Hosken Consolidated Investments Limited

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
("HCI" or "the company")

Group annual results for the year ended 31 March 2001

The following are the audited results of the group for the year ended 31 March 2001 together with comparative figures:

ABRIDGED CONSOLIDATED INCOME STATEMENTS

	Year ended 31 March 2001 R'000	2000 R'000
Operating loss	**(11 707)**	(2 431)
Investment income	**8 494**	27 113
Share of profits/(losses)	**(125 595)**	(86 934)
Non-consolidated subsidiaries	**(155 858)**	(99 372)
Associated companies	**30 263**	12 438
Investment surplus	**10 946**	428 935
(Loss)/Profit before taxation	**(117 862)**	366 683
Taxation	**9 860**	7 909
(Loss)/Profit before preference dividends	**(127 722)**	358 774
Attributable to minorities	**(59)**	–
Preference dividends payable	**(75 647)**	(11 224)
(Loss)/Profit attributable to ordinary shareholders	**(203 428)**	347 550
Reconciliation of headline earnings/(loss)		
Basic (loss)/earnings – (loss)/profit for year	**(203 428)**	347 550
Adjusted for:		
Goodwill amortised	**4 907**	–
Investment surplus	**(10 496)**	(428 935)
Headline loss	**(209 017)**	(81 385)
Earnings (loss) per share (cents)		
– Headline	**(54,9)**	(21,9)
– Basic	**(53,3)**	93,7
Weighted average number of shares in issue ('000)	**381 724**	371 039
Actual number of shares in issue at end of year ('000)	**389 588**	371 039

ABRIDGED CONSOLIDATED BALANCE SHEETS

	31 March 2001 R'000	31 March 2000 R'000
Assets		
Non-current assets	**3 486 049**	3 599 609
Investments	**3 485 950**	3 599 456
Equipment	**99**	153
Current assets	**14 167**	11 548
Total assets	**3 500 216**	3 611 157
Equity and liabilities		
Ordinary shareholders' equity	**2 865 181**	3 399 389
Minority shareholder interest and preference shares	**467 610**	75 375
Non-current liabilities	**–**	25 785
Current liabilities	**167 425**	110 608
Total equity and liabilities	**3 500 216**	3 611 157
Net asset value per share at market/directors' valuation at 22 June 2001 (cents)	**755**	965

ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 March 2001 R'000	2000 R'000
Cash flows from operating activities	**(1 176)**	(186 589)
Cash flows from investing activites		
Fixed assets acquired	**(5)**	(57)
Investments and loans made	**(147 257)**	(376 922)
Proceeds on disposal of investments	**68 024**	780 491
Cash flows from financing activities		
Ordinary capital raised	**98 444**	14 243
Preference share capital and term funding	**10 609**	(252 193)
Repayment of non-current liabilities	**(25 785)**	–
Increase in cash and cash equivalents	**2 854**	(21 027)
Cash and cash equivalents		
At beginning of year	**(66 064)**	(45 037)
At end of year	**(63 210)**	(66 064)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Revaluation surplus R'000	Investment surplus R'000	Equity reserves R'000	Retained income R'000
Balances 1 April 1999	91,330	1 002 543	1 816 581	112 194	3 205	(31 188)
Share capital and premium						
Shares issued	1 430	12 866				
Share issue expenses		(53)				
Current operations						
Profit attributable to ordinary shareholders						347 550
Transfer on realisation of investments				372 543	(3 205)	(369 338)
Revaluation						
Current revaluation surplus			1 379 556			
Unbundling dividend			(1 336 625)			
Balances 31 March 2000	92 760	1 015 356	1 859 512	484 737	–	(52 976)
Share capital and premium						
Shares issued	4 637	94 131				
Share issue expenses		(324)				
Current operations						
Loss attributable to ordinary shareholders						(203 428)
Transfer on realisation of investments				10 946		(10 946)
Revaluation						
Current revaluation deficit			(429 224)			
Balances 31 March 2001	97 397	1 109 163	1 430 288	495 683	–	(267 350)

COMMENTARY

EVENTS AND DEVELOPMENTS

Vodacom Group (Pty) Ltd

The group continues to hold its 5% interest in unlisted Vodacom Group (Pty) Ltd ("Vodacom"). Despite the recent downturn in global telecommunications shares, Vodacom has continued its exceptional performance having reached its five millionth subscriber in March this year. The company continues to remain the leading cellular network operator on the African continent with a major share of its revenues from the South African market. Your directors remain confident that this investment will continue to deliver satisfactory returns in the future.

