



Hosken Consolidated Investments Limited

(Incorporated in the Republic of South Africa)
(Registration number 1973/007111/06)
Share code: HCI ISIN: ZAE00003257
("HCI" or "the company" or "the group")

Group annual results for the year ended 31 March 2003

The following are the results of the group for the year ended 31 March 2003 together with the comparative figures:

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March	
	2003	2002
	R'000 (reviewed)	R'000 (audited)
Revenue	508 559	390 266
Operating loss	(121 789)	(341 221)
Investment income	53 310	60 681
Share of associated companies profits	30 711	34 410
Investment (loss)/surplus	(698 591)	18 813
Impairment of investments	(50 185)	(296 324)
Operating loss before taxation	(786 544)	(523 641)
Taxation	5 509	5 469
Loss before preference dividends and interest	(792 053)	(529 110)
Preference dividends and interest	(82 623)	(72 181)
Attributable to minorities	(1 832)	166 398
Loss attributable to ordinary shareholders	(876 508)	(434 893)
<i>Reconciliation of headline loss</i>		
Loss attributable to ordinary shareholders	(876 508)	(434 893)
<i>Adjusted for:</i>		
Investment loss/(surplus)	698 591	(18 813)
Impairment of investments	50 185	296 324
Amortisation of goodwill	9 873	14 615
Loss/(Profit) on sale of assets	19 567	(21)
Headline loss	(98 292)	(142 788)
Loss per share (cents)		
– Basic	(286,41)	(115,90)
– Headline	(32,12)	(38,00)
Weighted average number of shares in issue ('000)	306 031	375 294
Actual number of shares in issue at end of year		
net of treasury shares ('000)	107 802	367 530

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March	
	2003	2002
	R'000 (reviewed)	R'000 (audited)
Cash flows from operating activities	(264 006)	(395 875)
Cash flows from investing activities	1 382 025	(21 624)
Cash flows from financing activities	(1 015 819)	541 779
(Decrease)/Increase in cash and cash equivalents	102 200	124 280
Cash and cash equivalents-		
At beginning of year	99 292	(24 988)
At end of year	201 492	99 292

ABRIDGED CONSOLIDATED BALANCE SHEET

	Year ended 31 March	
	2003	2002
	R'000 (reviewed)	R'000 (audited)
ASSETS		
Non-current assets	453 524	2 618 524
Property, plant and equipment	60 051	84 484
Deferred tax	–	49
Investments	393 473	2 533 991
Current assets	644 158	663 145
Total assets	1 097 682	3 281 669
EQUITY AND LIABILITIES		
Ordinary shareholders' equity	545 019	2 051 852
Minority shareholder interest	42 591	15 844
Non-current liabilities and preference shares	276 728	743 903
Deferred tax	108	–
Current liabilities	233 236	470 070
Total equity and liabilities	1 097 682	3 281 669
Net asset value per share (Rand)	5,06	5,58

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	NDR R'000	Accumulated (loss)/ surplus R'000	Total R'000
Balances 1 April 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
Shares issued	2 607	26 032	–	–	28 639
Share issue costs	–	(1 626)	–	–	(1 626)
Treasury shares disposed of by subsidiary	2 396	29 427	–	–	31 823
Shares repurchased	(69 935)	(594 121)	–	–	(664 056)
<i>Current operations</i>					
Loss attributable to ordinary shareholders	–	–	–	(876 508)	(876 508)
<i>Revaluation</i>					
Realisation of reserves	–	–	(994 909)	994 909	–
Current revaluation deficit	–	–	(25 105)	–	(25 105)
	26 950	496 138	624 586	(602 655)	545 019

SEGMENT REPORT

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

	Segment Revenues R'000	Segment Results R'000	Segment Assets R'000	Segment Liabilities R'000
Telecommunications	–	(665 923)	–	–
Media and broadcasting	501 073	(83 048)	639 594	191 518
Financial services	–	14 365	114 926	–
Interactive gaming	6 871	(44 723)	13 685	13 187
Information technology	–	(33 239)	10 795	–
Other	615	(63 940)	318 682	347 958
	508 559	(876 508)	1 097 682	552 663

Taxation is included in other as follows: Assets R1 057 million, Liabilities R10 760 million and Results R5 509 million.

No secondary segment reporting has been included as the group derives substantially all its revenues and income from within the Republic of South Africa.

