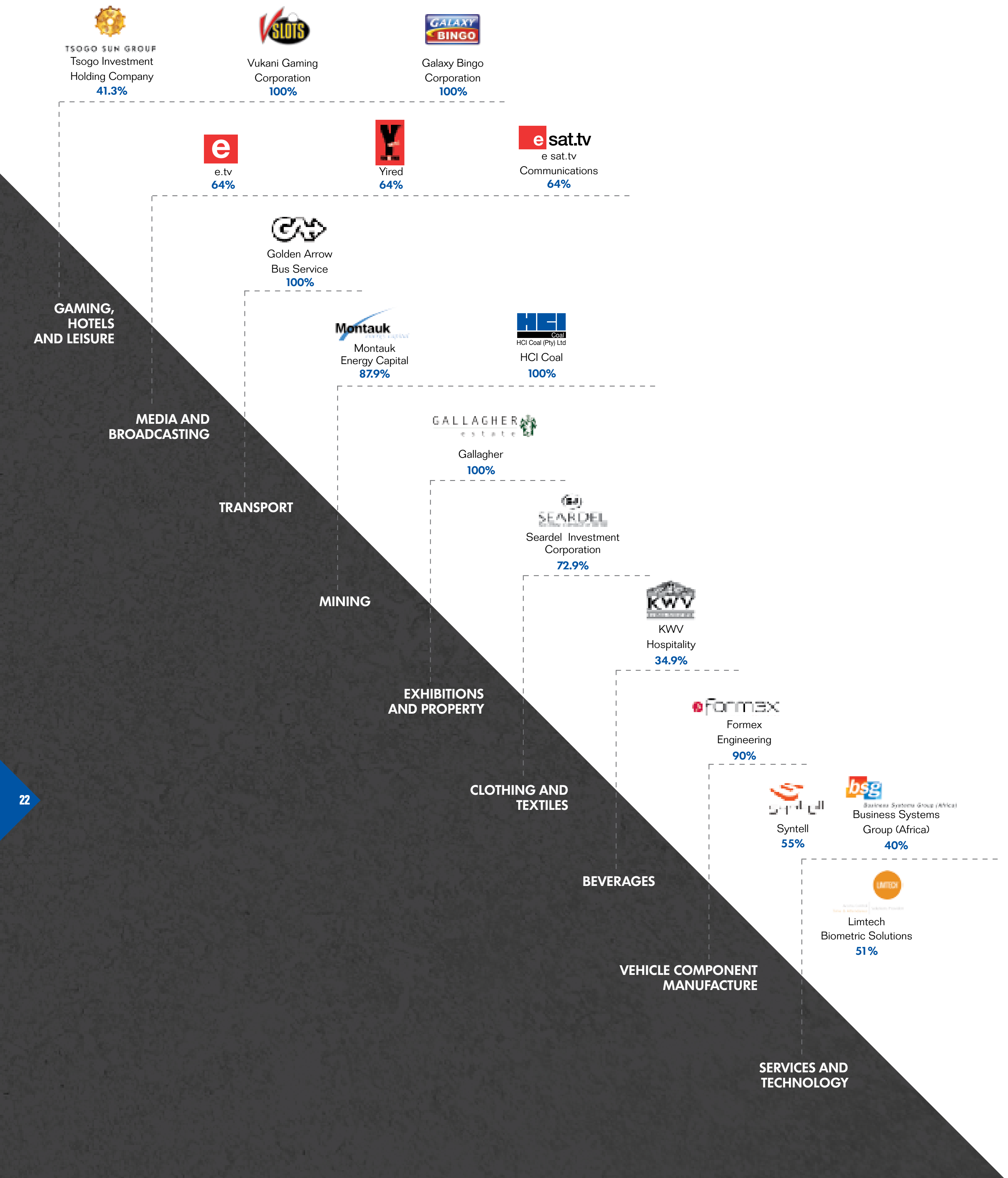
BUSINESS SEGMENTS
AS AT 30 AUGUST 2011



ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2011

		Number of shareholders	% of total	Number of shares	% of total
1 –	1000 shares	1 031	65,25	275 825	0,21
1 001 –	10 000 shares	328	20,76	1 196 297	0,90
10 001 –	100 000 shares	133	8,42	4 412 634	3,33
100 001 –	1 000 000 shares	67	4,24	22 887 412	17,29
Over –	1 000 000 shares	21	1,33	103 628 962	78,27
		1 580	100,00	132 401 130	100,00

Type of shareholder	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Public companies	7	0,44	5 912 107	4,47
Banks	29	1,84	21 891 794	16,53
Close corporations	16	1,01	20 140	0,02
Individuals	1 072	67,85	16 039 464	12,11
Nominees and trusts	110	6,96	1 660 075	1,25
Other corporations	163	10,32	64 882 582	49,01
Pension funds	137	8,67	6 585 648	4,97
Private companies	45	2,85	11 874 937	8,97
Share trust	1	0,06	3 534 383	2,67
	1 580	100.00	132 401 130	100.00

SHAREHOLDERS' DIARY

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

STOCK EXCHANGE PERFORMANCE

	31 March 2011
Total number of shares traded (000's)	16 625
Total value of shares traded (R'000)	1 316 573
Market price (cents per share)	
- Closing	7 799
- High	8 699
- Low	7 205
Market capitalisation (R'000)	10 325 964

SIGNIFICANT SHAREHOLDINGS

At 31 March 2011, insofar as HCI is aware, the following members beneficially held directly or indirectly 5% or more of the issued shares:

	2011	2010
Southern African Clothing and Textile Workers Union and associated entities	**37.9**	38.2
M.J.A Golding	**6.8**	6.9
	44.7	45.1

SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2011	2010	**2011**	2010
Public	**41.9**	41.1	**1 567**	1 582
Non public	**58.1**	58.9	**13**	14
Directors	**11.1**	11.1	**6**	6
Associates of directors	**5.4**	5.4	**4**	4
Controlling shareholders	**37.9**	38.2	**1**	1
Share trust	**2.7**	3.2	**1**	1
Treasury shares	**1,0**	1,0	**1**	2
	100,0	100,0	**1 580**	1 596

CORPORATE GOVERNANCE

Hosken Consolidated Investments Limited (HCI) and its subsidiaries subscribe to the Code of Corporate Practices and Conduct (the code) as set out in the King Report (King III) 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.

The board of directors of HCI comprises of three executive directors and seven non-executive directors, of which five are independent.

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.

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Mr V.E. Mphande retired as chief executive officer of Vukani Gaming Corporation and rejoined the board of HCI as a non-executive director as from 1st September 2010. There were no further changes to the non-executive directorate during the year under review.

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 R.S.Garach, Y.Shaik, Mr M.J.A.Golding and Mr J.G.Ngcobo who offer themselves for re-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 board met four times during the past year.

Board Attendance

Director	**June**	**August**	**November**	**March**
J.A. Copelyn	Yes	Yes	Yes	Yes
V.M.Engel	Yes	Yes	Yes	No
R.S.Garach	Yes	Yes	Yes	Yes
M.J.A. Golding	Yes	Yes	Yes	Yes
T.G.Govender	Yes	Yes	Yes	Yes
M.F.Magugu	Yes	Yes	Yes	Yes
L.M.Molefi	Yes	Yes	Yes	Yes
V.E.Mphande **	N/A	Yes	Yes	Yes
J.G.Ngcobo	Yes	Yes	Yes	Yes
Y.Shaik	Yes	Yes	No	Yes

** Appointed 1 September 2010

CORPORATE GOVERNANCE

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.

The board has commenced with the process of self evaluation in accordance with King III.

BOARD COMMITTEES

Board committees have been established to assist the board in discharging its responsibilities. In line with King III, all board committees comprise of only members of the board, except for the social and ethics committee. 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
- Social and ethics committee

EXECUTIVE COMMITTEE

The HCI Executive Committee ("EXCO") comprises Messrs M.J.A. Golding (Executive Chairman) J.A. Copelyn (Chief Executive Officer) and T.G. Govender (Chief Financial Officer). The three executives are in regular discussions 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.

AUDIT COMMITTEE

Members: Mr RS Garach (chairman); Dr LM Molefi and Mr Y Shaik. A report by the HCI Audit Committee has been provided on page 28 of this annual report

REMUNERATION COMMITTEE

Members: Messrs MF Magugu (chairman) and JG Ngcobo.
A report by the HCI Remuneration Committee has been provided on page 30 of this annual report.

SOCIAL AND ETHICS COMMITTEE

Members: Ms VM Engel; Mr TG Govender and Ms T Livingstone

Subsequent to year end the company appointed a social and ethics committee whose functions will be in line with the requirements of the Companies Act 71 of 2008. Up to now, it has been the practice of HCI that the CEO of the HCI Foundation, as part of Mrs Engel's responsibilities as a director of the board, reports to the board on matters of sustainability and CSI. In view of the fact that this committee is now codified, regular meetings will be scheduled . A report by the HCI Social and Ethics Committee will be provided in the 2012 integrated report.

COMPLIANCE WITH LAWS, CODES AND STANDARDS

HCI respects and complies with the laws of the countries in which it operates. This includes corporate laws, common law as well as specific laws, including regulations of all the gambling boards, mining and energy laws. HCI will strive to be a good corporate citizen of the country in which it does business.

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.

As HCI is an investment holding company with a minimum numbers of employees it does not believe it is necessary to employee an IT compliance officer as recommended by King III, however the major subsidiary companies comply with the recommendations of King III.

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 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.

LITIGATION

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.

REPORT OF THE AUDIT COMMITTEE

AUDIT COMMITTEE

Members: Messrs RS Garach (chairman), Y Shaik and LM Molefi

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act No 61 of 1973 ("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 2011 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 94 of the Companies Act. During the year under review the following audit committee 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	May	November	February
R.S.Garach	Chartered Accountant	Yes	Yes	Yes
L.M.Molefi	Medical Doctor	Yes	No	Yes
Y.Shaik	Attorney	Yes	Yes	Yes

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the external auditors which are regularly held.

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.

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.

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.

R S Garach
Chairman
30 August 2011

REPORT OF THE REMUNERATION COMMITTEE

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

A report by the HCI Remuneration Committee has been provided below.

All the members of the committee are independent non-executive directors. In line with the recommendations of King III, 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.

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. 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.

The group operates an equity-settled share incentive scheme. In terms of this scheme, share options are granted to executive directors and senior and middle management.

Share options are allocated to participants at a ten percent discount to the 30 day volume weighted average market price as at date of grant. The number of share options granted is determined by use of a multiple of the participant's basic salary, divided by the discounted market price. The multiples relating to each level of management are as follows:

Position	Multiple
Chief executive officer	6
Executive chairman	6
Chief financial officer	5
Senior management	4 - 5
Other management	2 - 3

The fair value of options granted is measured using the Black Scholes Model. Share options granted in the current year were fairly valued using a volatility indicator of 20% and an annual interest rate of 10%.

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:

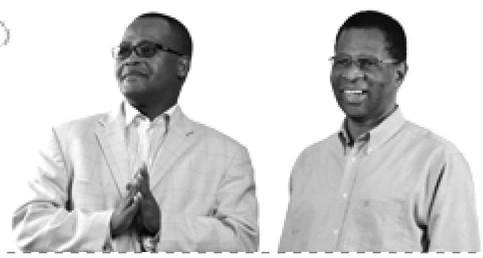
Position	% of annual salary
Chief executive officer	75
Executive chairman	75
Chief financial officer	65
Other senior management	40 - 65

Non-executive directors earn a basic fee which is in line with companies of a similar size. These fees escalate in line with inflation and are reviewed every 3 years.

Position	Fee
Non-executive director	192 000
Member of audit committee	63 900
Member of remuneration committee	31 950

Directors' emoluments and other relevant remuneration information are diclosed under note 43 on page 112 of the annual financial statements.

Chairman
30 August 2011



SUSTAINABILITY REPORT

The group is reporting according to Global Reporting Initiative Reporting Index (GRI)'s Reporting Framework in order to promote a standardised approach to sustainability reporting. The core elements include the disclosure on environmental, social and governance performance. The approach that HCI is taking, is an incremental one.

A range of key economic, social and environmental indicators have been selected to report on sustainability practices within the group to benchmark progress year on year. These indicators fall in line with the GRI but are not exhaustive.

ENVIRONMENTAL

During the 2010 financial year the group decided to start a formal process of climate change data collection and initial risk assessment. This past financial year, a broader data collection process has been implemented and an initial risk assessment has been performed.

Overall responsibility for climate change policies of the Group lies at Board level within HCI. Due to the nature of the business and the independent management of each subsidiary, the responsibility for implementing climate change initiatives lies at subsidiary board level. Within each subsidiary, a sustainability/climate-change champion has been assigned.

HCI and its subsidiaries have taken a number of steps which effect the total output of greenhouse gasses emitted through the Group's business activities.

HCI identified renewable energy as an opportunity in 2007 and invested substantially in Montauk Energy Capital, based on the belief that renewable energy sources will produce above average returns.

The group has also committed itself over the last few years to energy efficiency initiatives in the engineering and maintenance divisions at Golden Arrow Bus Services. Renewing the fleet of busses over the last four years (approximately 500) has resulted in all the latest models having Euro3 specifications for reduced exhaust emissions through the fitment of inter alia turbo chargers, electronic fuel pumps and injectors that regulates efficient engine operations

The objective of resourceful energy use has guided the design and planning of new projects and the reorientation of job processes. The Southgate depot in Philippi, which opened at the end of 2009, was certified by the consulting engineers as being an environmentally Green building. All aspects of the design and construction were implemented by using processes that are environmentally responsible and resource-efficient. The depot features energy saving lighting and motors, solar powered heating and air-conditioning and draws its electricity supply from the wind powered Darling Green electricity plant.

Demand Side Management ("DSM") was born out of the Koeberg shutdown during February 2006. Eskom approached commercial and corporate business, including Southern Sun, with energy efficiency projects. This initiative – DSM 1 - involved the installation of heat pumps for water heating, load shifting of element water heaters and lighting retrofits in twelve Western and Eastern Cape properties. Eskom contributed 100% funding towards this initiative, and the Southern Sun energy saving was 22% of overall energy consumption (0.65GWh / month) of these hotels.

The continuation of the energy efficiency strategy saw Southern Sun embark on DSM 2 in partnership with Eskom. This initiative involved efficient lighting retrofits and load shifting at 39 hotels. Eskom contributed 65% funding, and Southern Sun saved 8% of overall energy consumption (0.54 GWh / month) from this initiative.

The success of the heat pumps implemented during DSM 1 prompted Southern Sun to consider the implementation of heat pumps throughout the group. The current project is a capital investment of R22 million of which Eskom will contribute R 7 million.

Frame Fibres, a division of Seardel Investment corporation, is the largest specialist producer of non woven products in Southern Africa. Frame Fibres convert approximately 300 tonnes of recycled textile fibre every week . The non-woven stitchbond division manufactures mattress ticking and supplies the laminating and roofing industries with various industrial substrates, and the needlepunch division focuses on carpet underfelt, mattress pads, thermobonded pads, automotive felts and blankets all produced from recycled materials.

Companies such as Tsogo Sun and Gallagher Estates are pursuing energy efficiency programmes, not necessarily as a result of climate change regulations but rather cost reduction exercises, all of which should help maintain their competitiveness.

The Group has also made a decision to invest in mining coal, through a company called HCI Coal, which has significantly increased our scope 3 emissions.

The subsidiaries of the group have various software and tools in place to assist in tracking and managing environmental performance. These include Fleet Management Systems to track vehicle and petrol use, incident and risk databases to report any significant risks identified, and spreadsheets recording monthly spend on electricity, water, waste and gas.

Reporting

This year the group completed its second annual Carbon Disclosure Project ("CDP") report. The CDP report uses operational control as the boundary for reporting, and is worked according to The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard ("GHG"). This report details the group's strategies and efforts with regards to energy, water, and waste.

All subsidiaries have been required to collect and report on their electricity, petrol, diesel, and gas usage. Certain subsidiaries also report on additional elements relevant to their business for example coal, steam, heating and cooling. The outcome of the report is a calculation of Scope 1, 2, and 3 emissions produced by the group and evaluated in the CDP report.

Emissions are reported as Scope 1, Scope 2 or Scope 3, depending on their origin.

Scope 1 - direct GHG emissions are emissions from sources that are owned or controlled by the company. For example, emissions from combustion in owned or controlled boilers, furnaces and vehicles.

Scope 2 - accounts for GHG emissions from the generation of purchased electricity by the company.

Scope 3 - optional reporting category that allows for the treatment of all other indirect emissions. They are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Examples include third party deliveries, business travel activities and use of sold products and services.

The 2011 report is more complete and the apparent increase in CO2 emissions is the consequence of more thorough reporting, as well as the inclusion of Tsogo Sun Group into the report.

Energy Efficiency

This is the group's first reporting period in which all the subsidiaries have presented a comprehensive set of data. The group's emissions for the financial year ending 31 March 2011 are as follows:

	Metric tonnes CO_2 2011	
	Scope 1	Scope 2
Total	**109 150**	**380 032**
By country		
South African Operations	100 238	349 246
USA Operations (Montauk)	8 912	30 786
By subsidiary		
Formex Industries	413	4 846
Gallagher Estates	340	9 047
Galaxy Bingo	17	1 380
Golden Arrow Bus Services	73 493	3 363
HCI Coal	12 873	4 080
Sabido	344	6 551
Seardel Investment Corporation	9 314	53 751
Syntell	774	1 352
Tsogo Sun	1 172	264 257
Vukani Gaming Corporation	1 498	619

The GHG Protocol Corporate Standard is designed to prevent double counting of emissions between different companies by separating scope 3 emissions from those of scope 1 and 2. Nevertheless we disclose scope 3 in view of the relatively large numbers involved through mining coal.Scope 1 and 2. HCI believes that reporting only on Scope 1 and Scope 2 is too narrow a view and have therefore included Scope 3 emissions where possible.

Sources of Scope 3 emissions	Metric tonnes CO_2
Business travel in commercial airlines	1 341
Consumption of office paper	386
Purchased Fossil Fuels	19 489
Employee travel in private vehicle for business purposes	85
Use of sold products*	3 549 576

* According to the Scope 3 Accounting and Reporting by the Greenhouse Gas Protocol Initiative, the product sold by HCI Coal can be classified as product type 3: Fuels including fossil fuels.

Product type = tonnes sold * f_e

f_e = emission factor associated with the use of that product.

Calculations were performed using the Defra conversion factor of 2271.2 kgs CO_2e / tonnes of coal sold.

Offset of emissions:

Montauk is actively involved in the production and sale of carbon offsets. Montauk generates and sells voluntary carbon offsets under the Climate Action Reserve (CAR), a national offsets program in the U.S. Montauk has originated project-based carbon credits through McKinney Landfill and Tulsa Landfill projects where credits were sold to 3rd parties. All carbon offsets not sold to 3rd parties are shown below as offsets the group's emissions.

	Metric tonnes CO_2	Carbon offsets CO_2
HCI Group Scope 1 emissions	109 150	
HCI Group Scope 2 emissions	380 032	
HCI group Scope 3 emissions	3 570 877	
Total	**4 060 059**	
Montauk carbon offsets		2 672 223
Sold to 3rd parties		187 346
Total		**2 484 877**

Water

4.1 million dm³ of water were used throughout the year.

Some initiatives are underway to conserve water including the use of boreholes at Gallagher Estates. HCI Coal is required to observe strict policies to keep within its mining licenses as dictated by their Integrated Water Use License Application and compliance to requirements set by the Department of Water Affairs and Forestry ("DWAF") requirements.

Waste

Total waste in tons for the year is detailed below.

Waste category	**Unit**	**Total**
General waste to landfill	Tons	2 326
Used oil	Kilolitres	136
Sewerage	Kilolitres	24 246
Industrial effluent	Kilolitres	701
Fabric and general textile waste	Tons	532
Filter dust	Tons	780
Other general	Tons	85
Waste paper	Tons	32
Glass	Tons	7
Hydrocarbon condensate	Kilolitres	378
Steel	Tons	832
Plastic	Tons	5

Certain subsidiaries within the group are recording their waste and efforts to recycle. Most subsidiaries use the services of contractors who specialise in waste management to dispose of their waste. All waste disposed is then weighed/measured and recorded.

Most subsidiaries recycle paper. In addition Gallagher, Sabido and HCI Coal recycle plastic, metals, wet waste and used oil.

