



Hosken Consolidated Investments Limited

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
Share code: HCI ISIN: ZAE000003257
("HCI" or "the company" or "the group")

Group annual results for the year ended 31 March 2002

The following are the audited results of the group for the year ended 31 March 2002 together with the comparative figures:

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March	
	2002 R'000	2001 R'000
Revenue	390 266	258 318
Operating loss	(341 221)	(312 727)
Net investment income	34 061	16 503
Share of associated companies profits	34 410	20 609
Investment surplus	18 813	10 946
Impairment of goodwill and investments	(296 324)	–
Loss before taxation	(550 261)	(264 669)
Taxation	5 469	11 153
Loss before preference dividends	(555 730)	(275 822)
Preference dividends	(45 561)	(75 647)
Attributable to minorities	166 398	148 041
Loss attributable to ordinary shareholders	(434 893)	(203 428)
<i>Reconciliation of headline loss</i>		
Loss attributable to ordinary shareholders	(434 893)	(203 428)
<i>Adjusted for:</i>		
Investment surplus	(18 813)	(10 946)
Amortisation of goodwill	14 615	4 975
Profit on sale of assets	(21)	–
Impairment of goodwill and investments	296 324	–
Headline loss	(142 788)	(209 399)
<i>Loss per share (cents)</i>		
– Basic	(115,9)	(53,3)
– Headline	(38,0)	(54,9)
Weighted average number of shares in issue ('000)	375 294	381 724
Actual number of shares in issue at end of year ('000)		
– adjusted for treasury shares	367 530	389 588

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March	
	2002 R'000	2001 R'000
Cash flows from operating activities	(396 623)	(28 948)
Cash flows from investing activities	(20 876)	(82 945)
Cash flows from financing activities	541 779	114 013
Increase in cash and cash equivalents	124 280	2 120
Cash and cash equivalents		
At beginning of year		
At end of year	(24 988)	(27 108)
	99 292	(24 988)

ABRIDGED CONSOLIDATED BALANCE SHEET

	Year ended 31 March	
	2002 R'000	2001 R'000
ASSETS		
Non-current assets	2 618 524	3 113 070
Property plant and equipment	84 484	67 931
Goodwill	–	116 692
Deferred tax	49	–
Investments	2 533 991	2 928 447
Current assets	663 145	411 503
Total assets	3 281 669	3 524 573
EQUITY AND LIABILITIES		
Ordinary shareholders' equity	2 051 852	2 865 181
Minority shareholder interest	15 844	117 459
Non-current liabilities and preference shares	743 903	114 455
Current liabilities	470 070	427 478
Total equity and liabilities	3 281 669	3 524 573
Net asset value per share (Rand)	5,58	7,35

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	NDR R'000	Accumulated Loss R'000	Total R'000
Balances 1 April 2000	92 760	1 015 356	2 344 249	(52 976)	3 399 389
<i>Share capital and premium</i>					
Shares issued	4 637	94 131			98 768
Issue costs		(324)			(324)
<i>Current operations</i>					
Loss attributable to ordinary shareholders				(203 428)	(203 428)
Transfer on realisation of investments			10 946	(10 946)	–
<i>Revaluation</i>					
Current revaluation deficit			(429 224)		(429 224)
Balances 31 March 2001	97 397	1 109 163	1 925 971	(267 350)	2 865 181
<i>Share capital and premium</i>					
Shares issued	200	2 040			2 240
Shares repurchased and cancelled	(3 205)	(41 665)			(44 870)
Share issue and cancellation costs		(2 178)			(2 178)
Treasury shares acquired by subsidiary	(2 510)	(30 934)			(33 444)
<i>Current operations</i>					
Loss attributable to ordinary shareholders				(434 893)	(434 893)
Transfer on realisation of investments			18 813	(18 813)	
<i>Revaluation</i>					
Current revaluation deficit			(300 184)		(300 184)
Balances 31 March 2002	91 882	1 036 426	1 644 600	(721 056)	2 051 852

COMMENTARY

ACCOUNTING POLICIES

The preliminary report to shareholders is prepared on the historical cost basis modified by the revaluation of investments and conforms with Statements of South African Generally Accepted Accounting Practice. The accounting policies of the group have been consistently applied.

RESTATEMENT OF COMPARATIVE FIGURES

Certain subsidiaries that were previously considered to be held for sale or subject to potential dilution have been reclassified, resulting in the full consolidation of their assets, liabilities and results of operations with those of the rest of the group. To aid comparability, the prior year figures have been restated. This has no effect on earnings per share for the prior year as the group's share of losses had previously been accounted for.