Midi TV (Pty) Ltd ("e-TV")

e-TV continued its satisfactory progress over the last year. Its audience share has expanded to a point making it the largest English medium station in the country, ahead of both M-NET and more recently SABC 3. Revenues have increased significantly over the year and are in line with the company's business plan.

The recently announced intention of Warner Bros. to dispose of its 12% interest in e-TV is not expected to have any material adverse affect on the business and will not affect either the control of the business or the content of its programmes.

Difficulties in resolving regulatory issues concerning shareholding remain, however HCI and the major shareholders in the station remain committed to resolving this matter with the Independent Communications Authority of South Africa.

As indicated in our interim profit announcement in December 2000, the station is expected to become profitable in 12 to 18 months' time.

Gaming

The progress towards the commencement of route operator licences remains on track and operations in Vukani Gaming Corporation (Pty) Ltd in Mpumalanga are expected to commence by year-end.

The group has decided to convert its preference shareholding in Online Gaming Systems Ltd ("OGAM") to ordinary equity. This conversion will give HCI an effective 51% shareholding in the company. We are continuing to fund OGAM's losses in 2001 but believe the company will turn profitable in 2002. OGAM recently announced the conclusion of a joint venture with Station Casinos to effectively provide lawful on-line betting in the USA and, over time, your directors believe this will prove to be of major significance to the group.

Mettle Limited

OPERATIONS AND RESULTS FOR THE YEAR

The business operations of HCI entail 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. Your directors are confident that the group will continue to deliver satisfactory growth.

Earnings per share incorporates only the results of those companies equity accounted together with interest and dividends received from investments. Accordingly, earnings per share is not indicative of the performance of all the underlying companies in which investments are held.

The group has decided not to consolidate certain subsidiaries that are held either for purposes of resale or in which the group's interests are to be diluted over the next year. It is anticipated that the group's 50,02% indirect interest in e-TV will dilute over time as new shareholders are introduced. Accordingly, the results of the group's share of the profits and losses of its non-consolidated subsidiaries have been accounted for using the equity method. The investment surplus arose as a result of the sale of certain of the group's non-core investments.

DISTRIBUTIONS TO SHAREHOLDERS

The directors have decided not to declare a dividend for the year ended 31 March 2001. The company requires its cash resources for further investments. Payment of a dividend will be considered in future years out of dividends received by the company from its investments when circumstances warrant it.

STRATE

In accordance with the new Listings Requirements of the JSE, HCI will convert to the STRATE (Share Transactions Totally Electronic) system with effect from 13 August 2001. From this date, shareholders will not be able to sell their shares in HCI unless they exist in electronic format in the STRATE environment. Shareholders will receive further communication in this regard in due course.

PROSPECTS FOR THE FUTURE

The prospects for the group over the next year remain concentrated on the

Casinos to effectively provide lawful on-line betting in the USA and, over time, your directors believe this will prove to be of major significance to the group.

Mettle Limited

The Greenwich Group Ltd ("Greenwich") acquired 100% of the issued share capital of Mettle Ltd ("Mettle") resulting in the group selling its entire interest in Mettle in exchange for a 33% interest in Greenwich. Greenwich subsequently changed its name to Mettle Limited. This transaction resulted in Mettle being reverse-listed on the JSE Securities Exchange South Africa ("JSE").

Mettle has performed exceptionally well during the year showing strong growth in headline earnings.

The merger will result in the group diversifying the sources of its earnings as well as providing access to a significant offshore base from which to grow future earnings.

due course.

PROSPECTS FOR THE FUTURE

The prospects for the group over the next year remain concentrated on the expansion and consolidation of its interests in the various sectors invested. The group has also invested in certain start-up businesses that have significant blue-sky potential. Your directors are confident that the group will continue to deliver satisfactory returns in the near future.

For and on behalf of the board of directors

M A Golding *Chairman* **J A Copelyn** *Chief Executive Officer*

Durban
25 June 2001

Registered office: 3rd Floor, MB House, 641 Ridge Road, Durban, 4001 (PO Box 18881, Dalbridge, 4014)
Transfer secretaries: Mercantile Registrars Limited, 8th Floor, 11 Diagonal Street, Johannesburg, 2001, (PO Box 1053, Johannesburg, 2000)
Directors: M A Golding (*Chairman),* J A Copelyn (*Chief Executive Officer*), M F Magugu, V E Mphande
Company secretary: M H Ahmed