At Montauk hydrocarbon condensate is disposed using energy recovery and the used oil is recycled. Selexol, the trade name for an acid gas removal solvent that can separate acid gases from feed gas streams is reclaimed in this process. By doing so, the feed gas is made more suitable for combustion and/or further processing.

Biodiversity

Two subsidiary companies operate in protected biodiversity areas.

The Cape Town Film Studios owned by Sabido are located in a seasonal shale wetland. In order to protect this area the land has been split into operational and wetland areas. Berms have been constructed as boundaries between operational space and wetlands and hazardous waste containers will be built preventing spillage into storm water drains.

Montauk operates in areas inhabited by the endangered species Coastal Sage and Gnat Catcher. There are plans in place to mitigate these effects with the purchase of endangered species offsets as required by California building laws.

PRODUCT RESPONSIBILITY

Customer Health and Safety

In most subsidiaries between 80 and 100% of products are assessed for health and safety impacts. All incidents of non compliance and complaints are recorded for further action.

Certain companies have Health and Safety manuals in place and, where required, a Health and Safety manager is employed to train employees on safe operation of daily activities.

Where required, subsidiaries are compliant with the Occupational Health and Safety Act and available anytime for inspection by the Department of Health.

Compliance

Companies operating in the gaming sector such as Tsogo Sun Gaming, Vukani Gaming Corporation and Galaxy Bingo have compliance departments that monitors adherence to all gambling board requirements. These requirements dictate and regulate the manner in which those companies are allowed to operate.

Sabido, a company operating within the broadcasting and media section, complies with voluntary standards set by the Independent Communications Authority of South Africa (ICASA) which regulates television content and technical matters; the Broadcasting Complaints Commission of South Africa (BCCSA) which regulates appropriate content to protect children and meet high ethical standards, and the Advertising Standards Authority (ASA) to ensure appropriate advertisement content.

The mining companies in South Africa, which include HCI Coal, are regulated by the Department of Minerals and Energy (DME) and the Department of Water and Forestry (DWAF) which ensure that all products removed from the ground are treated appropriately and that the land is rehabilitated.

Customer satisfaction

Customer satisfaction is measured at almost all the subsidiary companies.

Customer satisfaction within the gaming companies is measured on an ongoing basis through the use of surveys and questionnaires and after each event at Gallagher Estates. Sabido, through the South African Advertising Research Foundation (SAARF), conducts research among television viewers. At Montauk customer satisfaction is measured through frequent dialogue with customers, and Golden Arrow Bus Services uses surveys and a complaints system to measure passenger satisfaction.

Marketing

Gaming companies in the group adhere to the standards set by the National Responsible Gaming Association (NRGA). The NRGA requires a disclosure on all marketing material stating "The Company supports responsible gambling. Gambling only for persons 18 years and older. Winners know when to stop. National Responsible Gambling Program Toll-Free Counseling Line: 0800 006 008".

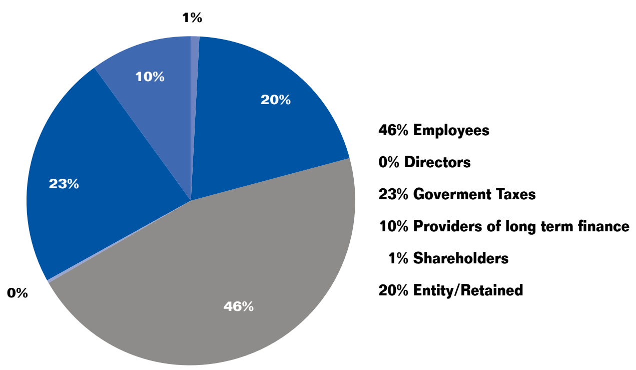
ECONOMIC

Value Added Statement

Annual Report 2011 Indicators - Value Added Statement

	2011[1]	2010
	R'000	R'000
Income	**13 272**	12 137
Other operating expenditure	**6 079**	5 411
Value added from trading		
Employees	**3 098**	2 835
Directors	**28**	27
Government Taxes	**1 548**	1 389
Providers of long term finance	**661**	658
Shareholders	**97**	-
Entity/Retained[2]	**1 358**	1 336

(1) Includes Tsogo Sun Group for 12 months
(2) Excludes profit on dilution of interest in Tsogo Sun Group



Regulatory Risks

A number of the HCI subsidiaries operate in heavily regulated environments. Infringement of regulations could result in penalties, fines, or even the loss of a license to operate.

The gaming entities (Vukani Gaming Corporation, Galaxy Bingo, and Tsogo Sun) are regulated by various gambling boards who attach specific conditions to gambling licenses. In the case of non compliance the license can be revoked.

Sabido is required to abide by local content regulations. Sabido is required to pay radio spectrum fees which impose additional costs on the business.

Indirect economic impact

Most subsidiaries are required to give a monetary contribute towards indirect economic empowerment. In addition to this financial contribution Vukani Gaming Corporation has focused on the development and empowerment of local suppliers for products. They also supply training to small, medium, and macro enterprises. Sabido have undertaken an employee survey to assess the housing needs of employees and financial assistance requirements for education of their dependents. Sabido requires independent producers to employ and train television producers from disadvantaged communities.

Training and Education

During the past financial year the group's investment in skills development was R 22.5 million formal training initiatives, which equates to 1.6 % of total payroll. (2010 : Skills development spend R20 million; 1.54% of payroll) 261 employees throughout the group have attended formal learnership programs. 100% of those trained are PDI's.

Health and Safety

All subsidiaries operate in accordance with the Health and Safety Act.

Health and safety committees have been established in a number of the subsidiaries where these committees are required by a governing body such as the Department of Minerals and Resources ("DMR") in the case of HCI Coal, or the National Gaming Board ("NGB") in the case of Tsogo Sun Gaming, Vukani Gaming Corporation and Galaxy Bingo International. The committees report to the board on health and safety issues on a monthly or quarterly basis.

At Seardel Investment Corporation, all manufacturing facilities are required to adhere to various safety, health, environmental and quality management systems.

Labour and management relations

Within certain subsidiaries the labour force is governed by bargaining council agreements. Wage and benefit negotiations are handled via negotiation withing these subsidiaries. Where conditions are not so regulated subsidiaries determine conditions and wages which are competitive and lawful for employees.

TRANSFORMATION

BEE Category	**2011**	**2010**	**2009**	**2008**
Ownership	23.00	23.00	23.00	23.00
Management control	8.94	9.45	9.50	9.37
Employment equity	10.22	10.11	10.60	10.80
Skills development	9.83	7.02	5.94	10.17
Preferential procurement	17.60	16.77	12.90	11.29
Enterprise development	15.00	15.00	15.00	15.00
Socio economic development	5.00	5.00	5.00	5.00
Total %	85.69	86.35	81.94	84.63
Level	Level 2	Level 2	Level 3	Level 3

The group's transformation efforts are aligned to the DTI codes of good practice. The group has increased its BEE rating over the past 3 years, with the achievement of Level 3 in 2009, Level 2 in 2010 and 2011.

The groups' ownership and management control elements remain high scoring with 3 bonus points being achieved in the ownership category. Attention is been given to the area of skills development where the overall number of employees and level of training could be increased.

SUSTAINABILITY REPORT

Enterprise development and Socio-economic development scored maximum points due to the high levels of investment in minorities and CSI programs.

HUMAN RIGHTS

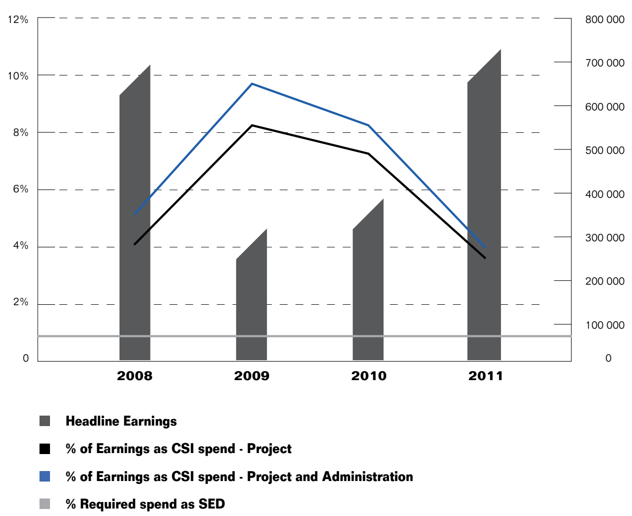
HCI has established a social and ethics committee which will continue to ensure that no child labour, forced labour, or discriminatory practices are present in any subsidiaries. More details on the committee can be found on page 27.

SOCIETY

Corporate Social Investment ("CSI")

The HCI group has continued to invest more than the required 1% of net profit after tax into Socio Economic Development ("SED") initiatives. As in previous years, all Corporate Social Investment ("CSI") projects are initiated, reviewed, monitored and managed through the HCI Foundation.

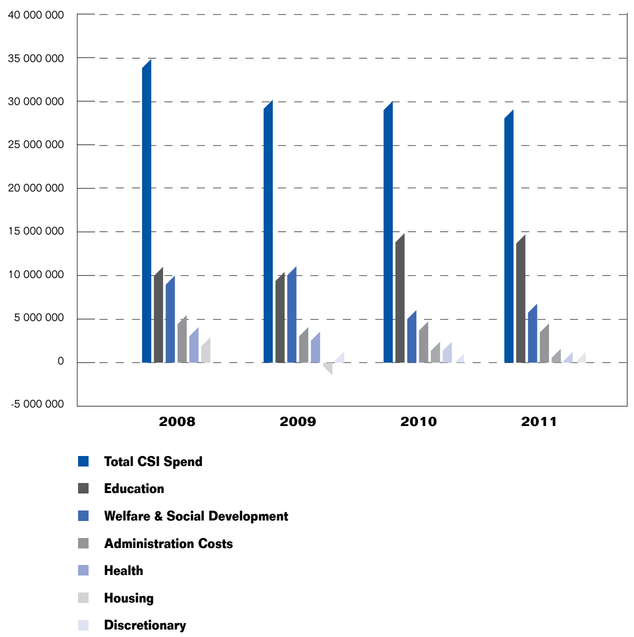
In addition to the commitments made by the HCI Foundation and excluded from its figures, in excess of R4 million has been contributed to CSI projects during the 2011 financial year initiated within the various subsidiaries. The group has spent R24 million on CSI projects in th 2011 financial year.



HCI is the investment of Southern African Clothing and Textile Workers Union ("SACTWU") providing capital for its own CSI projects. SACTWU owns some 38% of HCI. Accordingly dividends to shareholders result in additional contributions to CSI work through SACTWU, HCI Foundation and the Wheatfield Estate Foundation Trust.

In an effort to provide Non Governmental Organisations ("NGO") with more long term sustainable funding, the HCI Foundation is beginning to support fewer projects on a longer term basis and create meaningful partnerships with NGO's that have a proven track record. The HCI Foundation has 4 main focus areas that they support – education; welfare and social development and, health and housing, with a small budget allocated to discretionary projects that request funding on an ad hoc basis.

During the 2011 financial year R14 million was spent on education - this being the largest focus area. R1 million was spend on housing and health, and over R7 million was spent on welfare and social development projects.



Programs supported by the HCI Foundation Include:

EDUCATION

HCI Foundation Bursary Program

The HCI Foundation has continued to support the bursary program. The vision which guides the HCI Foundation national bursary program is the provision of tertiary bursaries to academically deserving undergraduate students from previously disadvantaged backgrounds who require financial assistance.

In excess of R11 million has been spent on the bursary program in the 2011 financial year, funding 1 075 students, of which 54% (554) are female, with partial cost bursaries to all public tertiary institutions and FET colleges throughout South Africa.

In 2010 there were 147 graduates in the program.

Thirty refugees were accepted onto the Foundation's 2010 Bursary Program, which remains one of the few corporate programs currently providing financial support to tertiary refugee students.

The bursary office is piloting a mentorship program in partnership with Seardel Investment Corporation to assist students to derive the maximum benefit from the opportunity that tertiary study provides, with the aim of improving student pass rates. A total of 88 students are registered on the program, and 62 Seardel managers have committed to offering mentoring on a monthly basis.

Early Childhood Development

The three year partnership agreement with the Centre for Early Childhood Development is in its third year of implementation. The HCI Foundation's investment of R3 million has seen 180 ECD centres receiving assistance in the first year of funding, and 120 ECD centres receiving assistance during the second year. To date this project has reached 16 383 children at the 300 ECD centres across the nine provinces, and provided on-site mentoring and support to 1122 staff members.

Other Education programs supported are Edu-peg, Khululeka Community Education Development Centre, The Little Elephant Training Centre for Early Education and Sithuthukile Trust's.

WELFARE AND SOCIAL DEVELOPMENT

Programs supported by the HCI Foundation in the Welfare and Social Development focus area fall into the categories; arts, culture and sport, community transport, disability, drug rehabilitation, emergency services, skills training and development, vulnerable and youth development. Supported programs include:

The Clover Mama Afrika Project

The Clover Mama Afrika Project is a national social upliftment initiative, which assists and supports communities at grassroots level to help themselves and those around them, through enabling and empowering key community members. The project's main involvement is with women who look after abused, abandoned, orphaned and vulnerable children as well as the elderly in their own communities.

The Foundation provides financial support to 7 of the 34 woman nationally, who have all been trained in sewing, baking, flower arrangement, pottery, beadwork, art, food gardens, business

management and marketing, and share these skills at local level. Through the skills acquired, the 7 centres are generating their own funds, collectively empowering a total of 70 community members on a sustainable basis.

Over the six years of its existence, Clover Mama Afrika has improved the lives of thousands nationally, and continues to work towards a better future for underprivileged South African communities.

The Refugee Program

The Refugee Support Program developed out of the HCI Foundation's growing involvement in refugee issues and the belief that their integration into South African society can make a significant contributor to reducing the national skill shortage.

The HCI Foundation's program aims to facilitate social and economic integration of refugees, by supporting existing refugee social programs of NGOs and partnering in order to enhance impact.Central in this regard is a partnership beidng developed with a refugee student organisation doing advocacy work on behalf of refugee students.

Cape Town Bus Transport Museum

A 2010 partnership between the HCI Foundation and University of the Western Cape (UWC) resulted in the Museum Preparatory Project, a graduate program of directed research and engagement with scholars and academics in the field of transport/mobility studies and museum and heritage work.

Research and resource materials were collected, and a series of research papers produced during the course of the year to generate wider information, knowledge and understanding of the key issues pertinent to the development of a cutting edge bus transport museum. One student from the African Program in Museum and Heritage Studies spent a 3 week placement working with the artifacts at the Foundation office.

Other welfare and social development programs supported are Angus Gillis Foundation, The Promised Land, Girls and Boys Town, Harmony Home for the Aged, Eastern province Child and Youth Care Centre, Quad Para Association, Roundabout Water Solutions, Social Change Assistance Trust.

HEALTH

Humana People to People

The Humana People to People in SA is provides development programs that target women, orphaned and vulnerable children. The HCI Foundation contributed R150 000 towards the training of a team of carers recruited from local communities; ensuring that children are registered with the Department of Social Services and accessing child support and foster grants; providing psycho-social support; assistance with accessing RDP housing; providing food parcels where there is little or no family income; and assisting children to obtain identity documents and birth certificates.

Umonde Community Based Organisation

Umonde Community based Organisation is based in Stutterheim in the Eastern Cape and provides support to people living with HIV/AIDS. With very few local employment opportunities, this community has a high unemployment rate resulting in most residents being dependent on social grants for survival. The Foundation contributed R100 000 towards Umonde's home-based care program which enables those infected and affected by HIV/AIDS to receive medical care, training and nutritional meals.

Other health programs supported are Children's Haematology Oncology Clinics (CHOC), Epilepsy SA, Asbestos Interest Group, and Tygerberg Community Outreach Program.

HOUSING

Masiphathisane Housing project

During the 2010 financial year, 80 housing units were built under the Masiphathisane Housing Project. Amongst this group of completed houses are homes built for people with physical disabilities. In these houses, designs were modified to meet individual need for access and general movement, and supporting features such as grab rails, tap handles, and flush handles were installed in the bathroom. Non-slip flooring was installed throughout to promote safety. Outdoor modifications included building of ramps for improved wheelchair access.

Green products such solar water heaters, and solar lighting systems were also installed, and will be included as standard in the future roll out strategy for all new housing developments.

By the end of the period under review 320 local people were re-housed, 80 families provided with shelter and services, 98 people were given access to employment and 5 members of local leadership structures received training.

The lessons learned from the past three years of involvement in low-cost housing delivery demonstrate the urgent need for new homeowner's education. The transition from informal to formal housing brings new roles and responsibilities which require preparation and learning. Training in how to build and maintain their houses would increase beneficiary understanding of the responsibilities that home ownership brings, and enhance both the quality of life for homeowners and their families, and the value of their properties. As part of the drive to address this challenge, feasibility studies on how best to provide homeowner education have been initiated.

A detailed report on all HCI Foundation projects and initiatives can be found in the attached digital version of the Social Report.

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 42 to 133 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 2011 which appear on pages 30 to 124 were approved by the board of directors on 30 August 2011 and are signed on its behalf by:

MJA Golding
Chairman
30 August 2011
Cape Town

JA Copelyn
Chief Executive Officer

TG Govender
Chief Financial Officer

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2011, 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 2011
Cape Town

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED

We have audited the annual financial statements of Hosken Consolidated Investments Limited which comprise the director's report, consolidated and separate statements of financial position as at 31 March 2011, and the consolidated and separate 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 page 42 to 133.

Directors' Responsibility for the Financial Statements

The company's 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 auditors' 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 auditors consider 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 directors, 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 consolidated and separate financial position of Hosken Consolidated Investments Limited as of 31 March 2011, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting and the requirements of the Companies Act of South Africa.

PKF (Jhb) Inc

PKF (Jhb) Inc
Registered Auditors
Chartered Accountants (SA)
Registration number 1994/001166/21

Director: T Schoeman

Cape Town
30 August 2011

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.

OVERVIEW OF RESULTS

Group income statement

The group results reflect an overall increase of 960.2% in basic earnings attributable to HCI shareholders and an increase of 97.4% in headline earnings. There has been growth in revenue across all segments. In line with this growth in revenue group EBITDA has grown by 35.5% in comparison to the prior comparable period.

Profit from associates and joint ventures for the period is significantly lower than reported in the prior year primarily because of the disposal of Clover Industries Limited ("Clover") which had contributed significantly in the prior year.The prior year profit from associates and joint ventures included the disposal of Clover's interest in its Danone subsidiary. The current year profit from associates includes the contribution from the merged Tsogo Sun Holdings for one month.

Included in investment surplus are the profits on the unwinding of the Gallagher property financing agreements and the agterskot from the sale of the group's interest in Suncoast Casino in October 2009, amounting to R27m.

Fair value adjustments of investment properties relate largely to the upward revaluation of the Gallagher investment properties. Asset impairments relate primarily to property, plant and equipment impaired by Seardel Investment Corporation Limited and Gallagher Estates (Pty) Limited ("Gallagher").

The impairment of goodwill and investments relates primarily to the Industries Limited ("Formex").

Discontinued operations and non-current assets held for sale
Discontinued operations as disclosed in the group income statement relates to the following:

- The convention business of Gallagher Estates which the group has disposed of subsequent to the year end, further to an order by the Competition Commission
- Sabido's cellphone content provider, Viamedia, which was disposed of during the year under review
- The door module and pulley division of Formex Industries Pty Ltd
- Seardel's Intimate Apparel division and four of its manufacturing operations in the Frame division's vertical pipeline – spinning, weaving, finishing and denim
- The merger of the group's major gaming and hotel subsidiary, Tsogo Sun Holdings (Pty) Ltd with Gold Reef Resorts Ltd, culminating in the reverse listing of Tsogo Sun on the JSE Ltd, and resulting in the group diluting its interest in the new merged company from 51% to 41,3%. The results of Tsogo Sun for the 11 month period ending 1 March 2011, whilst still a subsidiary and prior to the merger, have been reflected under discontinued operations and the results for the month of March 2011 have been reflected under the group's share of profits from associate companies.

The non-current assets held for sale, as disclosed in the group balance sheet, relate mainly to the following:

- The assets of the convention business of Gallagher.
- The remaining assets of the pulley division of Formex Industries (Pty) Limited, the operations of which had ceased in the year to March 2010
- Certain assets of the Seardel Group which have been committed to being disposed of, including those of the Intimate Apparel division

Group balance sheet and cash flow

The comparative figures are not comparable with the prior year due to Tsogo Sun not being consolidated line by line in the current year as a result of the group's loss of control following the Tsogo Sun / Gold Reef merger and the investment now being reflected under Interest in associates and joint ventures.