REVIEW OF INVESTMENTS

Telecommunications

Vodacom Group (Pty) Ltd

The group's 5% interest in unlisted Vodacom Group (Pty) Ltd ("Vodacom") remained unchanged during the year. Vodacom continued its exceptional performance showing strong growth in headline earnings of 37% to R2,438 million. Despite the entry of Cell-C into the local cellular market the company's subscriber base continues to grow making Vodacom the leading cellular network operator on the African continent

Media and Broadcasting

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

17:00 – 23:00 audience share of the channel has grown by an average of 45% for the year.

Revenues over the same period increased some 58% bringing the ratio of revenue to audience more in line with expectations.

The growth in general television adspend over the year was disappointing particularly after the September 11 events. The rapid decline of the rand against the US Dollar also adversely affected the station's performance.

Financial year 2003 ought to see audience share climb to an average of close to 20% and the accompanying growth in revenue should substantially reduce the operating losses of the station in the coming year. The station is expected to be cash positive from May 2003.

e-TV has successfully negotiated the exit of Warner Bros. from the station subject to ICASA approval and has also suitably adjusted its programme licencing arrangements for the period until October 2004. As previously announced this is not expected to have any negative effect on the station. HCI anticipates committing further resources to e-TV until its turnaround is effected.

gaming and that this company has reasonable prospects of concluding contracts which over time will make OGAM profitable.

Financial services

Mettle Limited

Despite the adverse market conditions in which Mettle Ltd ("Mettle") operated during the year the company has performed well with growth in headline earnings of 37%. The company's return on equity remains in excess of 30% and we believe this ratio can be sustained going forward. Your directors are confident of Mettle's ability to respond to changes in the small cap sector and to deliver long-term growth to investors. This view was supported by the actions of institutional investors who rejected the proposed delisting of Mettle.

OPERATIONS AND RESULTS FOR THE YEAR

The business operations of HCI include the making of investments in opportunities as identified by the board of directors and to add value to these investments over time. As such HCI has consciously established itself and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially-run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them. Your directors are confident that the group will deliver satisfactory growth in the future.

The group reported a headline loss per share of 38 cents compared with the headline loss per share of 54,9 cents for the prior year which represents an improvement of 31%. The largest contributor to the headline loss per share is the group's share of the losses of e-TV after adjusting for minorities. Income from the group's investment in associate companies contributed R34,4 million.

The investment surplus arose from the sale of certain non-core investments. The impairment of goodwill and investments relates principally to goodwill arising on e-TV and the provision for the diminution in the value of the group's offshore gaming interests.

In terms of a specific buyback, the company repurchased and cancelled 12 820 000 shares during the year under review. Details of this transaction were included in a circular to shareholders dated 7 August 2001.

DISTRIBUTIONS TO SHAREHOLDERS

The directors have decided not to declare a dividend for the year ended 31 March 2002. The company requires its cash for further investments.

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Messrs Arnold Jack Shapiro and Amon Malencane Ntuli have been appointed as non-executive directors of the company with effect from 19 June 2002.

PROSPECTS FOR THE FUTURE

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Regulatory difficulties in relation to ICASA remain outstanding and HCI remains committed to resolving the matter amicably with ICASA.

Gaming

Progress towards the commencement of business in the route business was delayed by litigation. This litigation has been settled / determined and the business is again advancing slowly. We anticipate the roll out will only effectively commence towards the end of this financial year.

The group has converted about half of it debts with On-line Gaming Systems Ltd ("OGAM") to ordinary equity. This conversion has given the group 81% of the ordinary equity. The investment remains speculative and the company continues to lose money. Nevertheless your directors believe there is great potential in Internet

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PROSPECTS FOR THE FUTURE

The prospects for the group over the next year remain concentrated on consolidating and extracting value from its interests in the various sectors invested. The group has invested in certain start-up businesses that have significant potential. Your directors are confident that the group will deliver satisfactory returns in the near future.

For and behalf on the board of directors

M A Golding Chairman
J A Copelyn Chief Executive Officer

24 June 2002
Durban

Registered office: 3rd Floor, MB House, 641 Ridge Road, Durban, 4001 (PO Box 18881, Dalbridge, 4014)
Transfer secretaries: Computershare Investor Services 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*, A J Shapiro*, A M Ntuli* *(non-executive)
Company secretary: T G Govender