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.

REVIEW OF INVESTMENTS

Telecommunications

Vodacom Group (Pty) Ltd

During the year the group disposed of its 5% interest in unlisted Vodacom Group (Pty) Ltd for an amount of R1 500 040 000. The proceeds from this disposal were utilised primarily to repay a substantial portion of the debt in the group and to effect the specific *pro rata* repurchase offer by the company.

Media and Broadcasting

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

At year end e-TV's 17:00 to 23:00 audience share had increased to 21,8%, which was according to expectations.

e-TV had achieved 43% growth in revenue, partly due to revenue from the Soccer World Cup, for the year under review and reported net losses for the year of R90,67m before inter-group finance costs of R27,08m.

During the year under review HCI invested a further R100,25m in e-TV. Continued growth in revenue together with stable operating costs should enable the station to operate without any further cash injections.

As indicated in the interim report to shareholders, attempts were being made to resolve certain regulatory issues in relation to VenFin's participation in e-TV and the exit of Warner Bros as a shareholder in e-TV. All necessary approvals for VenFin's effective participation in e-TV and the exit of Warner Bros as a shareholder of e-TV were finally granted by ICASA by 30 May 2003. The effect is that VenFin's debt in the group will be converted into a direct interest in Sabido Investments (Pty) Ltd ("Sabido") and the capital of Sabido will be restructured in such a manner that HCI will effectively own approximately between 59% and 66% of e-TV.

Gaming

Limited trading operations in the route business commenced in May 2003 in Mpumalanga. It is anticipated that approximately R10m – R15m will be required to complete the rollout. Bids will be made for licences in other regions, as these are made available and is likely to happen during the current financial year.

Financial Services

Mettle Limited ("Mettle")

Mettle reported net earnings attributable to ordinary shareholders of R58,47m for the year ended 31 March 2003. The group equity accounted its proportionate share of these earnings in the preliminary results.

Prompted by depressed share prices and due to investor nervousness about the small cap segment of the financial services sector, Mettle's board decided to delist Mettle from the JSE Securities Exchange South Africa. In reverting to an unlisted company Mettle will continue to operate as in the past and your directors expect solid earnings in the year ahead.

OPERATIONS AND RESULTS FOR THE YEAR

Business operations

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 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.

Results for the year

The group reported a headline loss per share of 32,12 cents compared with the headline loss per share of 38,00 cents for the prior year which represents an improvement of 15,47%. The largest contributor to the headline loss per share is the group's share of the losses of e-TV. As in the previous year, the group has absorbed the full losses of e-TV as the minority's share of such losses exceeded their investment. Income from the group's associate companies contributed R30,71m. The investment loss arose primarily from the sale of the group's 5% interest in Vodacom Group (Pty) Ltd.

NON-CURRENT LIABILITIES AND PREFERENCE SHARES

At year-end the group's non-current liabilities amounted to R253,943 million (2002: R336,118 million) and preference share capital amounted to R22,785 million (2002: R407,785 million).

HCI SPECIFIC REPURCHASE OFFER

In terms of the specific *pro rata* offer approved by shareholders at a general meeting, held on 23 December 2002, HCI repurchased 271 740 603 HCI shares from shareholders, at a price of 237,6 cents per share.

PROPOSED DELISTING OF HCI AND OFFER TO ALL SHAREHOLDERS

As detailed in the circular to shareholders, dated 26 May 2003, the board has resolved that HCI be delisted and an offer has been made by a consortium, led by management, to purchase all the shares of minority shareholders at a price of R3,50 each.

All resolutions necessary to give effect to the delisting of HCI were passed by the requisite majority at a general meeting of shareholders held on Wednesday, 11 June 2003.

As a result of an application by a shareholder of HCI, in the High Court of South Africa, the above resolutions will not be carried into effect until such time as this application has been finalised.

AUDITORS' REVIEW

The abridged balance sheet, income statement, cash flow statement and statement of changes in equity have been reviewed by the company's auditors, Fisher Hoffman PKF (Jhb) Inc. and a review opinion is available for inspection at the company's registered office.

DISTRIBUTIONS TO SHAREHOLDERS

The directors have decided not to declare a dividend for the year ended 31 March 2003.

For and on behalf of the board of directors

M A Golding

Chairman

J A Copelyn

Chief Executive Officer

26 June 2003

Durban