The group's overall financial position remains strong with the major businesses still generating strong cash flows.

Group long term borrowings have reduced from R4.7bn in the prior year to R2bn at year end due to the borrowings of Tsogo Sun being excluded as a result of the accounting treatment of Tsogo Sun.

The net asset carrying value per share has increased by 122% at year end mainly due to the realisation of the investment in Tsogo Sun via the Gold Reef merger with the investment in Tsogo Sun/Gold Reef being recognised at fair value at the date of the transaction in terms of IAS28.

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.

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 xx.

SHAREHOLDING OF DIRECTORS

The shareholding of directors of the company and their participation in the share incentive scheme and in the issued share capital of the company as at 31 March 2011, 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 2011 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 page132 to 133.

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 42, in the amount of fifteen cents per share, was paid to shareholders on 13 December 2010. Ordinary dividend number 43, in the amount of sixty cents per share, was paid to shareholders on 27 June 2011.

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 2011.

SUBSEQUENT EVENTS

The following events have occurred subsequent to the reporting date:

- The Group concluded the acquisition of Powercorp International Limited, an international media content producer and distributor;
- The Group's recently established Australian venture, HCI Investments Australia, successfully acquired approximately 19,9% of an Australian Securities Exchange listed investment company, Oceania Capital Partners Limited; and
- The Group has offered to acquire preference shares, with face value of R500m, issued by it to various NAFCOC investment trusts in exchange for the Pan African Parliament building and a cash component.

Refer note 49 for more information.

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the reporting date and the date of this report that materially affects the results of the Group or company for the year ended 31 March 2011 or the financial position at that date.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

		Group		Company	
		2011	2010 *	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	31	**6 381 408**	5 445 441	**-**	-
Net gaming win		**403 292**	276 705	**-**	-
		6 784 700	5 722 146	**-**	-
Depreciation and amortisation		**(316 638)**	(276 699)	**-**	-
Other operating expenses and income		**(5 509 758)**	(4 781 475)	**12 745**	(22 513)
Investment income	32	**78 323**	64 691	**453 769**	228 683
Share of profits of associates and joint ventures		**83 212**	448 787	**-**	-
Investment surplus	33	**57 195**	41 976	**5 169**	11 500
Fair value adjustments of investment properties		**84 303**	17 834	**-**	-
Other impairment reversals		**5 691**	51 681	**1 384**	-
Asset impairments		**(43 483)**	(48 692)	**-**	-
Fair value adjustments of financial instruments		**(1 179)**	3 869	**-**	-
Impairment of goodwill and investments	34	**(37 195)**	(197 573)	**(32 208)**	(17 731)
Finance costs	35	**(245 483)**	(248 286)	**(9 097)**	(41)
Profit before taxation	36	**939 688**	798 259	**431 762**	199 898
Taxation	37	**(256 367)**	(244 899)	**(2 134)**	(13 867)
Profit for the year from continuing operations		**683 321**	553 360	**429 628**	186 031
Discontinued operations	38	**6 329 213**	779 499	**-**	-
Profit for the year		**7 012 534**	1 332 859	**429 628**	186 031
Attributable to:					
Equity holders of the parent		**6 418 327**	605 366		
Minority interest		**594 207**	727 493		
		7 012 534	1 332 859		
Earnings per share (cents)	39	**5 088.46**	483.96		
Continuing operations		**365.11**	338.48		
Discontinued operations		**4 723.35**	145.48		
Diluted earnings per share (cents)	39	**4 921.28**	471.06		
Continuing operations		**353.11**	329.46		
Discontinued operations		**4 568.17**	141.60		

* Restated

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

		Group		Company	
		2011	2010 *	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Profit for the year		**7 012 534**	1 332 859	**429 628**	186 031
Other comprehensive income net of tax:	20				
Foreign currency translation differences		**(37 653)**	(276 836)	**-**	-
Cashflow hedge reserve		**23 081**	(1 478)	**-**	-
Asset revaluation reserve		**(20 635)**	869	**-**	-
Total comprehensive income for the year		**6 977 327**	1 055 414	**429 628**	186 031
Attributable to:					
Equity holders of the parent		**6 385 176**	410 447		
Minority interest		**592 151**	644 967		
		6 977 327	1 055 414		

* Restated

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2011

		Group			Company	
		2011	2010 *	2009 *	**2011**	2010
	Notes	**R'000**	R'000	R'000	**R'000**	R'000
Assets						
Non-current assets		**12 885 346**	14 968 791	13 979 556	**2 610 537**	2 487 141
Property, plant and equipment	1	**2 769 835**	9 660 977	9 271 620	**-**	-
Investment properties	2	**564 685**	218 585	166 937	**-**	-
Goodwill	3	**144 205**	1 544 195	1 263 883	**-**	-
Intangible assets	4	**488 646**	565 506	649 139	**-**	-
Intangible assets mining	5	**88 572**	78 896	53 993	**-**	-
Investments in associates	6	**8 434 321**	2 278 535	1 842 331	**8 745**	9 256
Investments in joint ventures	7	**7 630**	126 719	118 563	**-**	-
Other financial assets	8	**116 230**	62 827	63 752	**-**	-
Subsidiary companies	9	**-**	-	-	**2 436 367**	2 297 448
Deferred taxation	10	**189 203**	230 997	343 446	**-**	-
Operating lease equalisation asset	11	**2 658**	962	4 970	**-**	-
Finance lease receivables	12	**36 581**	38 626	33 195	**-**	-
Non-current receivables	13	**42 780**	161 966	167 727	**165 425**	180 437
Current assets		**2 948 801**	3 790 747	4 042 113	**76 198**	98 054
Inventories	14	**684 755**	743 803	1 033 276	**-**	-
Programme rights	15	**262 477**	268 631	220 138	**-**	-
Other financial assets	8	**32 759**	32 896	110 184	**-**	-
Trade and other receivables	16	**1 377 609**	1 444 695	1 769 286	**43**	135
Taxation		**11 069**	9 137	13 875	**-**	-
Bank balances and deposits	40.5	**580 132**	1 291 585	895 354	**76 155**	97 919
Non-current assets/disposal group assets held for sale	18	**35 218**	110 886	26 972	**-**	-
Total assets		**15 869 365**	18 870 424	18 048 641	**2 686 735**	2 585 195

* Restated

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2011

		Group			Company	
		2011	2010 *	2009 *	**2011**	2010
	Notes	**R'000**	R'000	R'000	**R'000**	R'000
Equity and liabilities						
Capital and reserves		**11 231 849**	8 388 971	7 627 335	**2 500 940**	2 169 607
Ordinary share capital	19	**31 522**	31 361	31 227	**32 850**	32 850
Share premium	19	**698 351**	683 917	672 300	**937 299**	937 299
Other reserves	20	**10 793**	82 394	270 636	**-**	-
Accumulated profits		**9 765 248**	3 850 276	3 244 536	**1 530 791**	1 199 458
Equity attributable to equity holders of the parent		**10 505 914**	4 647 948	4 218 699	**2 500 940**	2 169 607
Minority interest		**725 935**	3 741 023	3 408 636	**-**	-
Non-current liabilities		**2 350 869**	5 886 506	6 088 334	**-**	-
Financial liabilities	21	**-**	18 836	31 087	**-**	-
Operating lease equalisation liability	11	**4 447**	287 429	262 067	**-**	-
Borrowings	22	**2 056 658**	4 657 471	4 808 980	**-**	-
Finance lease liabilities	23	**-**	57 736	102 043	**-**	-
Post retirement medical benefit liabilities	24	**115 353**	135 474	146 968	**-**	-
Long term incentive plan	25	**-**	15 964	12 540	**-**	-
Long term provisions	26	**60 273**	52 049	43 483	**-**	-
Deferred revenue	27	**-**	17 480	3 667	**-**	-
Deferred taxation	10	**114 138**	644 067	677 499	**-**	-
Current liabilities		**2 270 279**	4 574 694	4 332 972	**185 795**	415 588
Trade and other payables	28	**1 228 716**	1 634 071	2 040 337	**76 660**	1 193
Financial liabilities	21	**2 492**	58 762	23 795	**-**	-
Amounts owing to subsidiary companies	9	**-**	-	-	**67 560**	382 987
Current portion of borrowings	22	**547 691**	2 160 130	1 455 175	**-**	-
Current portion of finance lease liabilities	23	**-**	4 710	19 964	**-**	-
Taxation		**75 917**	110 346	170 399	**41 575**	31 408
Provisions	26	**137 137**	250 164	269 903	**-**	-
Current portion of long term incentive plan	25	**-**	24 322	7 743	**-**	-
Bank overdrafts	29	**278 326**	332 189	345 656	**-**	-
Non-current liabilities/disposal group liabilities held for sale	18	**16 368**	20 253	-	**-**	-
Total equity and liabilities		**15 869 365**	18 870 424	18 048 641	**2 686 735**	2 585 195

* Restated

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	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 as restated at 31 March 2009		31 227	672 300	270 636	3 244 536	3 408 636	7 627 335
Balance as previously stated		31 227	672 300	270 636	3 237 126	3 408 636	7 627 335
Change in accounting policy	50	-	-	-	7 410	-	-
Share capital and premium							
Treasury shares released	19	134	11 617	-	-	-	11 751
Current operations							
Total comprehensive income		-	-	(194 919)	605 366	644 967	1 055 414
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 as restated at 31 March 2010		31 361	683 917	82 394	3 850 276	3 741 023	8 388 971
Balance as previously stated		31 361	683 917	82 394	3 841 495	3 741 023	8 388 971
Change in accounting policy	50	-	-	-	8 781	-	-
Share capital and premium							
Treasury shares released	19	161	14 434	-	-	-	14 595
Current operations							
Total comprehensive income		-	-	(35 606)	6 420 782	592 151	6 977 327
Equity settled share-based payments		-	-	13 673	2 137	-	15 810
Transfers		-	-	(49 668)	49 668	-	-
Minority interest on acquisition of subsidiaries		-	-	-	-	(2 592)	(2 592)
Effects of changes in holding		-	-	-	12 556	(27 148)	(14 592)
Capital reductions and dividends		-	-	-	(96 924)	(88 918)	(185 842)
Disposal and dilution of interest in subsidiaries		-	-	-	-	(2 761 828)	(2 761 828)
Share buy-back in subsidiary		-	-	-	(473 247)	(726 753)	(1 200 000)
Balances at 31 March 2011		31 522	698 351	10 793	9 765 248	725 935	11 231 849

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
COMPANY					
Balances at 31 March 2009		31 844	750 834	1 013 427	1 796 105
Share capital and premium					
Shares issued	19	1 006	186 465	-	187 471
Current operations					
Total comprehensive income		-	-	186 031	186 031
Balances at 31 March 2010		32 850	937 299	1 199 458	2 169 607
Current operations					
Total comprehensive income		-	-	429 628	429 628
Dividends		-	-	(98 295)	(98 295)
Balances at 31 March 2011		32 850	937 299	1 530 791	2 500 940

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities		**1 968 597**	1 765 164	**453 619**	202 534
Cash generated (utilised) by operations	40.1	**3 220 105**	3 144 219	**12 745**	(12 510)
Investment income		**99 912**	105 517	**453 769**	228 682
Changes in working capital	40.2	**(10 247)**	195 106	**95 560**	(11 674)
Cash generated by operating activities		**3 309 770**	3 444 842	**562 074**	204 498
Finance costs		**(559 639)**	(660 559)	**(9 097)**	(41)
Taxation paid	40.3	**(595 692)**	(700 929)	**(1 063)**	(1 923)
Dividends paid		**(185 842)**	(318 190)	**(98 295)**	-
Cash flows from investing activities		**(2 059 505)**	(2 061 381)	**(475 383)**	(306 969)
Business combinations	40.4	**(312 005)**	(412 547)	**-**	-
Investment in:					
- Subsidiary companies		**(1 213 809)**	-	**(480 394)**	(142 973)
- Associated companies and joint ventures		**(325 088)**	(369 146)	**-**	-
- Other		**(13 057)**	(29 932)	**-**	(180 196)
Dividends received		**64 338**	58 517	**-**	-
Short term loans repaid (advanced)		**14 399**	(8 753)	**-**	-
Increase in long term receivables		**(113 595)**	(31 467)	**-**	-
Proceeds on disposal of investments		**591 721**	1 620	**5 011**	16 200
Intangible assets acquired		**(117 423)**	(94 685)	**-**	-
Additions to investment properties		**(60 683)**	-	**-**	-
Property, plant and equipment:					
- Additions		**(689 785)**	(1 260 584)	**-**	-
- Disposals		**115 482**	85 596	**-**	-
Cash flows from financing activities		**(558 794)**	717 752	**-**	187 471
Ordinary shares issued and treasury shares sold		**14 595**	7 275	**-**	187 471
Change in minority shareholders		**(4 071)**	17 520	**-**	-
Long term funding (repaid) raised		**(569 318)**	692 957	**-**	-
Cash and cash equivalents					
Movements		**(649 702)**	421 535	**(21 764)**	83 036
At beginning of year		**959 539**	549 698	**97 919**	14 883
Foreign exchange difference		**(1 596)**	(11 694)	**-**	-
At end of year	40.5	**308 241**	959 539	**76 155**	97 919

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2011

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 as issued by the Accounting Practices Board, 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 3(revised) and IAS 27(revised) The main impact in the current period on the adoption of these 2 standards is that transactions with holders of minority interests are now accounted for as transactions with equity holders of the group and no profits or losses are therefore recognised in profit or loss if control is maintained.

During the current year the group early adopted the amendments to IAS 12 Income Taxes that was released in December 2010. In terms of this amendment there is a rebuttable presumption that the carrying value of investment property will ultimately be recovered through sale and therefore the deferred tax liabilities raised on revaluations should be done at the Capital Gains Tax rate being 14%. Refer note 50 for details.

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 subsidiaries, associated entities and joint ventures.

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 equity holders of the group. Disposals to minority interests, that do not result in the loss of control, result in gains and losses for the group that are recorded directly in the statement of changes in equity. The difference between any consideration paid and the relevant share of the net asset value acquired from minority interests are recorded directly in equity.

iii) Associates and joint ventures

The group recognises its share of associates' and joint ventures' results in profit or loss, after accounting for interest, tax and minority interests.

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

The carrying amount of the group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) recognised on acquisition.

The group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition reserve movements is recognised in other comprehensive income. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or 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 associate or joint venture.

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 reporting date.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' and 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 recognised in profit or loss. Translation differences on non-monetary assets such as equity investments classified as available for sale are recognised in other comprehensive income.

(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 reporting 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 profit or loss 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 rate of exchange at reporting date.

e) Business combinations

(i) Subsidiaries

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any minority interest in the acquire either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

(ii) Goodwill

Goodwill arising on consolidation represents the excess of the cost 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 identifiable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Where a business combination occurs in several stages goodwill will be recognised on the transaction that results in the group obtaining control of the subsidiary. Goodwill, or negative goodwill, will be measured as the difference between the fair value of the identifiable net assets acquired and the sum of the consideration paid, the minority interest and the fair value of any previous interest held.

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 profit or loss 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 reporting date.

(i) Depreciation

No depreciation is provided on freehold land or assets in the course of construction and assets classified as held for sale. 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 carrying 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 recognised at fair value representing estimated market value. Changes in fair value are recognised in profit or loss 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 recognised together with depreciation in profit or loss.

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

Intangible assets with finite lives are amortised on a straight-line basis 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 future economic benefits 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 multiplatform programming rights that the group is able to on-sell 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.

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) Capitalisation of borrowing costs

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.

(ix) Gas rights

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

Units of production method of depletion over gas rights term

(x) 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 transferred to programme rights.

i) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognised 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 a contractual obligation 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 recognised using the effective interest method. 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 profit or loss are non-derivative financial assets held for trading and/or designated by the entity upon initial recognition as fair value through profit or loss.

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 profit or loss 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 profit or loss. 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 recognised in profit or loss as bad debts recovered.

(iv) Financial liabilities at fair value through profit or 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 profit or loss 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 other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest rate method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss 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 profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. 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 statement of financial position, 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 profit or loss. 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 remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

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

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

The full fair value of a hedging derivative is classified as a noncurrent 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 profit or loss in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recognised in profit or loss 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 other comprehensive income. The ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are recycled to profit or loss 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 other comprehensive income 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 other comprehensive income. 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 profit or loss. Amounts accumulated in equity are only recycled to profit or loss 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 profit or loss.

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 reporting date.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The non-discretionary dividends on these preference shares are recognised in profit or loss 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 profit or loss 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 recognised 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 profit or loss 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 sale

Items classified as non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such assets are classified as held for sale 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 reporting 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 recognised in profit or loss 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 statement of financial position. 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 statement of financial position. 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 reporting 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 the reporting 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 reporting date are not recognised, as there is no present obligation at the reporting 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 statement of financial position in respect of the plan is the present value of the defined benefit obligation at the reporting 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 reporting 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 statement of financial position 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 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 former subsidiary 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 reporting 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 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 2011 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	• Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS • Measurement of non-controlling interests • Un-replaced and voluntarily replaced share-based payment awards Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period	The Group will apply amendments to IFRS 3 (revised) prospectively to all business combinations from 1 April 2011
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

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 1: First-time Adoption of International Financial Reporting Standards	• Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009 • Accounting policy changes in the year of adoption • Revaluation basis as deemed cost • Use of deemed cost for operations subject to rate regulation • Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements, or presenting IFRS complaint financial statements for the first time. • Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption	1 July 2010 1 January 2011 1 January 2011 1 January 2011 1 July 2011 1 July 2011
IFRS 7: Financial Instruments: Disclosures	• Clarification of disclosures • Additional disclosure on transfer transactions of financial assets	1 January 2011 1 July 2011
IAS 1: Presentation of Financial Statements	Clarification of statement of changes in equity	1 January 2011
IAS 21: The Effects of Changes in Foreign Exchange Rates	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010
IAS 24 (Amendment): Related Party Disclosures	• Clarification of the definition of a related party • Simplification of the disclosure requirements for government-related entities	1 January 2011
IAS 27: Consolidated and separate financial statements	Transition requirement for amendments arising as a result of IAS 27	1 July 2010
IAS 28: Investments in Associates	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010
IAS 31: Interests in Joint Ventures	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation)	1 July 2010
IAS 34: Interim Financial Reporting	Significant events and transactions	1 January 2011
IFRIC 13: Customer Loyalty Programmes	Fair value of award credits	1 January 2011
IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum funding Requirements and their interaction.	Amendments relating to the recognition as assets of some voluntary prepayments for minimum funding contributions	1 January 2011

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
01. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Broadcast studios and equipment	**413 178**	363 216		
Mining infrastructure	**23 399**	11 898		
Land and buildings	**876 512**	6 324 110		
Leasehold improvements	**69 492**	539 591		
Properties under construction	**-**	508 291		
Plant and machinery	**1 179 386**	3 954 809		
Buses	**768 201**	680 402		
Other equipment and vehicles	**1 113 691**	989 827		
	4 443 859	13 372 144		
Accumulated depreciation				
Broadcast studios and equipment	**294 158**	252 029		
Mining infrastructure	**2 288**	247		
Land and buildings	**22 260**	594 935		
Leasehold improvements	**40 844**	181 703		
Plant and machinery	**489 610**	2 006 101		
Buses	**228 216**	185 965		
Other equipment and vehicles	**596 648**	490 187		
	1 674 024	3 711 167		
Carrying value				
Broadcast studios and equipment	**119 020**	111 187		
Mining infrastructure	**21 111**	11 651		
Land and buildings	**854 252**	5 729 175		
Leasehold improvements	**28 648**	357 888		
Properties under construction	**-**	508 291		
Plant and machinery	**689 776**	1 948 708		
Buses	**539 985**	494 437		
Other equipment and vehicles	**517 043**	499 640		
	2 769 835	9 660 977		
Movements in property, plant and equipment				
Balance at beginning 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		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)				
Additions				
Broadcast studios and equipment	**51 977**	43 751		
Mining infrastructure	**11 500**	392		
Land and buildings	**84 312**	141 920		
Leasehold improvements	**20 061**	81 034		
Properties under construction	**20 409**	354 894		
Plant and machinery	**221 541**	491 634		
Buses	**95 777**	54 708		
Other equipment and vehicles	**128 955**	98 143		
	634 532	1 266 476		
Business combinations and dilution of interest in subsidiaries				
Broadcast studios and equipment	**-**	15 715		
Land and buildings	**(5 063 298)**	200 925		
Leasehold improvements	**(332 009)**	9 085		
Properties under construction	**(37 547)**	6 876		
Plant and machinery	**(1 177 842)**	(40 220)		
Other equipment and vehicles	**44 158**	34 289		
	(6 566 538)	226 670		
Borrowing costs capitalised				
Properties under construction	**3 278**	24 504		
Disposals and transfers				
Broadcast studios and equipment	**(2 015)**	(253)		
Mining infrastructure	**-**	4 178		
Land and buildings	**238 431**	(155 491)		
Leasehold improvements	**6 559**	223 022		
Properties under construction	**(494 431)**	(135 141)		
Plant and machinery	**42 668**	(201 805)		
Buses	**(5 255)**	(7 095)		
Other equipment and vehicles	**(5 553)**	(12 675)		
	(219 596)	(285 260)		
Depreciation				
Broadcast studios and equipment	**(42 129)**	(33 889)		
Mining infrastructure	**(1 962)**	(247)		
Land and buildings	**(81 764)**	(87 968)		
Leasehold improvements	**(23 758)**	(19 189)		
Plant and machinery	**(331 954)**	(346 464)		
Buses	**(44 974)**	(44 692)		
Other equipment and vehicles	**(127 214)**	(120 107)		
	(653 755)	(652 556)		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)				
Impairments				
Land and buildings	**(41 330)**	-		
Leasehold improvements	**-**	(1 754)		
Plant and machinery	**(10 551)**	(906)		
Other equipment and vehicles	**(7 907)**	(10 630)		
	(59 788)	(13 290)		
Currency translation				
Broadcast studios and equipment	**-**	(269)		
Land and buildings	**(11 277)**	(83 331)		
Plant and machinery	**(2 789)**	(20 942)		
Other equipment and vehicles	**(15 209)**	(72 645)		
	(29 275)	(177 187)		
Balances at end of year				
Broadcast studios and equipment	**119 020**	111 187		
Mining infrastructure	**21 189**	11 651		
Land and buildings	**854 249**	5 729 175		
Leasehold improvements	**28 741**	357 888		
Properties under construction	**-**	508 291		
Plant and machinery	**689 781**	1 948 708		
Buses	**539 985**	494 437		
Other equipment and vehicles	**516 870**	499 640		
	2 769 835	9 660 977		

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.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
02. INVESTMENT PROPERTIES				
Investment properties consist of:				
Bare dominiums	**23 313**	19 829		
Other investment properties	**541 372**	198 756		
	564 685	218 585		

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 certain investment properties owned by the Group's exhibition and properties interests, totalling R253,5 million at 31 March 2011, has been arrived at on the basis of an internal valuation. This internal valuation was an update of an external valuation carried out at 31 March 2010 by Mr Conrad Penny, an independent valuer not related to the Group. The fair value of the remaining investment properties owned by the Group's exhibition and properties interests, totalling R50 million at 31 March 2011, was arrived at on the basis of an external valuation carried out at 31 March 2011 by Mr Conrad Penny.

