary) Limited	*	100	*	*	*	3 462
HCI Treasury (Proprietary) Limited	150	100	*	**(313 256)**	*	(445 275)
HCI Central Investments (Proprietary) Limited	*	100	**		**	

	Issued share capital R'000	Effective Interest %	**2010** Shares R'000	**2010** Loans R'000	2009 Shares R'000	2009 Loans R'000
Industrial						
Autotube Manufacturing (Proprietary) Limited	*	90	**		**	
Baisch Engineering (Proprietary) Limited	*	90	**		**	
Blue Beacon Investments 240 (Proprietary) Limited						
Formex Industries (Proprietary) Limited	100	90	**6 759**	**20 970**	6 759	20 970
Formex Pressings (Proprietary) Limited	*	90	**		**	
Hi-Reach Manlift (Proprietary) Limited	*	85	**		**	
Johnson Access (Proprietary) Limited	2 000	85			5 477	
Philmec (Proprietary) Limited	*	90	**		**	
Tubeworx (Proprietary) Limited	*	90	**		**	
Tylon (Proprietary) Limited	*	100	**		**	
Tylon Holdings (Proprietary) Limited	*	100	**16 429**	**(63 932)**	16 429	(63 932)
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	*	64	**		**	
e.tv (Proprietary) Limited	860 488	64	**		**	
e.sat tv (Proprietary) Limited	*	64	**		**	
Yired (Proprietary) Limited	*	64				
Mining						
HCI Khusela Coal (Proprietary) Limited	*	80	*		*	
Energy						
Johnnic Holdings USA LLC [(1)]	*	100	**		**	
Clothing and textile						
Seardel Investment Corporation Limited	159 207	70	**	**-**	**	-
Seardel Group Trading (Proprietary) Limited	2 500	70	**	**-**	**	-
Seartec Trading (Proprietary) Limited	1	70	**	**-**	**	-
Other						
21 Impala Road Properties (Proprietary) Limited	*	100	**655**	**(967)**	655	(967)
C and A Associated Consultants (Proprietary) Limited	*	100	**4 540**	**866**	5 013	866
Gallagher Estate Holdings Limited	19 300	100	**		**	
HJS Advisory Services (Proprietary) Limited	*	100	*	**1 221**	*	1 221
IGI Investment Company Limited	37 546	55	*	**(905)**	*	(905)
Limtech Biometric Solutions (Proprietary) Limited	*	51	*		*	2 064
Mars Holdings (Proprietary) Limited	*	51	**19 801**		19 801	
Sam Sisonke (Proprietary) Limited	*	100	**1 362**	**(13 726)**	1 362	(13 726)
			1018 964	**895 497**	1024 914	769 004

* 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.

	2010 **R'000**	2009 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**1 569 640**	1 045 559
Aggregate losses after tax	**(641 711)**	(330 784)

Subsidiaries are incorporated in South Africa unless otherwise shown.

(1) USA

(2) Australia

Encumbrances

Shares and loans having a total carrying value of R2 297 million (2008:R2 320 million) have been pledged as 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 2010

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 Monday 25th October 2010 at 11h00, for the following business:

1. To consider and adopt the Annual Financial Statements of the Company for the year ended 31 March 2010 together with the reports of the directors and auditors contained therein.

2. To approve the remuneration of the non-executive directors as set out on page 103 in the reports and accounts for the year ended 31 March 2010.

3. To approve the remuneration of the non-executive directors for the year ending 31 March 2011, such remuneration as set out on page 103 of this annual report, escalated by a cost of living increase linked to CPI of 6,5%.

4. Election of directors:

4.1 To re-elect the following directors of the Company:
4.1.1 J.A.Copelyn
4.1.2 V.M.Engel
4.1.3 L.M.Molefi

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 4.1.1, 4.1.2 and 4.1.3 appears on pages 4 and 5 of this annual report.

4.2 To elect Mr VE Mphande as a non-executive director

Elias Mphande held the position of non-executive director of HCI from January 1997. With effect from October 2004 he became an executive director, a position he relinquished in June 2009 as a consequence of the reshuffling of the board of HCI. Elias resigned as chief executive of Vukani Gaming Corporation, a wholly owned subsidiary of HCI in June 2010. He is chairman of Golden Arrow Bus Services and holds directorships in e.tv (Pty) Ltd, Johnnic Holdings Limited and Tsogo Sun Holdings (Pty) Limited.

5. To authorise the directors to re-appoint PKF (Jhb) Inc as the independent auditors of the Company and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2011 is Mr Schoeman 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

6. "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

7. "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 –

7.1 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;

7.2 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;

7.3 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;

7.4 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;

7.5 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

7.6 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

8. "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 –

8.1 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;

8.2 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;

8.3 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;

8.4 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;

8.5 the Company and the group are in a position to repay its debt in the ordinary course of business for the following year;

8.6 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;

8.7 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;

8.8 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;

8.9 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;

8.10 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;

8.11 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

8.12 the Company only appoints one agent to effect any repurchase(s) on its behalf.

OTHER DISCLOSURE IN TERMS OF THE JSE LISTING REQUIREMENTS SECTION

For the purposes of considering special resolution number 1 and in compliance with Rule 11.26(b) of the JSE Listing Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the pages as indicated.

– Directors and management – pages 2,4 and 5;
– Major shareholders – page 20 and 21;
– Directors' interest in securities – pages 102 and 103;
– Share capital of the company – page 75; and

LITIGATION STATEMENT

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of HCI are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of HCI.

DIRECTORS RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 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

9. 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.

HCI Managerial Services (Proprietary) Limited

By order of the Board
HCI Managerial Services (Pty) Limited
Company Secretary
Date: 30 August 2010
Place: Cape Town

NOTES