The fair value of investment properties owned by the Group's clothing and textile interests at 31 March 2011, totalling R224 million, has been arrived at on the basis of a valuation carried out at 31 March 2011 by David Newham Property Management Co. (Pty) Ltd, an independent valuer not related to the Group.

The fair value of other investment properties, totalling R13,9 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.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Reconciliation of carrying value				
At beginning of year	**218 585**	166 937		
Fair value adjustments	**105 878**	19 392		
Transfer from property, plant and equipment	**179 339**	28 333		
Additions	**37 905**	-		
Improvements	**22 978**	3 923		
At end of year	**564 685**	218 585		
Rental income from investment property	**74 435**	69 592		
Direct operating expenses relating to rental income from investment property	**37 993**	40 981		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
03. GOODWILL				
Arising on acquisition of shares in subsidiaries	**144 205**	1 544 195		
Reconciliation of carrying value				
At beginning of year	**1 544 195**	1 263 883		
- Cost	**1 623 523**	1 275 989		
- Accumulated impairment	**(79 328)**	(12 106)		
Business combinations	**-**	369 289		
Disposal / dilution of interest in subsidiaries	**(1 361 593)**	-		
Increase / (decrease) in holdings	**-**	(6 359)		
Impairment	**(37 195)**	(77 160)		
Effects of foreign exchange differences	**(1 202)**	(5 458)		
At end of year	**144 205**	1 544 195		
- Cost	**260 728**	1 623 523		
- Accumulated impairment	**(116 523)**	(79 328)		

Goodwill relates mainly to the Group's limited payout gaming (R 69,3 million in the current and prior year) and media and broadcasting (R 24,9 million in the current year and R 92,5 million in the prior year) and natural gas (R18,0 million in the current year and R19,2 million in the prior year) interests. The value of CGU's to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. Where goodwill relates to CGU's with finite useful lives, these have been used in 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 :	10% - 16%
Number of years:	5 - 20 years
Cost growth rate:	2% - 6%

In the prior year goodwill of R 1 294 million related to the Group's casino and hotel interests. This goodwill was derecognised in the current year as a result of the dilution of interest resulting in these interests no longer being consolidated.

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

	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	Emission allowances R'000	Gas rights R'000	Total R'000
04. OTHER INTANGIBLE ASSETS											
Group 2011											
Carrying value at beginning of year	**55 421**	**396**	**81 114**	**15 162**	**24 230**	**83 188**	**-**	**98 699**	**-**	**207 296**	**565 506**
Additions	**7 107**	**-**	**34 974**	**1 137**	**14 876**	**51 124**	**-**	**4 382**	**-**	**-**	**113 600**
Business combinations and dilution of interest in subsidiaries	**(50 186)**	**(396)**	**(73 350)**	**(9 198)**	**-**	**-**	**-**	**-**	**35 921**	**-**	**(97 209)**
Transfers	**2 641**	**-**	**1 866**	**-**	**-**	**-**	**-**	**(191)**	**-**	**-**	**4 316**
Foreign exchange differences	**-**	**-**	**-**	**-**	**-**	**(109)**	**-**	**(5 932)**	**(1 694)**	**(12 950)**	**(20 685)**
Disposals	**-**	**-**	**(680)**	**(799)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1 479)**
Amortisation	**(13 183)**	**-**	**(27 241)**	**(1 538)**	**(28)**	**-**	**-**	**(14 867)**	**-**	**(18 546)**	**(75 403)**
Carrying value at end of year	**1 800**	**-**	**16 683**	**4 764**	**39 078**	**134 203**	**-**	**82 091**	**34 227**	**175 800**	**488 646**
Cost	**2 000**	**-**	**23 457**	**10 948**	**39 106**	**134 203**	**23 935**	**121 894**	**34 227**	**248 768**	**638 538**
Accumulated amortisation	**(200)**	**-**	**(6 774)**	**(6 184)**	**(28)**	**-**	**(23 935)**	**(39 803)**	**-**	**(72 968)**	**(149 892)**
	1 800	**-**	**16 683**	**4 764**	**39 078**	**134 203**	**-**	**82 091**	**34 227**	**175 800**	**488 646**
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

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
Emission allowances	**
Gas rights	12 to 20 years

* Programming under development and distribution rights have not yet been brought into use. The unutilised assets were tested for impairment and no impairment was required. Once brought into use the assets would be transferred to programme rights.

** Emission allowances consist of credits that need to be applied to Nitrous Oxide ("N_2O") emissions from internal combustion engines. These engines emit levels of N_2O for which specific allowances are required in certain states of the United States of America. Certain assets acquired through the acquisition of a subsidiary by Montauk Energy Holdings, LLC qualify for N_2O allowances. These have been recognised at fair value at date of acquisition and will be amortised only when brought into use.

	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
05. INTANGIBLE ASSETS MINING			
Group 2011			
Carrying value at beginning of year	**6 074**	**72 822**	**78 896**
Amortisation	**-**	**(1 891)**	**(1 891)**
Rehabilitation provision released	**-**	**(2 224)**	**(2 224)**
Additions	**2 703**	**11 088**	**13 791**
Carrying value at end of year	**8 777**	**79 795**	**88 572**
Group 2010			
Carrying value at beginning of year	4 163	49 830	53 993
Transfers	-	(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

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 7% (2010: 6%) has been applied on cash flows that have been discounted at 11% (2010: 11%).

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 602 months for the Palesa mine and 60 months for the Mbali mine.

Sales growth 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 as well as taking prices per sale agreements into account.

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 2011 (excluding the effect of the shareholder financing) and therefore no impairment was necessary.

INTANGIBLE ASSETS MINING (continued)

Capitalised development assets are amortised over the total expected tons to be produced during the life of the mine. The total expected tons to be produced for the Palesa mine is 75 000 000 tons and the actual tons produced during the year was 2 176 845 tons.

06. INVESTMENTS IN ASSOCIATES

Name of associates	Principal activity	Group's interest 2011	Group's interest 2010		Group Carrying value 2011 R'000	Group Carrying value 2010 R'000	Company Carrying value 2011 R'000	Company Carrying value 2010 R'000
The following are the group's principal associates:								
Business Systems Group (Proprietary) Limited	Information technology	**40%**	40%		**14 434**	13 871	**3 000**	3 000
Clover Industries Limited*	Food & Beverage	**-**	45%	*	**-**	603 806	**-**	-
Hotel Formula 1 (Proprietary) Limited	Hotel operator	**-**	47%	#	**-**	40 345	**-**	-
Gold Reef Resorts Limited	Hotel and casino operator	**41%**	23%		**8 026 730**	1 500 755	**-**	-
Monte Cinemas (Proprietary) Limited	Hotel operator	**-**	49%	#	**-**	22 287	**-**	-
Cape Town Film Studios (Proprietary) Limited	Media	**42%**	42%		**56 860**	28 302	**-**	-
KWV Holdings Limited	Beverages	**35%**	-		**283 578**	-	**-**	-
Other associates**					**52 719**	69 169	**5 745**	6 256
					8 434 321	2 278 535	**8 745**	9 256
Directors valuation of unlisted associates					**407 591**	777 780		
Market valuation of listed investment in Gold Reef Resorts Limited					**7 248 210**	1 311 437		

On 24 February 2011 Gold Reef Resorts Limited ceased to be an associate of a Group subsidiary, Tsogo Sun Group, following the reverse acquisition of Gold Reef Resorts Limited by Tsogo Sun Group (refer note 47). However, the Group's stake in the merged entity, Gold Reef Resorts Limited, represents a diluted interest of 41,3%. Consequently, the Group's interest has been recognised as an investment in associate at year end, with the merged entity's results being equity accounted for the period during which it was treated as an associate.

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.

INVESTMENTS IN ASSOCIATES (continued)

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, 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 is not automatically 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 indicates that the value in use is in excess of the carrying value of the investment and therefore no impairment was recognised.

The carrying value of the Group's investment (through its subsidiary Tsogo Sun Group) in Gold Reef Resorts Limited was impaired by R 299 million in the current year to equal the value of proceeds that had been expected from the deemed disposal of Tsogo Sun Group to Gold Reef Resorts Limited. This impairment has been included in profit after tax of the casino gaming and hotels segment.

The carrying value of the Group's investment in Clover Industries Limited was impaired by R 94 million in the prior year to equal the proceeds that had been expected from the disposal in the current year.

* Economic interest

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

\# Derecognised due to the assets and liabilities of Tsogo Sun Group not being included in the Group's statement of financial position in the current year.

INVESTMENTS IN ASSOCIATES (continued)

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

	Information Techno logy	Beverages [1]	Hotels and Casino
Total assets	39 274	1 502 623	16 294 552
Total liabilities	(6 435)	(235 054)	(8 357 366)
Net assets	32 839	1 267 569	7 937 186
Revenue	67 909	-	2 683 185
Net gaming win	-	-	3 803 715
Group's share of associates profits for the year	963	-	42 183

[1] As per the unaudited interim results of KWV Holdings Limited for the six months ended 31 December 2010. The investment was purchased effective 07 February 2011. The results from date of purchase are not significant to the Group and have not been included in the Group's results in the current year.

The following associates do not have 31 March year ends:

Name of associate	*Year end*
Gold Reef Resorts Limited	December (for 2010 only)
Hotel Formula 1 (Proprietary) Limited	December
KWV Holdings Limited	June
Clover Industries Limited	June

The results of these associates are equity accounted using management prepared information on a basis coterminous with the Group's year end.

	2011 R'000	2010 R'000
Group's share of associates:		
- Contingent commitments	**568 245**	9 680
- Capital commitments	**439 658**	59 000

07. INVESTMENT IN JOINT VENTURES

The following are the Group's principal joint ventures:

Name of joint ventures	Principal activity	Group's interest **2011**	Group's interest 2010	Group Carrying value **2011 R'000**	Group Carrying value 2010 R'000
Clare Developments (Proprietary) Limited	Property	**50%**	50%	**7 630**	-
United Resorts and Hotels Limited *	Hotel operator	**-**	50% #	**-**	126 719
				7 630	126 719

* Incorporated in Seychelles
# Derecognised due to the assets and liabilities of Tsogo Sun Group not being included in the Group's statement of financial position in the current year.

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:

	2011	2010
Current assets	**7 714**	124 559
Non-current assets	**125 450**	
Current liabilities	**(46 134)**	
Non-current liabilities	**(69 079)**	(277 264)
Income	**123 507**	37 970
Expenses	**46 883**	54 313
Net profit / (loss)	**76 624**	(16 343)
Group's share of joint ventures' capital commitments	**-**	-

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
08. OTHER FINANCIAL ASSETS				
Financial assets carried at fair value through profit or loss				
Derivatives used for hedging	**1 539**	3 334		
Option to purchase shares	**12 013**	9 059		
Equity securities	**23 377**	-		
	36 929	12 393		
*Available for sale investments held at fair value **				
Redeemable preference shares	**100 827**	-		
Sinking fund insurance policies	**-**	48 775		
Other	**11 233**	34 555		
	112 060	83 330		
	148 989	95 723		
Current portion	**32 759**	32 896		
Non-current portion	**116 230**	62 827		
	148 989	95 723		

* 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.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
09. SUBSIDIARY COMPANIES				
Shares at cost less impairment			**826 334**	848 575
Amounts owing by subsidiary companies			**1 610 033**	1 448 873
			2 436 367	2 297 448
Amounts owing to subsidiary companies			**(67 560)**	(382 987)
			2 368 807	1 914 461

These loans are interest free and have no set repayment dates.

Full details of subsidiary companies are provided on pages 133 and 134.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
10. DEFERRED TAX				
Movements in deferred taxation				
At beginning of year as previously stated	**(421 851)**	(341 463)		
Change in accounting policy (Note 50)	**8 781**	7 410		
At beginning of year as restated	**(413 070)**	(334 053)		
Business combination	**-**	(3 407)		
Dilution of interest in subsidiary	**525 928**	-		
Asset revaluations	**(27 341)**	11 902		
Accelerated tax allowances	**(27 692)**	(6 766)		
Provisions and accruals	**(21 129)**	22 774		
Assessed losses	**44 894**	(47 011)		
Other	**(6 525)**	(56 509)		
At end of year	**75 065**	(413 070)		
Analysis of deferred taxation				
Accelerated tax allowances	**(172 070)**	(482 813)		
Provisions and accruals	**121 529**	269 637		
Deferred revenue	**1 477**	33 092		
Asset revaluations	**(75 769)**	(393 192)		
Assessed losses	**247 329**	191 446		
Other	**(47 431)**	(31 240)		
	75 065	(413 070)		
Composition of deferred taxation				
Deferred taxation assets	**189 203**	230 997		
Deferred taxation liabilities	**(114 138)**	(644 067)		
	75 065	(413 070)		
11. OPERATING LEASE EQUALISATION				
Straight-lining of operating leases				
Assets	**2 658**	962		
Liabilities	**(4 447)**	(287 429)		
	(1 789)	(286 467)		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
12. FINANCE LEASE RECEIVABLES				
Finance lease receivables	**36 581**	38 626		
Details of finance lease receivables				
Gross investment in leases	**78 005**	79 401		
- within one year	**33 375**	32 929		
- in second to fifth year	**44 630**	46 472		
Unearned finance income	**(15 950)**	(16 029)		
Present value of minimum lease payments	**62 055**	63 372		
- within one year	**25 474**	24 746		
- in second to fifth year	**36 581**	38 626		
Less: current portion*	**(25 474)**	(24 746)		
	36 581	38 626		

* Included in trade and other receivables

Finance leases totalling R35,3 million have been ceded as security in respect of a loan of R32.5 million. Interest is charged at rates varying between 14% and 25%.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
13. NON-CURRENT RECEIVABLES				
Loans to minority shareholders	**-**	99 000	**-**	-

These loans were repayable on the earlier of 31 May 2011 or as agreed to by all shareholders of Tsogo Sun KwaZulu-Natal (Pty) Ltd, a former subsidiary of the Group. Interest was charged at rates linked to the three month Johannesburg Inter-Bank Agreed Rate ("JIBAR") and settlement occured bi-annually on the last day of March and September. These loans were secured by a cession of claims by these minority shareholders of loan accounts in Ripple Effect 31 (Pty) Ltd, a former subsidiary of the Group.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Loans to development trusts	**-**	11 500	**-**	-

These unsecured loans are interest free.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Prepayments	**5 273**	25 602	**-**	-
Loan to HCI Employee Share Trust (2001)	**-**	-	**165 425**	180 195
Letter of credit	**13 253**	13 132	**-**	-
Other loans	**24 254**	19 133	**-**	242

These loans are due within 1 to 6 years and bear interest at rates ranging form 0% to 5% per annum.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Less: Current portion	**-**	(6 401)	**-**	-
	42 780	161 966	**165 425**	180 437

NON-CURRENT RECEIVABLES (continued)

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

Non-current receivables are denominated in the following currencies:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
South African Rand	**24 254**	145 683	**165 425**	180 437
United States Dollars	**18 526**	16 283	**-**	-
	42 780	161 966	**165 425**	180 437

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
14. INVENTORIES				
Raw materials	**203 585**	190 046		
Work in progress	**120 061**	91 540		
Finished goods	**321 372**	274 427		
Consumables and spares	**34 521**	42 189		
Merchandise	**-**	22 036		
Coal	**10 352**	22 109		
Operating equipment	**-**	108 183		
Provision for obsolete inventory	**(5 136)**	(6 727)		
	684 755	743 803		

Inventories stated at net realisable value - R314 million (2010: R355 million).

Encumbrances

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

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
15. PROGRAMME RIGHTS				
Television programmes				
- International	**160 928**	218 986		
- Local	**101 549**	49 645		
	262 477	268 631		
Reconciliation of carrying value				
At beginning of year	**268 631**	220 138		
Additions	**210 613**	214 711		
Amortised through other operating expenses	**(216 767)**	(166 218)		
At end of year	**262 477**	268 631		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	**998 586**	1 170 273	**-**	-
Other receivables	**400 999**	313 249	**43**	135
Provision for impairment of trade receivables	**(21 976)**	(37 901)	**-**	-
Provision for impairment of other receivables	**-**	(926)	**-**	-
	1 377 609	1 444 695	**43**	135

The above values approximate fair value.

Trade receivables past due but not impaired

At 31 March 2011, trade receivables of R51,2 million (2010: R 139,4 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:

	Group 2011 R'000	Group 2010 R'000
30 to 60 days	**11 183**	81 530
60 to 90 days	**10 577**	19 433
More than 90 days	**29 444**	38 436

Impairment of trade receivables

At 31 March 2011, trade receivables of R 22 million (2010: R 37,9 million) were impaired. Impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

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

	Group 2011 R'000	Group 2010 R'000
At beginning of year	**37 901**	39 185
Provision for receivables impairment	**30 522**	10 425
Receivables written off during the year as uncollectible	**(15 899)**	(7 680)
Dilution of interest in subsidiary	**(14 764)**	-
Unused amounts reversed	**(15 784)**	(4 029)
At end of year	**21 976**	37 901

Other receivables past due but not impaired

At 31 March 2011, other receivables of R nil (2010: R22,4 million) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	Group 2011 R'000	Group 2010 R'000
Up to 3 months	**-**	7 453
3 to 6 months	**-**	3 861
More than 6 months	**-**	11 132

TRADE AND OTHER RECEIVABLES (continued)

Impairment of other receivables

At 31 March 2011, other receivables of R nil (2010: R 0,93 million) were impaired. Impaired other receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

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

	Group 2011 R'000	Group 2010 R'000
At beginning of year	**926**	756
Provision for receivables impairment	**1 529**	189
Receivables written off during the year as uncollectible	**(474)**	(19)
Dilution of interest in subsidiary	**(1 981)**	-
At end of year	**-**	926

For both trade and other receivables the creation and release of provision for impaired receivables have been included in other operating expenses and income 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 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
SA Rand	**1 260 914**	1 361 258	**43**	135
US Dollars	**61 544**	50 781	**-**	-
Euro	**147**	11 921	**-**	-
British Pound	**554**	1 704	**-**	-
Other currencies	**1 251**	19 031	**-**	-
	1 324 410	1 444 695	**43**	135

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

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
17. PLEDGED DEPOSITS				
Bank deposits of R 2 million (2010 : R 2 million) have been pledged to support guarantees of R 2 million (2010 : R 2 million) issued by the company's bankers in favour of a certain South African provincial gaming board for the due and punctual fulfillment of the licence obligations under which a group subsidiary operates.				

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE				
Non-current assets classified as held for sale	**35 218**	110 886		
Liabilities associated with the non-current assets held for sale	**(16 368)**	(20 253)		
	18 850	90 633		

18.1 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:

Assets associated with the Seardel group classified as held for sale included in Clothing and Textile

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Property, plant and equipment	**16 338**	81 725		

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

18.2 Following the approval by the competition authorities of the disposal of the convention business of Gallagher Estates, the following assets have been reflected as non-current assets/disposal group assets held for sale:

Assets and liabilites associated with the convention business of Gallagher Estates classified as held for sale included in Exhibition and Properties

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Property, plant and equipment	**6 882**	-		
Liabilities associated with the convention business of Gallagher Estates classified as held for sale	**(6 436)**	-		
Net assets of the convention business of Gallagher Estates classified as held for sale	**446**	-		

Refer to note 38.3 for details of operations related to the above assets and liabilities that have been classified as discontinued.

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 included in Vehicle Component Manufacture

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Property, plant and equipment	**9 236**	25 388		
Liablilities associated with the pulley division of the Formex group classified as held for sale	**(9 932)**	(20 253)		
Net (liabilities) / assets of the pulley division of the Formex group classified as held for sale	**(696)**	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 included in Other

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Other non-current assets	**2 762**	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

	2011	2010	2011	2010
	Number of shares			
	'000	'000	R'000	R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in company	**132 401**	132 401	**33 100**	33 100
Acquired and pending cancellation	**(1 000)**	(1 000)	**(250)**	(250)
In issue in company	**131 401**	131 401	**32 850**	32 850
Treasury shares held by subsidiary and employee share trust	**(5 312)**	(5 959)	**(1 328)**	(1 489)
	126 089	125 442	**31 522**	31 361

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

	Number of shares '000	Share capital R'000	Share premium R'000
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
In issue at 31 March 2010	131 401	32 850	937 299
Treasury shares held by subsidiary and employee share trust	(5 312)	(1 328)	(238 948)
In issue at 31 March 2011	126 089	31 522	698 351

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	Total R'000
Group 2011						
At beginning of year	**(6 395)**	**15 863**	**(17 394)**	**89 858**	**462**	**82 394**
Exchange differences on translation of foreign subsidiaries	**(24 048)**	**-**	**-**	**-**	**-**	**(24 048)**
Equity-settled share based payments	**-**	**13 673**	**-**	**-**	**-**	**13 673**
Fair value gains	**-**	**-**	**17 394**	**-**	**-**	**17 394**
Current revaluations	**-**	**-**	**-**	**(28 952)**	**-**	**(28 952)**
Transfer to accumulated profits	**-**	**-**	**-**	**(49 668)**	**-**	**(49 668)**
At end of year	**(30 443)**	**29 536**	**-**	**11 238**	**462**	**10 793**
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-settled share based payments	-	7 408	-	-	-	7 408
Fair value losses	-	-	(1 761)	-	-	(1 761)
Current revaluations	-	-	-	869	-	869
Transfer to accumulated profits	-	-	-	(731)	-	(731)
At end of year	(6 395)	15 863	(17 394)	89 858	462	82 394

21. FINANCIAL LIABILITIES

Certain bank borrowings (refer note 22 below) were 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.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Derivatives designated and effective as hedging instruments carried at fair value				
Interest rate swap - cash flow hedge	**-**	71 499		
Financial assets carried at fair value through profit or loss				
Foreign exchange contract	**2 492**	6 099		
	2 492	77 598		
Current portion	**2 492**	58 762		
Non-current portion	**-**	18 836		
	2 492	77 598		

22. BORROWINGS

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Bank borrowings*	**959 069**	4 705 503		
Other borrowings	**345 280**	423 958		
Redeemable preference shares	**1 300 000**	1 490 000		
Loans from minority shareholders	**-**	198 140		
	2 604 349	6 817 601		
Current portion of borrowings	**(547 691)**	(2 160 130)		
	2 056 658	4 657 471		
Secured	**2 304 783**	6 033 584		
Unsecured	**299 566**	784 017		
	2 604 349	6 817 601		

* Bank borrowings amounting to R nil (2010: R3,186 million) have been hedged by a interest rate swap agreement as detailed in note 21 above.

The following represents the book value of the security for these borrowings:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Property, plant and equipment	**1 419 430**	4 914 705		
Investment properties	**487 672**	196 276		
Inventory	**557 575**	501 354		
Intangible assets	**8 812**	305 995		
Other assets	**3 329**	20 328		
Long term receivables	**35 256**	47 892		
Other financial assets	**-**	495 062		
Trade receivables	**554 995**	605 150		
Bank balances	**-**	248 028		
Non-current assets held for sale	**16 338**	81 725		
Guarantees	**-**	174 150		
	3 083 407	7 590 665		
Fixed rates	**186 666**	180 022		
Floating rates	**2 417 683**	6 637 579		
	2 604 349	6 817 601		
Maturity of these borrowings is as follows:				
Due within 1 year	**547 691**	2 160 130		
Due within 2 - 5 years	**1 369 992**	4 480 074		
Due after 5 years	**686 666**	177 397		
	2 604 349	6 817 601		
Analysis by currency				
United States Dollar	**178 376**	163 346		
British Pound	**1 147**	-		
South African Rand	**2 424 826**	6 654 255		
	2 604 349	6 817 601		
	%	%		
Weighted average effective interest rates	**9. 5**	9. 4		

At 31 March 2011, the carrying value of borrowings approximates their fair value.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
23. FINANCE LEASE LIABILITIES				
Due within 1 year	-	11 929		
Due within 2 to 5 years	-	60 498		
Due after 5 years	-	17 699		
	-	90 126		
Less future finance charges	-	(27 680)		
Present value of finance lease liabilities	-	62 446		
Due within 1 year	-	11 239		
Due within 2 to 5 years	-	42 048		
Due after 5 years	-	9 159		
	-	62 446		
Included in financial statements as:				
Current	-	4 710		
Non-current	-	57 736		
	-	62 446		

In the prior year interest rates for the leases were 12.11% with the leases due to expire between 2015 and 2016.

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

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Property, plant and equipment	-	337 517		

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

RETIREMENT BENEFIT INFORMATION (continued)

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Present value of funded obligations	-	34 896		
Fair value of plan assets	-	(24 427)		
	-	10 469		
Unrecognised actuarial gains	-	6 216		
Unrecognised past service costs	-	6 205		
Liability per the statement of financial position	-	22 890		
The amounts recognised in the income statement are as follows:				
Current service cost	**435**	492		
Interest cost	**3 020**	2 954		
Expected return on plan assets	**(2 303)**	(2 041)		
Net actuarial gain	**(1 931)**	(1 400)		
Past service cost	**(279)**	(304)		
Total included in employee costs	**(1 058)**	(299)		

	2011 %	2010 %
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.00**	9.75
Health care cost inflation	**7.75**	8.00
Expected return on plan assets	**10.00**	10.75
Remuneration inflation	**7.25**	7.50

As at 31 March	**2011**	2010	2009	2008	2007
Present value of defined benefit obligations	-	34 896	33 547	31 612	30 798
Fair value of plan assets	-	(24 427)	(21 380)	(18 835)	(18 286)
Deficit	-	10 469	12 167	12 777	12 512
Experience adjustments on plan liabilities	**650**	839	(2 384)	1 641	2 786
Experience adjustments on plan assets	**438**	1 258	2 547	391	2 976

No contributions are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2011 (2010: Rnil).

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
RETIREMENT BENEFIT INFORMATION (continued)				
As at 31 March, the effects of a 1% movement in the assumed medical cost trend rate would have been as follows:				
Upward movement				
Effect on the current service cost and interest cost	**3 394**	3 714		
Effect on the post-retirement medical aid liability	**-**	36 520		
Downward movement				
Effect on the current service cost and interest cost	**2 688**	2 955		
Effect on the post-retirement medical aid liability.	**-**	29 354		

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 statement of financial position are as follows:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Balance at beginning of year	**44 937**	41 256		
Net expense recognised in the income statement	**5 498**	5 613		
Benefit payments	**(1 931)**	(1 932)		
Balance at end of year	**48 504**	44 937		

The calculation of accrued service liability in respect of post-retirement healthcare was performed by Fifth Quadrant Actuaries and Consultants as at 31 March 2011.

The amounts recognised in the income statement are as follows:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Current service cost	**2 412**	2 412		
Interest cost	**4 267**	3 715		
Net actuarial gain	**(1 181)**	(514)		
Pensioner subsidy	**(1 931)**	(1 932)		
Total included in employee costs	**3 567**	3 681		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
	%	%		
RETIREMENT BENEFIT INFORMATION (continued)				
The principal actuarial assumptions used for the valuation were:				
Discount rate	**9.20**	9.20		
Medical aid subsidy increase rate	**7.30**	7.40		
Normal retirement age	**65 years**	65 years		
Continuation of membership at retirement	**55.00**	55.00		

	2011	2010	2009	2008	2007
As at 31 March					
Present value of obligations	**48 504**	44 937	41 256	39 345	34 311

Contributions of R18,9 million (2010: R17,3 million) are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2011.

As at 31 March, the effect 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:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Upward movement				
Discount rate increased by 1%	**42 880**	44 940		
Subsidy increase rate increased by 1%	**55 670**	51 300		
Downward movement				
Discount rate reduced by 1%	**55 450**	39 770		
Subsidy increase rate decreased by 1%	**42 620**	51 500		

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 statement of financial position are as follows:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Opening balance	**69 725**	85 177		
Net expense recognised in the income statement	**6 690**	7 349		
Contributions	**(4 611)**	(4 520)		
Effect of curtailment	**-**	(16 524)		
Actuarial gains	**(571)**	(1 757)		
	71 233	69 725		
Less: Current portion*	**(4 384)**	(2 078)		
Balance at end of year	**66 849**	67 647		

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
RETIREMENT BENEFIT INFORMATION (continued)				
* Included in trade and other payables				
The amounts recognised in the income statement are as follows:				
Current service cost	**467**	771		
Interest on obligation	**6 223**	6 578		
	6 690	7 349		

	Group	
	2011	2010
	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.25**	9.25
Medical aid subsidy increase rate	**8.00**	7.50

	2011	2010	2009	2008	2007
As at 31 March					
Present value of obligations	**71 233**	69 725	85 177	89 182*	70 400*
Experience adjustments on plan liabilities	**571**	1 757	(718)	1 951*	-*

* 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 2011 (2010: R4,6 million).

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

	2011	2010
Upward movement		
Effect on the current service cost and interest cost	**7 597**	8 227
Effect on the post-retirement medical aid liability	**79 851**	78 076
Downward movement		
Effect on the current service cost and interest cost	**5 937**	6 619
Effect on the post-retirement medical aid liability	**64 009**	62 719

25. LONG TERM INCENTIVE LIABILITIES

A former subsidiary of the Group operates cash settled long term incentive plans. Liabilities equal to the current fair values are recognised at each reporting 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.

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.

The Tsogo Sun Group is no longer treated as a subsidiary and at 31 March 2011 the Group has recorded liabilities of R nil (2010: R40,3 million) in respect of this plan. The current portion of this liability is R nil (2010: R24,3 million).

26. PROVISIONS

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
Incentives				
Balance at beginning of year	**63 831**	73 604		
Raised during the year	**112 682**	40 184		
Utilised	**(55 732)**	(49 957)		
Dilution of interest in subsidiary	**(120 781)**	-		
Balance at end of year	**-**	63 831		
Jackpot provisions				
Balance at beginning of year	**9 173**	7 961		
Raised during the year	**30 343**	38 618		
Utilised	**(32 712)**	(37 406)		
Dilution of interest in subsidiary	**(6 804)**	-		
Balance at end of year	**-**	9 173		

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
PROVISIONS (continued)				
Rehabilitation liability				
Balance at beginning of year	**52 049**	42 427		
Exchange differences	**(421)**	3 601		
Other	**-**	(187)		
Raised during the year	**11 014**	10 021		
Utilised	**-**	(3 813)		
Unused amounts reversed	**(2 369)**	-		
Balance at end of year	**60 273**	52 049		
Leave pay				
Balance at beginning of year	**39 102**	46 912		
Transfers	**(18 667)**	-		
Raised during the year	**7 719**	29 172		
Unused amounts reversed	**-**	(895)		
Other	**(76)**	(281)		
Utilised	**(2 875)**	(35 806)		
Balance at end of year	**25 203**	39 102		
Staff bonuses				
Balance at beginning of year	**25 239**	32 891		
Other	**(49)**	(306)		
Raised during the year	**27 033**	54 262		
Unused amounts reversed	**-**	(6 875)		
Transfers	**(4 843)**	(11 454)		
Utilised	**(27 599)**	(43 279)		
Balance at end of year	**19 781**	25 239		
Repurchase of service				
Balance at beginning of year	**44 880**	40 261		
Raised during the year	**-**	4 619		
Unused amounts reversed	**(7 947)**	-		
Balance at end of year	**36 933**	44 880		
Restructuring				
Balance at beginning of year	**17 770**	12 057		
Raised during the year	**13 829**	53 006		
Unused amounts reversed	**(1 612)**	(3 539)		
Utilised	**(25 839)**	(43 754)		
Other	**(88)**	-		
Balance at end of year	**4 060**	17 770		
Third party claims				
Balance at beginning of year	**12 490**	9 636		
Raised during the year	**9 640**	11 995		
Utilised	**(8 744)**	(9 141)		
Balance at end of year	**13 386**	12 490		

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
PROVISIONS (continued)				
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	**17 679**	27 636		
Raised during the year	**3 279**	20 770		
Unused amounts reversed	**(1 218)**	(1 800)		
Utilised	**(1 966)**	(28 726)		
Other	**-**	(201)		
Balance at end of year	**17 774**	17 679		
Total provisions	**197 410**	302 213		
Non-current	**60 273**	52 049		
Current	**137 137**	250 164		
	197 410	302 213		

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. This process is ongoing at year-end.

Third party claims

Third party claims are legal claims resulting from traffic accidents. Claims that are insured are excluded from this provision. The timing and extent of claims settled remain uncertain until settlement occurs.

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 rehabilitation of landfill gas and coal mining sites.

Due to the similar nature of asset retirement obligations and rehabilitation liabilities, these provisions have been combined for current and prior year disclosure purposes.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
27. DEFERRED INCOME				
The Group accounts for its customer loyalty programmes in terms of IFRIC 13 Customer Loyalty Programmes with the liability on the statement of financial position allocated to deferred revenue.				
Frequent guest programme				
At the beginning of the year	**36 684**	35 312		
Created during the year	**70 581**	53 077		
Utilised during the year	**(60 625)**	(51 705)		
Dilution of interest in subsidiary	**(46 640)**	-		
At the end of the year	**-**	36 684		
The expected timing of the utilisation of the above provsions is as follows:				
Within one year (included in trade and other payables)	**-**	19 204		
Two to three years	**-**	17 480		
	-	36 684		
28. TRADE AND OTHER PAYABLES				
Trade payables	**650 183**	732 085	**-**	-
Operating lease liabilities	**5 169**	5 595	**-**	-
Other payables	**573 364**	905 391	**76 660**	1 193
	1 228 716	1 643 071	**76 660**	1 193

29. BANK OVERDRAFTS

29.1 Trade receivables totalling R 56,3 million (2010: R 67,9 million) have been ceded as security for debtor's factoring facilities. The balance of the facility at year end was R 34 million (2010: R 46,3 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 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
BANK OVERDRAFTS (continued)				
The following assets are subject to the above bonds:				
Property, plant and equipment	**665 727**	906 162		
Investment property	**224 001**	-		
Intangible assets	**8 812**	3 933		
Other assets	**3 329**	3 026		
Non-current receivables	**35 256**	34 760		
Inventories	**557 575**	501 354		
Trade and other receivables	**554 995**	583 089		
Non-current assets held for sale	**16 338**	81 725		
29.3 Overdrafts of a subsidiary of R218 million (2010: R88 million) 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	**35 944**	159 662		
- Payable within two to five years	**46 262**	462 402		
- Payable after five years	**212**	716 830		
	82 418	1 338 894		
Operating lease arrangements where the Group is a lessor:				
Future leasing charges for premises:				
- Receivable within one year	**29 866**	32 226		
- Receivable within two to five years	**101 350**	69 115		
- Receivable after five years	**-**	573		
	131 216	101 914		
Capital expenditure				
Authorised by directors but not yet contracted for:				
- Property, plant and equipment	**384 153**	346 388		
- Intangible assets	**-**	23 000		
	384 153	369 388		
Authorised by directors and contracted to be expended:				
- Property, plant and equipment	**218 077**	208 040		
- Intangible assets	**505**	8 040		

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

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
31. REVENUE				
Sale of goods	**3 479 944**	2 833 446		
Provision of services	**2 901 464**	2 611 995		
	6 381 408	5 445 441		

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
32. INVESTMENT INCOME				
Dividends				
Listed investments	**8 787**	-	**-**	-
Unlisted investments	**-**	5 660	**-**	-
Associates	**-**	-	**736**	995
Subsidiaries	**-**	-	**448 309**	226 657
	8 787	5 660	**449 045**	227 652
Interest				
Bank	**64 662**	47 946	**1 724**	1 031
Other	**4 874**	11 085	**3 000**	-
	69 536	59 031	**4 724**	1 031

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
33. INVESTMENT SURPLUS				
Gain on sale of associate	**26 951**	-	**4 500**	-
Gain on sale of other investments	**30 244**	2 747	**669**	-
Gain on disposal / part disposal of subsidiary	**-**	39 229	**-**	11 500
	57 195	41 976	**5 169**	11 500

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
34. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill	**37 195**	77 160	**-**	-
Impairment of investment in associates	**-**	94 968	**-**	-
Impairment of other investments and loans	**-**	25 445	**-**	-
Impairment of investments in subsidiaries	**-**	-	**32 208**	17 731
	37 195	197 573	**32 208**	17 731

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
35. FINANCE COSTS				
Interest	**169 828**	176 343	**9 097**	41
Preference dividends	**75 655**	71 943	**-**	-
	245 483	248 286	**9 097**	41

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
36. PROFIT BEFORE TAXATION				
The following items have been included in arriving at profit before taxation:				
Auditors remuneration				
- Audit fees - current year	**11 229**	8 961	**382**	308
- prior year	**95**	1 463	**855**	702
- Other services	**326**	1 253	**251**	29
Consultancy fees	**30 811**	26 922	**-**	-
Secretarial fees	**342**	241	**171**	142
Operating lease charges				
- Premises	**85 505**	74 790	**-**	-
- Plant and equipment	**15 898**	10 683	**-**	-
Loss / (Profit) on disposal of property, plant and equipment	**254**	(22 012)	**-**	-
Foreign exchange loss	**24 181**	52 999	**-**	-
Gaming levies	**52 287**	40 773	**-**	-
VAT on net gaming win	**33 929**	26 930	**-**	-
Share based payments	**15 810**	12 884	**-**	-
Staff costs	**1 606 191**	1 601 103	**-**	-
Inventory recognised as expense	**2 592 916**	2 084 286	**-**	-
Inventory write downs	**11 544**	17 951	**-**	-
Pension fund contributions	**57 910**	62 251	**-**	-
Research and development	**10 289**	8 122	**-**	-

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
37. TAXATION				
South African taxes				
Current normal tax	**248 448**	196 940	**2 123**	282
Prior year normal tax	**(4 745)**	15 789	**-**	-
Deferred normal tax	**(17 754)**	11 838	**-**	-
Capital gains tax	**5 989**	1 585	**-**	13 585
Secondary tax on companies	**20 929**	18 747	**-**	-
Securities transfer tax	**3 500**	-	**11**	-
	256 367	244 899	**2 134**	13 867

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

Losses for tax purposes available for set off against future taxable income and which deferred tax assets have not been raised are estimated at:

	Group 2011 R'000	Group 2010 R'000
- Normal tax	**944 291**	830 819
- Secondary tax on companies	**641 575**	88 998
Tax relief at current rates:		
- Normal tax	**264 401**	232 629
- Secondary tax on companies	**64 158**	8 900
Reconciliation of tax rate	**%**	%
Normal tax rate	**28**	28
Deferred tax not raised on losses	**3**	4
Utilisation of deferred tax assets not previously raised	**(5)**	(1)
Capital losses and non-deductible expenses	**5**	11
Non-taxable income including share of associates income	**(5)**	(33)
Prior year charges	**-**	1
Differential tax rates - CGT and foreign	**(1)**	18
Secondary tax on companies	**2**	3
Effective rate	**27**	31

The income tax relating to each component of other comprehensive income is set out below:

	Group 2011 R'000	Group 2010 R'000
Cash flow hedges	**6 545**	1 799
Revaluations	**640**	-
	7 185	1 799

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
38. DISCONTINUED OPERATIONS				

38.1 Discontinued operations relating to interests that a subsidiary of Montauk Energy Holdings, LLC has in certain passive landfill sites. A decision has been taken to dispose of these sites.

Profit/(loss) from discontinued operations relating to the passive landfill sites

	Group 2011 R'000	Group 2010 R'000
Revenue	**-**	-
Operating costs	**-**	-
Other expenses and income	**676**	(86)
Profit / (loss) before taxation	**676**	(86)
Taxation	**-**	31
	676	(55)
Cash flows from discontinued operations		
Cash flows from operating activities	**-**	-
Cash flows from investing activities	**-**	-
Cash flows from financing activities	**-**	-
	-	-

38.2 Loss for the year relating to the discontinued textile and underwear divisions of Seardel Investment Corporation

	Group 2011 R'000	Group 2010 R'000
Revenue	**170 519**	787 953
Operating and other costs	**(260 629)**	(968 528)
Reversal of / (impairment) of assets	**13 729**	(30 245)
Finance costs	**(8 212)**	(19 788)
Loss before taxation	**(84 593)**	(230 608)
Taxation	**(3 188)**	(4 098)
	(87 781)	(234 706)
Cash flows from discontinued operations		
Cash flows from operating activities	**(20 762)**	63 473
Cash flows from investing activities	**99 111**	112 492
Cash flows from financing activities	**(93 874)**	(118 961)
	(15 525)	57 004

Refer to note 18.1 for details of assets relating to the above discontinued operation that have been classified as held for sale.

38.3 Discontinued operations relating to the convention business of Gallagher Estates which the group disposed of subsequent to year end.

Profit from discontinued operations relating to the convention business

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	**92 946**	86 698		
Operating costs	**(79 221)**	(76 466)		
Profit before tax	**13 725**	10 232		
Taxation	**(2 122)**	(1 196)		
	11 603	9 036		
Cash flows from discontinued operations				
Cash flows from operating activities	**2 690**	1 584		
Cash flows from investing activities	**(2 898)**	(660)		
Cash flows from financing activities	**(1 483)**	(2 303)		
	(1 691)	(1 379)		

Refer to note 18.2 for details of assets relating to the above discontinued operation that have been classified as held for sale.

38.4 Loss for the year relating to the discontinued door module and pulley divisions of Formex Industries (Proprietary) Limited

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	**3 744**	107 477		
Operating costs	**(5 939)**	(16 135)		
Impairment of assets	**(3 000)**	(157 212)		
Loss before tax	**(5 195)**	(65 870)		
Taxation	**-**	-		
	(5 195)	(65 870)		
Cash flows from discontinued operations				
Cash flows from operating activities	**3 859**	(51 507)		
Cash flows from investing activities	**2 690**	17 128		
Cash flows from financing activities	**(3 563)**	13 105		
	2 986	(21 274)		

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.

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

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	**-**	30 514		
Operating costs	**-**	(15 937)		
Profit before tax	**-**	14 577		
Taxation	**-**	(5 040)		
	-	9 537		

DISCONTINUED OPERATIONS (continued)

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Cash flows from discontinued operations				
Cash flows from operating activities	**-**	19 970		
Cash flows from investing activities	**-**	(6 613)		
Cash flows from financing activities	**-**	(16 632)		
	-	(3 275)		

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 Tsogo Sun Group, in which the Group's interest had been diluted during the year

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	**2 421 816**	2 400 364		
Net gaming win	**3 321 889**	3 409 651		
Operating costs	**(4 374 744)**	(4 009 569)		
Finance costs	**(351 159)**	(383 495)		
Profit on dilution of interest in subsidiary	**5 727 405**	-		
Profit before taxation	**6 745 207**	1 416 951		
Taxation	**(386 153)**	(400 354)		
	6 359 054	1 016 597		
Cash flows from discontinued operations				
Cash flows from operating activities	**1 414 360**	1 122 312		
Cash flows from investing activities	**(288 609)**	(2 663 656)		
Cash flows from financing activities	**(1 144 999)**	1 495 581		
	(19 248)	(45 763)		

38.7 Profit from discontinued operations relating to the Group's cellphone content provider, Viamedia, which was disposed of during the year

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	**147 281**	183 312		
Operating costs	**(103 623)**	(114 814)		
Profit on disposal of interest in subsidiary	**27 785**	-		
Profit before taxation	**71 443**	68 498		
Taxation	**(20 587)**	(23 538)		
	50 856	44 960		
Cash flows from discontinued operations				
Cash flows from operating activities	**18 846**	44 827		
Cash flows from investing activities	**(893)**	(372)		
Cash flows from financing activities	**(23 873)**	(50 966)		
	(5 920)	(6 511)		

	Group 2011	Group 2010
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 126 134 684 ordinary shares in issue (2010 : 125 084 504)		
39.2 Diluted earnings per share is based on the weighted average number of 130 420 048 ordinary shares in issue (2010: 128 512 089)		
Reconciliation of weighted average number of shares:		
Used in calculation of earnings per share	**126 134 684**	125 084 504
Options outstanding in employee share scheme	**4 285 364**	3 427 585
Used in calculation of diluted earnings per share	**130 420 048**	128 512 089
39.3 Headline earnings per share (cents)	**580.29**	296.51
-Continuing operations	**288.17**	133.89
-Discontinued operations	**292.12**	162.62
Diluted headline earnings per share (cents)	**561.22**	288.60
-Continuing operations	**278.70**	130.32
-Discontinued operations	**282.52**	158.28

Reconciliation of headline earnings:

	2011 Gross R'000	2011 Net R'000	2010 Gross R'000	2010 Net R'000
Earnings attributable to equity holders of the parent		**6 418 327**		605 366
IAS 16 (gains) / losses on disposal of plant & equipment	**(6 479)**	**(1 980)**	29 486	20 789
IAS 16 impairment of plant & equipment	**4 000**	**3 420**	29 599	24 020
IAS 36 impairment of goodwill	**37 194**	**33 475**	75 314	75 314
IFRS 3 negative goodwill	**-**	**-**	(2 544)	(969)
IAS 28 gain on disposal of associates	**(401)**	**(404)**	-	-
IAS 28 impairment of joint venture	**-**	**-**	1 539	1 429
IAS 36 impairment of assets	**370 133**	**209 809**	161 589	142 129
IAS 36 reversal of impairments	**(46 986)**	**(35 460)**	(49 338)	(34 926)
IAS 27 profit from disposal / part of subsidiary	**(5 782 141)**	**(5 736 378)**	(39 231)	(36 483)
IAS 40 fair value adjustment to investment property	**(105 878)**	**(82 955)**	(17 834)	(15 009)
IAS 39 profit on disposal of available for sale asset	**(33 398)**	**(33 223)**	(2 747)	(2 747)
Re- measurements included in equity-accounted earnings of associates	**(42 685)**	**(42 685)**	(408 026)	(408 026)
Headline earnings attributable to equity holders of the parent		**731 946**		370 887

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
40. NOTES TO THE CASH FLOW STATEMENT				
40.1 CASH GENERATED BY / (UTILISED IN) OPERATIONS				
Profit after taxation	**7 012 534**	1 332 859	**429 628**	186 031
Taxation	**649 325**	679 093	**2 134**	13 867
Depreciation and amortisation	**724 332**	728 141	**-**	-
Share based payments	**15 810**	12 884	**-**	-
Negative goodwill	**-**	(2 544)	**-**	-
(Loss)/profit on disposal of property, plant and equipment	**(6 241)**	29 143	**-**	-
Impairment of goodwill and investments	**336 280**	211 840	**30 824**	17 731
Other impairments	**56 012**	30 501	**-**	-
Equity accounted profits retained in subsidiaries	**(157 021)**	(514 300)	**-**	-
Forex translation	**(31 678)**	(10 967)	**-**	-
Fair value adjustments	**(110 651)**	(20 740)	**-**	-
Investment income	**(99 912)**	(105 517)	**(453 769)**	(228 682)
Preference dividends and interest	**606 988**	680 132	**9 097**	10 041
Investment surplus	**(5 811 888)**	(35 979)	**(5 169)**	(11 500)
Movement in provisions	**25 349**	81 849	**-**	-
Post retirement medical aid benefits	**5 645**	(10 013)	**-**	-
Operating lease equalisation asset	**(27 145)**	7 985	**-**	-
Long term incentive charges	**5 769**	23 141	**-**	-
Other non cash items	**26 597**	26 711	**-**	2
	3 220 105	3 144 219	**12 745**	(12 510)
40.2 CHANGES IN WORKING CAPITAL				
Inventory	**(119 139)**	252 462	**-**	-
Programming rights	**(1 318)**	(48 493)	**-**	-
Trade and other receivables	**(171 868)**	294 086	**20 092**	(42)
Trade and other payables	**282 309**	(302 931)	**75 468**	(11 632)
Other	**(231)**	(18)	**-**	-
	(10 247)	195 106	**95 560**	(11 674)
40.3 TAXATION PAID				
Unpaid at beginning of year	**(79 209)**	(156 524)	**(21 407)**	(9 463)
Charged to the income statement	**(681 287)**	(615 565)	**(2 134)**	(13 867)
Securties transfer tax capitalised	**(789)**	-	**-**	-
Withholding tax	**(3 700)**	(6 471)	**-**	-
Business combinations	**136 876**	(6 391)	**-**	-
Foreign exchange difference	**(91)**	4 813	**-**	-
Unpaid at end of year	**32 508**	79 209	**22 478**	21 407
	(595 692)	(700 929)	**(1 063)**	(1 923)

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
40.4 BUSINESS COMBINATIONS/DISPOSALS				
40.4.1 ACQUISITIONS				
Property, plant and equipment	**(46 363)**	(276 376)		
Intangible assets	**(35 921)**	-		
Deferred tax asset	**-**	(1 845)		
Other non-current assets	**-**	(10 859)		
Goodwill	**-**	(356 790)		
Other current assets	**(19 562)**	(58 658)		
Inventory	**-**	(2 660)		
Borrowings	**-**	105 599		
Deferred tax liability	**-**	15 917		
Long term provisions	**3 710**	-		
Other current liabilities	**32 717**	59 259		
	(65 419)	(526 413)		
Cash and cash equivalents at date of acquisition	**2 232**	23 579		
	(63 187)	(502 834)		
Costs	**-**	(2 279)		
Net cash outflow	**(63 187)**	(505 113)		
40.4.2 DISPOSALS				
Property, plant and equipment	**6 612 874**	118 285		
Investments	**1 495 300**	-		
Intangible assets	**133 130**	-		
Deferred tax assets	**67 527**	-		
Goodwill	**1 361 593**	-		
Other non-current assets	**146 390**	-		
Inventories	**151 092**	-		
Trade and other current receivables	**406 610**	21 121		
Cash and cash equivalents	**385 999**	5 905		
Other current assets	**8 700**	-		
Long term borrowings	**(2 940 583)**	(51 343)		
Deferred tax liabilities	**(593 455)**	(12 510)		
Other non-current liability	**(680 775)**	-		
Current portion of long term borrowings	**(766 788)**	-		
Other current liabilities	**(688 655)**	(2 152)		
	5 098 959	79 306		
Minority interest	**(2 761 828)**	(6 223)		
	2 337 131	73 083		
Gain on disposal of subsidiaries	**5 782 141**	25 388		
Investment in associate retained	**(7 982 091)**	-		
Consideration received in cash	**137 181**	98 471		
Less: Cash and cash equivalents disposed of	**(385 999)**	(5 905)		
Net cash (outflow) / inflow	**(248 818)**	92 566		
40.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	**580 132**	1 291 585	**76 155**	97 919
Bank overdraft and loans	**(278 326)**	(332 189)	**-**	-
Bank balances classified as held for sale	**6 435**	143	**-**	-
	308 241	959 539	**76 155**	97 919

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 exercise options to purchase shares in tranches within 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.

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 not yet become unconditional:

	2011 Number of shares	2011 Weighted average exercise price R	2010 Number of shares	2010 Weighted average exercise price R
Balance at beginning of the year	**4 181 881**	**43,46**	2 707 011	42,81
Options granted	**592 332**	**71,52**	2 121 102	38,33
Options vested and paid for	**(647 299)**	**20,50**	(532 766)	12,39
Options forfeited	**-**	**-**	(113 466)	59,08
Balance at the end of the year	**4 126 914**	**50,79**	4 181 881	43,46

The volume weighted average closing share price during the current year was R79.19 (2010:R59.80).

The options outstanding at 31 March 2011 become unconditional between the following dates:

	Number of share options	Exercise price R
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 2010 and 28 June 2012	250 677	70.00
29 June 2012 and 28 June 2014	250 677	70.00
4 June 2009 and 3 June 2011	967 465	37.80
4 June 2011 and 3 June 2012	967 465	37.80
17 June 2010 and 16 June 2013	551 510	71.52
17 June 2013 and 16 June 2014	20 411	71.52
17 June 2014 and 16 June 2015	20 411	71.52
	3 437 846	
Options vested but not yet paid for	196 250	40.50
Options vested but not yet paid for	492 818	70.00
	4 126 914	

	2011		2010	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
HCI EMPLOYEE SHARE OPTION SCHEME (continued)				
Options granted to executive directors				
*TG Govender **				
Balance at the beginning of the year	**253 510**	**47.60**	77 143	70.00
Options granted	**55 695**	**71.52**	176 367	37.80
Balance at the end of the year	**309 205**	**51.91**	253 510	47.60
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**77 143**	**70.00**	77 143	70.00
4 June 2009 and 3 June 2012	**176 367**	**37.80**	176 367	37.80
17 June 2010 and 16 June 2015	**55 695**	**71.52**	-	
JA Copelyn				
Balance at the beginning of the year	**769 523**	**50.71**	308 571	70.00
Options granted	**145 565**	**71.52**	460 952	37.80
Balance at the end of the year	**915 088**	**54.02**	769 523	50.71
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70.00**	308 571	70.00
4 June 2009 and 3 June 2012	**460 952**	**37.80**	460 952	37.80
17 June 2010 and 16 June 2015	**145 565**	**71.52**	-	
MJA Golding				
Balance at the beginning of the year	**769 523**	**50.71**	308 571	70.00
Options granted	**145 565**	**71.52**	460 952	37.80
Balance at the end of the year	**915 088**	**54.02**	769 523	50.71
Unconditional between the following dates:				
29 June 2008 and 28 June 2014	**308 571**	**70.00**	308 571	70.00
4 June 2009 and 3 June 2012	**460 952**	**37.80**	460 952	37.80
17 June 2010 and 16 June 2015	**145 565**	**71.52**	-	

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

42. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial	
	Number	Percentage holding	Number	Percentage holding
31 March 2011				
Executive directors				
JA Copelyn	**5 559 931**	**4.2**	**-**	**-**
MJA Golding	**7 541 109**	**5.7**	**1 519 133**	**1.1**
TG Govender	**100**	**-**	**17 250**	**-**
Non-executive directors				
VM Engel	**2 000**	**-**	**-**	**-**
Y Shaik	**17 500**	**-**	**-**	**-**
VE Mphande*	**187 500**	**0.1**	**-**	**-**
	13 308 140	**10.0**	**1 536 383**	**1.1**
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

* Mr Mphande was appointed as a director on 01 September 2010

43. DIRECTORS EMOLUMENTS

		Board fees R'000		Salary R'000	Other benefits R'000	Gains from share options, share appreciation and bonus plan R'000	Bonus R'000	Total R'000
Year ended 31 March 2011								
Executive directors								
JA Copelyn		-		4 642	-	3 291	3 131	11 064
MJA Golding		-		4 642	-	3 291	3 131	11 064
TG Govender		-		2 129	-	1 199	1 246	4 574
Non-executive directors								
VM Engel		192		-	-	-	-	192
MF Magugu		224	*	-	-	-	-	224
ML Molefi		256	**	-	-	-	-	256
JG Ngcobo		224	*	-	-	-	-	224
RS Garach		256	**	-	-	-	-	256
Y Shaik		256	**	-	-	-	-	256
VE Mphande	#	112		-	-	-	-	112
		1 520		11 413	-	7 781	7 508	28 222

appointed 01 September 2010

* includes R31 950 remuneration committee fees
** includes R63 900 audit committee fees

		Board fees R'000		Salary R'000	Other benefits R'000	Gains from share options, share appreciation and bonus plan R'000	Bonus R'000	Total R'000
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
ML Molefi		240	**	-	-	-	-	240
JG Ngcobo		210	*	-	-	-	-	210
AM Ntuli	##	53		-	-	-	-	53
RS 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
these amounts were paid by Tsogo Sun Holdings (Proprietary) Limited ("Tsogo"), a subsidiary of HCI.

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

44. SEGMENT INFORMATION

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

	Revenue 2011 R'000	Revenue 2010 R'000	Net gaming win 2011 R'000	Net gaming win 2010 R'000
Continuing operations				
Media and broadcasting	1 620 397	1 431 586	-	-
Limited payout gaming	6 527	10 984	327 979	259 822
Information technology	256 051	230 281	-	-
Transport	963 619	897 554	-	-
Vehicle component manufacture	440 757	311 426	-	-
Mining	363 166	141 551	-	-
Natural gas	214 871	172 468	-	-
Clothing and textiles	2 420 604	2 165 728	-	-
Exhibition and properties	66 843	69 592	-	-
Other	28 573	14 271	75 313	16 883
	6 381 408	5 445 441	403 292	276 705
Discontinued operations				
Media and broadcasting	147 281	183 312	-	-
Conferencing and exhibition	92 946	86 698	-	-
Vehicle component manufacture	3 744	107 477	-	-
Clothing and textile	170 519	787 953	-	-
Casino gaming and hotels	2 421 816	2 400 364	3 321 889	3 409 651
Other	-	30 914	-	-
	2 836 306	3 596 318	3 321 889	3 409 651

	Segment Result (profit before tax) 2011 R'000	Segment Result (profit before tax) 2010 R'000
Continuing operations		
Media and broadcasting	555 687	502 429
Limited payout gaming	56 288	14 168
Casino gaming and hotels	42 183	-
Information technology	46 277	35 724
Transport	159 062	98 048
Vehicle component manufacture	(42 506)	(46 438)
Food and beverage	-	348 255
Exhibition and properties	146 421	47 377
Mining	17 720	(6 643)
Natural gas	(44 445)	(53 734)
Clothing and textile	88 692	37 766
Other	(85 691)	(178 693)
	939 688	798 259

SEGMENT INFORMATION (continued)

	2011 R'000	2010 R'000	2011 R'000	2010 R'000
	Segment Result (profit after tax)			
Discontinued operations				
Media and broadcasting	**50 856**	44 960		
Conferencing and exhibition	**11 603**	9 036		
Vehicle component manufacture	**(5 195)**	(65 870)		
Clothing and textile	**(87 781)**	(234 706)		
Natural gas	**676**	(55)		
Casino gaming and hotels	**6 359 054**	1 016 597		
Other	**-**	9 537		
	6 329 213	779 499		
	Assets		Liabilities	
Media and broadcasting	**1 482 529**	1 345 094	**550 793**	503 856
Limited payout gaming	**237 430**	211 402	**23 517**	17 874
Casino gaming and hotels	**8 026 730**	11 112 355	**-**	5 608 020
Information technology	**229 428**	145 759	**123 317**	78 004
Transport	**903 104**	1 071 401	**505 646**	405 605
Vehicle component manufacture	**268 387**	304 240	**221 842**	226 727
Food and beverage	**-**	603 806	**-**	-
Mining	**540 403**	501 695	**64 967**	67 084
Natural gas	**900 355**	667 900	**257 321**	197 053
Exhibition and properties	**484 527**	414 959	**61 828**	64 383
Clothing and textile	**2 086 436**	2 194 732	**856 818**	908 009
Beverages	**283 578**	-	**-**	-
Other	**426 458**	297 081	**1 971 467**	2 404 838
	15 869 365	18 870 424	**4 637 516**	10 481 453
	Fixed asset additions		Depreciation and amortisation	
Media and broadcasting	**121 224**	79 170	**73 717**	66 748
Limited payout gaming	**40 340**	32 100	**41 813**	39 486
Casino gaming and hotels	**205 099**	855 856	**412 317**	432 596
Information technology	**13 612**	12 492	**14 544**	13 632
Transport	**103 330**	60 911	**51 105**	49 922
Vehicle component manufacture	**9 679**	20 700	**11 481**	12 383
Natural gas	**44 471**	12 906	**63 298**	60 766
Exhibition and properties	**1 757**	2 577	**3 204**	2 799
Mining	**29 507**	138 471	**13 831**	6 559
Clothing and textile	**63 884**	50 115	**38 727**	43 739
Other	**1 629**	1 178	**5 121**	1 738
	634 532	1 266 476	**729 158**	730 368

SEGMENT INFORMATION (continued)

Amounts applicable to associates and joint ventures included above:

	2011 R'000 Results	2011 R'000 Investment in associates and joint ventures	2010 R'000 Results	2010 R'000 Investment in associates and joint ventures
Media and broadcasting	**(9 441)**	**83 077**	(3 662)	49 755
Casino gaming and hotels	**42 183**	**8 026 730**	-	1709 776
Information technology	**963**	**14 434**	3 186	13 871
Transport	**8 162**	**15 549**	8 844	14 541
Food and beverage	**-**	**283 578**	443 161	603 806
Natural gas	**-**	**-**	(2 959)	-
Other	**41 345**	**18 583**	217	13 505
	83 212	**8 441 951**	448 787	2 405 254

	Impairments 2011 R'000	Impairments 2010 R'000	Reversal of impairments 2011 R'000	Reversal of impairments 2010 R'000
Limited payout gaming	**1 000**	11 242	**-**	-
Casino gaming and hotels	**299 085**	1 146	**-**	-
Information technology	**-**	-	**581**	-
Vehicle component manufacture	**40 194**	29 173	**-**	-
Food and beverage	**-**	94 968	**-**	-
Natural gas	**-**	1 539	**-**	-
Exhibition and properties	**40 488**	-	**649**	-
Clothing and textile	**30 560**	66 621	**41 295**	49 338
Other	**-**	36 352	**4 461**	-
	411 327	268 041	**46 986**	49 338

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

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
45. RELATED PARTY TRANSACTIONS				
45.1 The company entered into transactions in the ordinary course of business with various owned subsidiaries and associated companies.				
Dividends received by the company are as follows:				
- Subsidiaries			**448 309**	226 657
- Associates			**736**	995
Details of loans to these entities are set out in note 6 and annexure A.				
45.2 Key management compensation was paid as follows:				
Salaries and other short-term employees benefits	**93 379**	79 060		
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 2011 the total amount owing in respect of this preference share debt amounted to R 800 million (2010: 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 2011 the total amount owing in respect of these term loans amounted to R 200 million (2010: R 300 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
Viridis Energy, LLC	Landfill gas extraction	01/02/2011	100%
Toyon Landfill Gas Conversion, LLC	Landfill gas extraction	01/02/2011	100%

The acquisitions were facilitated through the purchase of 100% of the companies' issued share capital. These subsidiaries were acquired to expand the Group's landfill gas fuelled electricity generation capacity.

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

	2011	2010
	R'000	R'000
Non-current assets		
Property, plant and equipment	**46 363**	276 376
Other non-current assets	**35 921**	12 704
Current assets	**19 562**	61 318
Non-current liabilities		
Borrowings	**-**	(105 599)
Deferred tax liability	**-**	(15 917)
Other non-current liabilities	**(3 710)**	-
Current liabilities	**(32 717)**	(59 259)
	65 419	169 623
Goodwill on acquisition	**-**	356 790
Cost of acquisitions	**65 419**	526 413
Costs	**-**	2 279
Cash balances acquired	**(2 232)**	(23 579)
Net cash outflow on acquisition	**63 187**	505 113

47.3 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.

47.4 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The acquired businesses contributed revenues of R 5,4 million and net losses after tax of R 0,9 million to the group for the periods from dates of effective control to 31 March 2011. Had the acquisitions been effective on 1 April 2010 the contribution to revenue would have been R 39,8 million and net losses of R 8,6 million would have been the contribution to profit after tax.

	2011 R'000	2010 R'000

47.5 SUBSIDIARIES ACQUIRED SUBSEQUENT TO REPORTING DATE

	Principal activity	Date of acquisition	Proportion of shares acquired
Powercorp International Limited	Content producer and distributor	20/07/2011	100%

The acquisition was facilitated through the purchase of 100% of the company's issued share capital. The subsidiary was acquired to expand the Group's international content production and distribution business.

Purchase consideration of £3 725 000 was paid to acquire the company. Additional consideration of £500 000 is payable to the acquiree's previous lenders upon the utilisation of assessed tax losses in the company.

Contingent consideration is payable to the acquiree's previous lenders in the amount of 50% of any assessed tax losses utilised in excess of £3 571 430, had that excess been assessed as at acquisition date.

As the initial accounting for the business combination is incomplete at the date of issue of this report, details of the fair value of assets and liabilities acquired cannot be presented.

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

	2011 R'000	2010 R'000
Non-current assets		
Property, plant and equipment	**6 612 874**	118 285
Other non-current assets	**1 774 820**	-
Deferred tax asset	**67 527**	-
Goodwill	**1 361 593**	-
Current assets	**952 401**	27 026
Non-current liabilities		
Borrowings	**(2 940 583)**	(51 343)
Other non-current liabilities	**(680 775)**	-
Deferred tax liability	**(593 455)**	(12 510)
Current liabilities	**(1 455 443)**	(2 152)
	5 098 959	79 306
Minority share	**(2 761 828)**	(6 223)
Net assets disposed of	**2 337 131**	73 083
Gain on disposal	**5 782 141**	25 388
Investment in associate retained	**(7 982 091)**	-
Consideration received in cash	**137 181**	98 471
Cash balance disposed of	**(385 999)**	(5 905)
Net cash (outflow)/inflow on disposal	**(248 818)**	92 566

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 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 foreign operations due to trading transactions in currencies other than the functional currency. The Group secures its debt denominated in US Dollar in offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars). As a result no forward cover contracts is required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	2011	2010	**2011**	2010
United States Dollar	**7.18**	7.83	**6.83**	7.30
Euro	**9.49**	11.05	**9.62**	9.86

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 2010.

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
	Profit/(loss)			
Local currency:				
Tanzanian Shilling	**-**	112		
Mozabiquan Meticals	**-**	(584)		
Lusaka Kwacha	**-**	(71)		
Seychelles Rupee	**-**	(90)		
Euro	**276**	3 608		
Dollar	**309**	7 003		
British Pound	**(12)**	(117)		
Australian Dollar	**(125)**	(81)		
Swiss Franc	**-**	15		

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:

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Non-current receivables				
Dollar	**18 526**	13 132		
Seychelles Rupee	**-**	3 151		
	18 526	16 283		
Trade and other receivables				
Australian dollar	**1 251**	809		
British Pound	**554**	1 704		
Dollar	**61 544**	50 781		
Euro	**147**	11 921		
Tanzanian Shilling	**-**	547		
Mozabiquan Meticals	**-**	4 612		
Lusaka Kwacha	**-**	5 735		
Seychelles Rupee	**-**	5 061		
United Arab Dirhams	**-**	2 267		
	63 496	83 437		
Trade and other payables				
Swiss Franc	**-**	146		
Euro	**2 910**	5 844		
British Pound	**4 872**	1 138		
Dollar	**65 678**	170 593		
	73 460	177 721		

Interest rate risk

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

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

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
	Carrying amount			
Fixed rate instruments				
Financial assets	**18 728**	36 341		
Financial liabilities	**(186 666)**	(180 022)		
	(167 938)	(143 681)		
Variable rate instruments				
Financial assets	**149 014**	137 626		
Financial liabilities	**(2 696 009)**	(6 700 025)		
	(2 546 995)	(6 562 399)		

Fair value sensitivity analysis for fixed rate instruments:

A change of 100 basis points in interest rates would have increased or decreased equity by R1,4 million (2010: R1,2 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 R49,9 million (2010: R56,3 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Group		Company	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000

Other 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 R0,75 million (2010: R0,65 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 aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year end for five years into the future in terms of the Group's long term planning process.

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

	Less than 1 year R'000	**Between 2 and 5 years R'000**	**Over 5 years R'000**
At 31 March 2011			
Bank and other borrowings	**826 017**	**1 369 992**	**686 666**
Derivative financial instruments	**2 492**	**-**	**-**
Trade and other payables	**1 228 716**	**-**	**-**
	2 057 225	**1 369 992**	**686 666**
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

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 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

IFRS 7 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
Group 2011				
Assets				
Financial assets at fair value through profit or loss				
Derivatives	**-**	**-**	**12 013**	**12 013**
Derivatives used for hedging	**1 539**	**-**	**-**	**1 539**
Equity securities	**23 377**	**-**	**-**	**23 377**
Available-for-sale financial assets				
Equity securities	**3 329**	**-**	**-**	**3 329**
Debt securities	**100 827**	**-**	**-**	**100 827**
Other	**-**	**-**	**7 904**	**7 904**
Total assets	**129 072**	**-**	**19 917**	**148 989**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives used for hedging	**-**	**2 492**	**-**	**2 492**
Total liabilities	**-**	**2 492**	**-**	**2 492**

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group 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

The following table presents the changes in level 3 financial instruments for the year:

	Derivatives R'000	Sinking fund insurance policy R'000	Other R'000	Total R'000
Group 2011				
Assets				
Carrying value at beginning of year	**9 059**	**48 775**	**10 011**	**67 845**
Additions	**-**	**-**	**5 143**	**5 143**
Disposals	**-**	**(80 291)**	**-**	**(80 291)**
Business combination	**-**	**-**	**(7 250)**	**(7 250)**
Profits recognised in profit and loss	**2 954**	**31 516**	**-**	**34 470**
Carrying value at end of year	**12 013**	**-**	**7 904**	**19 917**

	Derivatives R'000	Sinking fund insurance policy R'000	Other R'000	Total R'000
Group 2010				
Assets				
Carrying value at beginning of year	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 value at end of year	9 059	48 775	10 011	67 845

Total gains and losses for the period included in profit or loss for instruments held at year end:

	2011 R'000	2010 R'000
Derivatives	**2 954**	742
Sinking fund insurance policy	**31 516**	(1 885)
	34 470	(1 143)

49. POST BALANCE SHEET EVENTS

Acquisition of Powercorp International Limited

Subsequent to the reporting date, the Group concluded the acquisition of Powercorp International Limited, an international media content producer and distributor, through a subsidiary. Refer note 47.

Purchase of investment in Oceania Capital Partners Limited

Subsequent to the reporting date, the Group's recently established Australian venture, HCI Investments Australia, successfully acquired 19,9% of an Australian Securities Exchange listed investment company, Oceania Capital Partners Limited, through a subsidiary for approximately AUD 40m.

Repurchase of preference shares issued to NAFCOC investment trusts

The Group has offered to acquire preference shares with face value of R500m, issued by it to various NAFCOC investment trusts, in exchange for the Pan African Parliament building, situated on the Gallagher Estate premises, and a cash component. The cash component of this offer is dependent on the level of acceptances received from the various trusts.

At date of issue of this report, all conditions precedent had not yet been met, with the offer still open for acceptance.

The transactions referred to above do not impact the results of the Group or company for the year ended 31 March 2011 or the financial position thereof at that date.

50. CHANGES IN ACCOUNTING POLICY

During the current year the group early adopted the amendments to IAS 12 Income Taxes that was released in December 2010. In terms of this amendment there is a rebuttable presumption that the carrying value of investment property will ultimately be recovered through sale and therefore the deferred tax liabilities raised on the revaluations should be done at the Capital Gains Tax rate being 14%. The amendment is effective for reporting periods beginning on or after 01 July 2012.

The effect of the early adoption of these amendments on the annual financial statements for the years ended 31 March 2010 and 31 March 2009 is a follows:

	2010 R'000	2009 R'000
Statement of financial position		
Accumulated profits	**3 850 276**	3 244 536
As previously stated	**3 841 495**	3 237 126
Increase	**8 781**	7 410
Deferred taxation liability	**644 067**	677 499
As previously stated	**652 848**	684 909
Decrease	**(8 781)**	(7 410)
Income statement		
Taxation expense	**244 899**	
As previously stated	**246 270**	
Decrease in deferred tax expense	**(1 371)**	
Earnings per share		
Basic earnings per share	**483.96**	
As previously stated	**482.87**	
Decrease in deferred tax expense	**1.09**	
Diluted earnings per share	**471.06**	
As previously stated	**469.99**	
Decrease in deferred tax expense	**1.07**	

51. 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		Available for sale		Fair value through profit or loss		Held to maturity investments		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Group														
Assets														
Non-current assets	**60 835**	161 858	**-**	-	**12 708 281**	14 744 106	**104 217**	53 768	**12 013**	9 059	**-**	-	**12 885 346**	14 968 791
Property, plant and equipment	**-**	-	**-**	-	**2 769 835**	9 660 977	**-**	-	**-**	-	**-**	-	**2 769 835**	9 660 977
Investment properties	**-**	-	**-**	-	**564 685**	218 585	**-**	-	**-**	-	**-**	-	**564 685**	218 585
Goodwill	**-**	-	**-**	-	**144 205**	1 544 195	**-**	-	**-**	-	**-**	-	**144 205**	1 544 195
Intangible assets	**-**	-	**-**	-	**488 646**	565 506	**-**	-	**-**	-	**-**	-	**488 646**	565 506
Intangible assets mining	**-**	-	**-**	-	**88 572**	78 896	**-**	-	**-**	-	**-**	-	**88 572**	78 896
Investments in associates	**-**	-	**-**	-	**8 434 321**	2 278 535	**-**	-	**-**	-	**-**	-	**8 434 321**	2 278 535
Investments in joint ventures	**-**	-	**-**	-	**7 630**	126 719	**-**	-	**-**	-	**-**	-	**7 630**	126 719
Other financial assets	**-**	-	**-**	-	**-**	-	**104 217**	53 768	**12 013**	9 059	**-**	-	**116 230**	62 827
Deferred taxation	**-**	-	**-**	-	**189 203**	230 997	**-**	-	**-**	-	**-**	-	**189 203**	230 997
Operating lease equalisation asset	**-**	-	**-**	-	**2 658**	962	**-**	-	**-**	-	**-**	-	**2 658**	962
Finance lease receivables	**36 581**	38 626	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**36 581**	38 626
Non-current receivables	**24 254**	123 232	**-**	-	**18 526**	38 734	**-**	-	**-**	-	**-**	-	**42 780**	161 966
Current assets	**1 916 550**	2 658 979	**-**	-	**999 492**	1 098 872	**7 843**	29 562	**24 916**	3 334	**-**	-	**2 948 801**	3 790 747
Inventories	**-**	-	**-**	-	**684 755**	743 803	**-**	-	**-**	-	**-**	-	**684 755**	743 803
Programme rights	**-**	-	**-**	-	**262 477**	268 631	**-**	-	**-**	-	**-**	-	**262 477**	268 631
Other financial assets	**-**	-	**-**	-	**-**	-	**7 843**	29 562	**24 916**	3 334	**-**	-	**32 759**	32 896
Trade and other receivables	**1 336 418**	1 367 394	**-**	-	**41 191**	77 301	**-**	-	**-**	-	**-**	-	**1 377 609**	1 444 695
Taxation	**-**	-	**-**	-	**11 069**	9 137	**-**	-	**-**	-	**-**	-	**11 069**	9 137
Bank balances and deposits	**580 132**	1 291 585	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**580 132**	1 291 585
Non-current assets/disposal group assets held for sale	**-**	-	**-**	-	**35 218**	110 886	**-**	-	**-**	-	**-**	-	**35 218**	110 886
Total assets	**1 977 385**	2 820 837	**-**	-	**13 742 991**	15 953 864	**112 060**	83 330	**36 929**	12 393	**-**	-	**15 869 365**	18 870 424
Liabilities														
Non-current liabilities	**-**	-	**2 056 658**	4 715 207	**294 211**	1 161 244	**-**	-	**-**	18 836	**-**	-	**2 350 869**	5 895 287
Financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	18 836	**-**	-	**-**	18 836
Operating lease equalisation liability	**-**	-	**-**	-	**4 447**	287 429	**-**	-	**-**	-	**-**	-	**4 447**	287 429
Borrowings	**-**	-	**2 056 658**	4 657 471	**-**	-	**-**	-	**-**	-	**-**	-	**2 056 658**	4 657 471
Finance lease liabilities	**-**	-	**-**	57 736	**-**	-	**-**	-	**-**	-	**-**	-	**-**	57 736
Post retirement medical benefit liabilities	**-**	-	**-**	-	**115 353**	135 474	**-**	-	**-**	-	**-**	-	**115 353**	135 474
Long term incentive plan	**-**	-	**-**	-	**-**	15 964	**-**	-	**-**	-	**-**	-	**-**	15 964
Long term provisions	**-**	-	**-**	-	**60 273**	52 049	**-**	-	**-**	-	**-**	-	**60 273**	52 049
Deferred revenue	**-**	-	**-**	-	**-**	17 480	**-**	-	**-**	-	**-**	-	**-**	17 480
Deferred taxation	**-**	-	**-**	-	**114 138**	652 848	**-**	-	**-**	-	**-**	-	**114 138**	652 848

	Loans and receivables		Financial liabilities at amortised cost		Non financial instruments		Available for sale		Fair value through profit or loss		Held to maturity investments		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
FINANCIAL INSTRUMENTS (continued)														
Current liabilities	**-**	-	**2 049 564**	4 125 505	**218 223**	390 427	**-**	-	**2 492**	58 762	**-**	-	**2 270 279**	4 574 694
Trade and other payables	**-**	-	**1 223 547**	1 628 476	**5 169**	5 595	**-**	-	**-**	-	**-**	-	**1 228 716**	1 634 071
Financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**2 492**	58 762	**-**	-	**2 492**	58 762
Current portion of borrowings	**-**	-	**547 691**	2 160 130	**-**	-	**-**	-	**-**	-	**-**	-	**547 691**	2 160 130
Current portion of finance lease liabilities	**-**	-	**-**	4 710	**-**	-	**-**	-	**-**	-	**-**	-	**-**	4 710
Other financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Taxation	**-**	-	**-**	-	**75 917**	110 346	**-**	-	**-**	-	**-**	-	**75 917**	110 346
Provisions	**-**	-	**-**	-	**137 137**	250 164	**-**	-	**-**	-	**-**	-	**137 137**	250 164
Current portion of long term incentive plan	**-**	-	**-**	-	**-**	24 322	**-**	-	**-**	-	**-**	-	**-**	24 322
Bank overdrafts	**-**	-	**278 326**	332 189	**-**	-	**-**	-	**-**	-	**-**	-	**278 326**	332 189
Non-current liabilities/disposal group liabilities held for sale	**-**	-	**-**	-	**16 368**	20 253	**-**	-	**-**	-	**-**	-	**16 368**	20 253
Total liabilities	**-**	-	**4 106 222**	8 840 712	**528 802**	1 571 924	**-**	-	**2 492**	77 598	**-**	-	**4 637 516**	10 490 234
Company														
Assets														
Non-current assets	**165 425**	180 437	**-**	-	**2 445 112**	2 306 704	**-**	-	**-**	-	**-**	-	**2 610 537**	2 487 141
Investments in associates	**-**	-	**-**	-	**8 745**	9 256	**-**	-	**-**	-	**-**	-	**8 745**	9 256
Subsidiary companies	**-**	-	**-**	-	**2 436 367**	2 297 448	**-**	-	**-**	-	**-**	-	**2 436 367**	2 297 448
Non-current receivables	**165 425**	180 437	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**165 425**	180 437
Current assets	**76 198**	98 054	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**76 198**	98 054
Tax	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Trade and other receivables	**43**	135	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**43**	135
Bank balances and deposits	**76 155**	97 919	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**76 155**	97 919
Total assets	**241 623**	278 491	**-**	-	**2 445 112**	2 306 704	**-**	-	**-**	-	**-**	-	**2 686 735**	2 585 195
Liabilities														
Current liabilities	**-**	-	**144 220**	384 180	**41 575**	31 408	**-**	-	**-**	-	**-**	-	**185 795**	415 588
Trade and other payables	**-**	-	**76 660**	1 193	**-**	-	**-**	-	**-**	-	**-**	-	**76 660**	1 193
Amounts owing to subsidiaries	**-**	-	**67 560**	382 987	**-**	-	**-**	-	**-**	-	**-**	-	**67 560**	382 987
Taxation	**-**	-	**-**	-	**41 575**	31 408	**-**	-	**-**	-	**-**	-	**41 575**	31 408
Total liabilities	**-**	-	**144 220**	384 180	**41 575**	31 408	**-**	-	**-**	-	**-**	-	**185 795**	415 588

INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES

Annexure 1

FOR THE YEAR ENDED 31 MARCH 2011

	Issued share capital R'000	Effective Interest %	**2011 Shares R'000**	**2011 Loans R'000**	2010 Shares R'000	2010 Loans R'000
Shares and loans stated at cost less impairment						
Investment holding companies						
Arabian Glamour Investments (Proprietary) Limited	1	100	**1**	**-**	-	-
Catwalk Investments 167 (Proprietary) Limited	*	100	**-**	**213**	-	213
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 Investments Australia Proprietary Limited (2)	*	100	*****	**42 304**	-	-
Johnnic Holdings Limited	*	100	******	**-**	**	-
Mercanto Investments (Proprietary) Limited	*	100	*****	**1052 899**	*	1052 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
Squirewood Investments 64 (Proprietary) Limited	*	100	*****	**59 486**	*	20 788
Tangney Investments (Proprietary) Limited	1	100	**32 500**	**45 035**	32 500	45 035
Gaming, hotels and leisure						
Tsogo Investment Holding Company (Proprietary) Limited	**	100	******	**-**	**	-
Limited payout gaming						
Global Payment Technologies Holdings (Proprietary) Limited	44 888	100	*****	**-**	*	-
Vukani Gaming (Proprietary) Limited	*	100	******	**-**	**	-
Financial and management services						
HCI Managerial Services (Proprietary) Limited	*	100	*****	**-**	*	-
HCI - Treasury (Proprietary) Limited	150	100	*****	**96 125**	*	(313 256)
HCI Central Investments (Proprietary) Limited	*	100	******	**53**	**	-
Industrial						
Formex Industries (Proprietary) Limited	100	90	**6 759**	**-**	6 759	20 970
Transport						
Golden Arrow Bus Services (Proprietary) Limited	*	100	**265 014**	**-**	265 014	-
Hollyberry Props 12 (Proprietary) Limited	*	100	******	**-**	**	-
Broadcasting and media						
Sabido Investments (Proprietary) Limited	1 021	64	**23 496**	**-**	23 496	-
Sabido Properties (Proprietary) Limited	*	64	******	**-**	**	-
e.tv (Proprietary) Limited	860 488	64	******	**-**	**	-
e.sat tv (Proprietary) Limited	*	64	******	**-**	**	-
Yired (Proprietary) Limited	*	64	******	**-**	**	-
Mining						
HCI Coal (Proprietary) Limited	*	100	**6 194**	**-**	*	-
Energy						
Johnnic Holdings USA LLC (1)	*	100	******	**-**	**	-

	Issued share capital R'000	Effective Interest %	**2011 Shares R'000**	**2011 Loans R'000**	2010 Shares R'000	2010 Loans R'000
Clothing and textile						
Seardel Investment Corporation Limited	159 207	73	******	**-**	**	-
Seardel Group Trading (Proprietary) Limited	2 500	73	******	**-**	**	-
Seartec Trading (Proprietary) Limited	1	73	******	**-**	**	-
Information technology						
Mars Holdings (Proprietary) Limited	*	55	**19 801**	**-**	19 801	-
Exhibition and properties						
Gallagher Estate Holdings Limited	19 300	100	******	**-**	**	-
Other						
21 Impala Road Properties (Proprietary) Limited	*	100	**655**	**(967)**	655	(967)
Almania Investments (Proprietary) Limited	*	100	**1**	**-**	1	13 083
Ancestral Investments (Proprietary) Limited	*	100	*****	**-**	*	(17)
Blue Beacon Investments 240 (Proprietary) Limited	*	85	*****	**-**	*	-
C and A Associated Consultants (Proprietary) Limited	*	100	*****	**-**	4 540	866
Descarte Investments No. 8 (Proprietary) Limited	2	100	*****	**-**	574	(574)
HCI Lifting Services (Proprietary) Limited	*	100	*****	**-**	2 256	9 226
HJS Advisory Services (Proprietary) Limited	*	100	*****	**-**	*	1 221
IGI Investment Company Limited	37 546	55	*****	**(905)**	*	(905)
Limtech Biometric Solutions (Proprietary) Limited	*	51	*****	**-**	*	-
Rowan Tree 4 (Proprietary) Limited	*	100	*****	**-**	*	(597)
Sam Sisonke (Proprietary) Limited	*	100	*****	**-**	1 362	(13 726)
Tylon Holdings (Proprietary) Limited	*	100	**16 429**	**(64 165)**	16 429	(63 932)
			1016 427	**1355 248**	1018 964	895 497

* 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.

	2011 R'000	2010 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**6 753 790**	1 569 640
Aggregate losses after tax	**(265 649)**	(641 711)

Subsidiaries are incorporated in South Africa unless otherwise shown.
(1) USA
(2) Australia

Encumbrances
Shares and loans having a total carrying value of R 2 436 million (2010:R 2 297 million) have been pledged a security for certain loans owing to loan funders of the Group. Refer note 22.

NOTICE TO MEMBERS

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 2011

NOTICE IS HEREBY GIVEN that the annual general meeting of Hosken Consolidated Investments Limited ("the company") will be held at the offices of the company, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001 on Monday, 24 October 2011 at 11:00, at which the issues and resolutions set out in the agenda below will be considered and, if deemed fit, passed with or without modification.

General instructions and information

On the date that the new Companies Act, 71 of 2008, as amended ("Companies Act") came into effect, the memorandum of association and articles of association of the company automatically converted into the company's memorandum of incorporation ("MOI"). Accordingly, the term "MOI" is used throughout this notice of annual general meeting to refer to the company's memorandum of incorporation which previously comprised the company's memorandum of association and its articles of association.

Participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the annual general meeting for verification.

The Board of directors of the company determined that the record date for the purpose of determining which shareholders of the company were entitled to receive notice of the annual general meeting was on 13 September 2011, shareholders who have not received the Annual Report may request one from the Company.

All shareholders are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint one or more proxies (who need not be shareholders of the company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries, to be received by no later than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting.

Please note that the company intends to make provision for shareholders of the company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the company at its registered office or at the office of the transfer secretaries by no later than 12h00 on Friday, 14 October 2011. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative's identity document and/or passport;
- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video conference facility that will be made available.

Upon receipt of the aforesaid notice and documents, the company shall notify you of the relevant details of the video-conference facilities available in Johannesburg at which you can participate in the annual general meeting by way of electronic communication.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Ltd's ("JSE") electronic settlement system held through a CSDP or broker (or their nominee)) and are not registered as an "own name" dematerialised shareholder you are not a registered shareholder of the company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting, you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/ or request it to appoint a proxy. You must not complete the attached form of proxy.

The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be. CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the company's transfer secretaries to be received by not less than 24 (twenty-four) hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

On a poll, shareholders are entitled to 1 vote per ordinary share.

Unless otherwise specifically provided below, for any of the ordinary resolutions to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

The annual report to which this notice of annual general meeting is attached provides details of:

- the directors and management of the company, including brief CVs of the directors nominated for re-election, on pages 4 to 7;
- the major shareholders of the company on page 23 and 24;
- the directors' interests in securities on page 111; and
- the share capital of the company in note 19 and an analysis of shareholders on page 86.

There are no material changes to the Group's financial or trading position (other than as disclosed in the accompanying annual report), nor are there any legal or arbitration proceedings that may materially affect the financial position of the Group between 31 March 2011 and the reporting date.

The directors, namely J.A.Copelyn, V.M.Engel, R.S.Garach, M.J.A. Golding, T.G.Govender, F.M.Magugu, L.M.Molefi, V.E.Mphande, J.G.Ngcobo and Y.Shaik collectively and individually, accept full responsibility for the accuracy of the information given 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 the annual report and this notice provide all information required by law and the Listings Requirements of the JSE ("JSE Listings Requirements").

Purpose

The purpose of the annual general meeting is for the following business to be transacted and for the following special and ordinary resolutions to be proposed:

Agenda

1. **To present the directors' report and the audit committee report**
   The Companies Act requires the company to present the audit committee report and the directors' report at the annual general meeting of the company. The directors' report is set out on pages 42 and 43, and the audit committee report is set out on pages 28 and 29, of the annual report to which this notice of annual general meeting is attached.

2. **To receive and adopt the audited financial statements – ordinary resolution number 1**
   "Resolved that the audited financial statements and Group audited financial statements for the year ended 31 March 2011 as tabled at the meeting are hereby adopted."

   In terms of the transitional provisions of the Companies Act, the financial statements will be presented for approval by shareholders. The purpose of this ordinary resolution is to approve the annual financial statements of the company and its subsidiaries, which annual financial statements are set out on pages 44 to 133 of the document to which this notice of annual general meeting is attached. Although the Companies Act came into effect on 1 May 2011, the resolution has been proposed in terms of item 2(7) of Schedule 5 of the Companies Act, read with section 286 of the Companies Act, 61 of 1973, as amended.

3. **General authority over unissued shares – ordinary resolution number 2**
   "Resolved that all the unissued authorised shares in the company, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements, until the next annual general meeting."

   No issue of these shares is contemplated at the present time and no issue will be made that could effectively change the control of the company without the prior approval of shareholders in a general meeting.

4. **General authority to issue shares and options for cash – ordinary resolution number 3**
   "Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue (which shall

for the purposes of the JSE Listings Requirements include the sale of treasury shares) for cash (as contemplated in the JSE Listings Requirements) all or any of the authorised but unissued shares in the capital of the company, including options, as and when they in their discretion deem fit, subject to the Companies Act, the MOI of the company and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that such issues for cash may not, in the aggregate, in any 1 (one) financial year, exceed 15% (fifteen percent) of the number of shares of the relevant class of shares issued prior to such issue."

Additional requirements imposed by the JSE Listings Requirements:

It is recorded that the company may only make an issue of shares for cash under the above general authority if the following JSE Listings Requirements are met:

- the shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- the general authority shall only be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
- a paid press announcement will be published giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue was agreed in writing between the company and party/ies subscribing for such shares and the expected effect on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) of the number of shares in issue prior to that issue;
- that issues in the aggregate in any 1 (one) financial year may not exceed 15% (fifteen percent) of the number of the shares of the Company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity securities and options in accordance with the JSE Listings Requirements;
- in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party/ies subscribing for the shares; and
- any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties.

Although this is an ordinary resolution, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

5. Appointment of directors – ordinary resolution numbers 4.1, 4.2, 4.3, 4.4

Mr R.S.Garach, Mr M.J.A.Golding, Mr J.G.Ngcobo and Mr Y.Shaik retire as directors in accordance with the company's MOI but, being eligible, each offer themselves for re-election as a director of the company. For CV details, see pages 6 and 7.

Accordingly, shareholders are requested to consider and if deemed fit, to re-elect Mr R.S.Garach, Mr M.J.A.Golding, Mr J.G.Ngcobo and Mr Y.Shaik by way of passing the ordinary resolutions set out below:

5.1. Mr R.S.Garach – ordinary resolution number 4.1
"Resolved that Mr R.S.Garach be and is hereby elected as a director of the company."

5.2. Mr M.J.A. Golding – ordinary resolution number 4.2
"Resolved that Mr M.J.A. Golding be and is hereby elected as a director of the company."

5.3. Mr J.G.Ngcobo – ordinary resolution number 4.3
"Resolved that Mr J.G.Ngcobo be and is hereby elected as a director of the company."

5.4. Mr Y.Shaik – ordinary resolution number 4.4
"Resolved that Mr Y.Shaik be and is hereby elected as a director of the company."

The reason for ordinary resolution numbers 5.1 to 5.4 is to re-elect those directors of the company who retire as directors in accordance with the company's MOI.

6. Appointment of audit committee – ordinary resolution numbers 5.1, 5.2, 5.3

6.1. Appointment of audit committee – ordinary resolution number 5.1
"Resolved that Mr R.S.Garach (see CV details on page 6) be appointed to the audit committee of the company for the ensuing year."

6.2 Appointment of audit committee – ordinary resolution number 5.2
"Resolved that Dr L.M.Molefi (see CV details on page 7) be appointed to the audit committee of the company for the ensuing year."

6.3 Appointment of audit committee – ordinary resolution number 5.3
"Resolution that Mr Y.Shaik (see CV details on page 7) be appointed to the audit committee of the company for the ensuing year."

The reason for ordinary resolution numbers 5.1 to 5.3 is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed at each annual general meeting of a company.

7. Approval of remuneration report for the year ended 31 March 2011 – non-binding resolution number 6
The directors table the remuneration report for the year ended 31 March 2011, as set out in the annual financial statements accompanying this notice of annual general meeting. The report is to be submitted for a non-binding advisory vote of shareholders in terms of the King Report on Corporate Governance in South Africa, 2009. The proposed vote enables shareholders to express their views on the remuneration policies adopted by the company.

"Resolved that the remuneration report is approved by way of a non-binding advisory vote."

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

8. Reappointment of auditor – ordinary resolution number 7
The company's audit committee has recommended that PKF (JHB) Inc. be re-appointed as the auditors of the company, for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2012 is Mr Schoeman. Accordingly, the directors propose that the following resolution be adopted:

"Resolved that PKF (JHB) Inc is hereby appointed as the auditor to the company for the ensuing year."

The reason for ordinary resolution number 7 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

9. Authorisation of directors – ordinary resolution number 8
"Resolved that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary or incidental to the implementation of the resolutions passed at this annual general meeting."

10. Approval of HCI Employee Share Scheme ("the Scheme") – ordinary resolution number 9

10.1. "Resolved that the Scheme, the salient terms of which have been summarised and inserted in the annual report to which this notice of annual general meeting is attached, and the full terms of which are contained in the Scheme document that has been tabled at the annual general meeting and initialled by the chairman of the annual general meeting for purposes of identification, be and is hereby approved and adopted by the Company; and

10.2. "Resolved that the Company be and is hereby authorised, by way of a specific authority in accordance with the Listings Requirements, to grant options in respect of up to a maximum of 10,500,000 ordinary shares in the authorised, but unissued ordinary share capital of the Company, in accordance with the terms and conditions of the Scheme and any amendments thereto

In terms of the Listings Requirements, the passing of this ordinary resolution is achieved by the attainment of a 75% majority of the votes cast in favour of such resolution by all members present in person or by proxy or represented at the annual general meeting.

The Scheme document will be available for inspection by shareholders during normal business hours at the Company's registered address, B Block, Longkloof Studios, Darters Road, Gardens, Cape Town, 8000 and at the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001, for a period of 14 days prior to the date of this annual general meeting.

The reason for this ordinary resolution is to approve the terms of the Scheme, and to authorise the Board to grant options to participants in accordance with the terms of the Scheme.

11. Grant of option to Robert Nicolella – ordinary resolution number 10

"Resolved that the Company be and is hereby authorised, by way of a specific authority in terms of the JSE Listings Requirements, to grant an option ("the Option") to Robert Nicolella ("Nicolella") to subscribe for ordinary shares in the share capital of the Company, on the following terms:

11.1. the Option shall be granted in respect of 178,000 ordinary shares ("Option Shares");

11.2. the Option price payable by Nicolella shall be R30.00 per Option Share ("Option Price").

11.3. the Option shall only be exercisable by Nicolella during the three month period commencing on 16 May 2014, provided that at that time, Nicolella is an employee of the Company and the price of the Company's shares exceeds R30.00 per share;

11.4. Except for the above, the terms of this option granted to Nicolella will be the same as embodied in the HCI Employee Share Scheme set out for approval under ordinary resolution number 9

Reason for ordinary resolution number 8
In order to entice Nicolella from his previous employ, match a portion of his previous equity incentives, encourage and motivate him to pursue continued employment with the Company and to contribute to the growth and profitability of the Group as a whole; the board believes that it is necessary to grant the Option, subject to obtaining the necessary shareholders' approval.

Paragraph 5.53 of the Listings Requirements provides that where options are granted otherwise than to existing holders of equity securities in proportion to their existing holdings and to a specific recipient, such options will only be permitted if specific approval is obtained for such grant in terms of paragraph 5.51 of the Listings Requirements. The board is satisfied that Nicolella is not a related party as defined in the Listing Requirements.

Therefore, although this is an ordinary resolution, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

The passing of this ordinary resolution will have the effect of authorising the Company to grant the Option to Nicolella and to issue the shares in the Company to Nicolella upon valid exercise of the Option in accordance with the terms set out above.

12. Approval of annual fees to be paid to non-executive directors – special resolution number 1.

"Resolved that the following annual fees to be paid to the nonexecutive directors of the company for the forthcoming year are hereby approved.

Non-executive director	Fee R'000
V.M.Engel	210
R.S.Garach	280
F.M.Magugu	245
V.E.Mphande	210
L.M.Molefi	280
J.G.Ngcobo	245
Y.Shaik	280

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval.

13. General authority to repurchase company shares – special resolution number 2

"Resolved that the company hereby approves, as a general approval contemplated in JSE Listings Requirement 5.72, the acquisition by the company or any of its subsidiaries from time to time of the issued 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 provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that:

- acquisitions by the company and its subsidiaries of shares in the capital of the company may not, in the aggregate, exceed in any one financial year 20% (twenty per cent) (or 10% (ten per cent) where such acquisitions relate to the acquisition by a subsidiary) of the company's issued share capital of the class of the repurchased shares from the date of the grant of this general authority;
- any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- the company (or any subsidiary) is authorised to do so in terms of its MOI;
- 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;
- in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% (ten per cent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the prohibited period are fixed and full details thereof have been disclosed in an announcement on SENS prior to commencement of the prohibited period;
- in the case of a derivative (as contemplated in the JSE Listings Requirements) the price of the derivative shall be subject to the limits set out in paragraph 5,84(a) of the JSE Listings Requirements;
- a paid press announcement will be published as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis 3% (three per cent) of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the company acquires a further 3% (three per cent) of such shares thereafter, which announcement shall contain full details of such acquisitions."

Statement by the board of directors of the company

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the company hereby states that:

a. it is their intention to utilise the general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;

b. in determining the method by which the company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:
   - the company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the issued share capital and reserves of the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the company or any acquiring subsidiary for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
   - the working capital available to the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
   - the company and its subsidiaries pass the solvency and liquidity test and that from the time that the test is done , there are no material changes to the financial position of the company or any acquiring subsidiary;

c. they will not make any repurchase until such time as the company's sponsors have provided the JSE with a letter in relation to the working capital statement set out above (as required in terms of the JSE Listings Requirements).

The reason for special resolution number 2 is to grant the company a general authority in terms of the JSE Listings Requirements for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company.

The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

14. General authority to provide financial assistance – special resolution number 3

"Resolved that, to the extent required by section 45 of the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company for any purpose or in connection with any matter. The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date."

The reason for this special resolution is to provide general authority for the company to provide financial assistance to its subsidiaries and other related and inter-related companies and corporations.

Not withstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", the body of the section also applies to financial assistance provided by a company to related or inter-related companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Section 45 of the Companies Act provides, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The company, when the need previously arose, provided loans to and guaranteed loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act, 61 of 1973, as amended. The company requires the ability to continue providing financial assistance, if and when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related or inter-related, in accordance with section 45 of the Companies Act.

In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

The passing of this special resolution will have the effect of allowing the directors of the company to authorise the company to provide direct or indirect financial assistance to the company's subsidiaries and other related and inter-related companies and corporations to allow such companies or corporations to have access to financing and/or financial backing from the company.

15. To transact such other business which may be transacted at an annual general meeting

HCI Managerial Services
(Proprietary) Limited

By order of the Board
30 August 2011
Cape Town