



Hosken Consolidated Investments Limited

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

Reviewed group annual results for the year ended 31 March 2004

The following are the results for the year ended 31 March 2004 together with the comparative figures:

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March	
	2004 R'000 Reviewed	2003 R'000 Audited
Revenue	862 598	508 559
– Continuing operations	877 969	508 559
– Discontinued	(15 371)	–
Operating expenses	(867 877)	(630 348)
– Continuing operations	(850 862)	(630 348)
– Discontinued	(17 015)	–
Operating (loss)	(5 279)	(121 789)
Investment income	50 062	53 310
Finance costs	(22 621)	(82 623)
Share of associated companies' profits	23 047	30 711
Negative goodwill released	31 981	–
Investment surplus/(loss)	16 222	(698 591)
Recoupment/(impairment) of investments and goodwill	75 000	(50 185)
Profit/(loss) before taxation	168 412	(869 167)
Taxation	43 549	5 509
– Continuing operations	5 036	5 509
– Discontinued	35 813	–
Group profit/(loss)	124 863	(874 676)
Attributable to minorities	7 159	(1 832)
Profit/(loss) attributable to ordinary shareholders	132 022	(876 508)
Reconciliation of headline profit/(loss)		
Profit/(loss) attributable to ordinary shareholders	132 022	(876 508)
Adjusted for:		
Investment (surplus)/loss	(19 041)	698 591
(Recoupment)/impairment of investments and goodwill	(74 188)	50 185
Revaluation of investment properties	(1 617)	–
Negative goodwill released	(31 981)	–
Amortisation of goodwill	(2 328)	9 873
Profit on sale of assets	112	19 567
Headline profit/(loss)	2 979	(98 292)
Earnings/(loss) per share (cents)		
– Basic	131,26	(286,57)
– Headline	2,96	(32,14)
Weighted average number of shares in issue ('000)	100 581	305 859
Actual number of shares in issue at end of period (net of treasury shares) ('000)	103 022	100 022
Diluted earnings/(loss) per share (cents)		
– Basic	117,50	(285,53)
– Headline	2,65	(32,02)
Weighted average number of shares in issue ('000)	112 361	306 975

ABRIDGED CONSOLIDATED BALANCE SHEET

	Year ended 31 March	
	2004 R'000 Reviewed	2003 R'000 Audited
ASSETS		
Non-current assets	409 621	430 184
Property, plant and equipment	121 971	60 051
Goodwill	9 979	–
Negative goodwill	(1 492)	–
Investments	279 163	370 133
Current assets	1 743 755	644 158
Total assets	2 153 376	1 074 342
EQUITY AND LIABILITIES		
Ordinary shareholders' equity	664 184	521 679
Minority shareholders' interest	230 142	42 591

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March	
	2004 R'000 Reviewed	2003 R'000 Audited
Cash flows from operating activities	298 423	(262 174)
Cash flows from investing activities	(240 790)	1 382 025
Cash flows from financing activities	(64 291)	(1 017 651)
(Decrease)/increase in cash and cash equivalents	(6 658)	102 200
Cash and cash equivalents		
At beginning of period	201 492	99 292
On acquisition/disposal of subsidiaries	209 248	–
At end of period	404 082	201 492

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Accumulated (loss)/profit R'000	Total R'000
Balances 1 April 2002	91 882	1 036 426	1 644 600	(721 056)	2 051 852
<i>Share capital and premium</i>					
Shares issued	2 607	26 032	–	–	28 639
Shares repurchased and cancelled	(69 935)	(594 121)	–	–	(664 056)
Share issue and cancellation costs	–	(1 626)	–	–	(1 626)
Treasury shares sold by subsidiary	2 396	29 427	–	–	31 823
Shares acquired by share trust	(1 945)	(21 395)	–	–	(23 340)
<i>Current operations</i>					
Loss for the year	–	–	–	(876 508)	(876 508)
Transfer on realisation of investments	–	–	(994 909)	994 909	–
<i>Revaluation</i>					
Current revaluation deficit	–	–	(25 105)	–	(25 105)
Balances at 31 March 2003	25 005	474 743	624 586	(602 655)	521 679
<i>Share capital and premium</i>					
Shares issued	750	9 750	–	–	10 500
<i>Current operations</i>					
Profit for the year	–	–	–	132 022	132 022
Currency translation differences	–	–	(224)	–	(224)
Change in holdings in subsidiary companies	–	–	–	207	207
Transfer of fair value adjustments on realisation	–	–	(15 749)	15 749	–
<i>Revaluation</i>					
Other transfers	–	–	(524 542)	524 542	–
	25 755	484 493	84 071	69 865	664 184

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
Media & broadcasting	520 403	32 279	634 535	338 055
Financial services-continuing operations	132 911	44 064	237 901	120 758
Financial services-discontinued operations	(15 371)	(50 436)	889 123	889 248
Gaming	16 446	(15 163)	123 269	5 272
Information technology	–	3 820	31 186	–
Industrial	207 448	2 796	86 689	85 666

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Investments	279 163	370 133
Current assets	1 743 755	644 158
Total assets	2 153 376	1 074 342
EQUITY AND LIABILITIES		
Ordinary shareholders' equity	664 184	521 679
Minority shareholders' interest	230 142	42 591
Non-current liabilities and preference shares	38 619	276 728
Net financial liabilities	50 923	—
Deferred tax	16 857	108
Current liabilities	1 152 651	233 236
Total equity and liabilities	2 153 376	1 074 342
Net asset value per share (cents)	645	522

Continuing operations	102 011	11 001	207 001	120 700
Financial services-discontinued operations	(15 371)	(50 436)	889 123	889 248
Gaming	16 446	(15 163)	123 269	5 272
Information technology	—	3 820	31 186	—
Industrial	207 448	2 796	86 689	85 666
Other	761	114 662	150 673	50 193
	862 598	132 022	2 153 376	1 489 192

Taxation is included in other as follows: Assets R 1,598 million, Liabilities R 24,317 million and Results R 43,549 million.

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

COMMENTARY

REVIEW OF INVESTMENTS

Media and Broadcasting

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

As reported in the interim report to shareholders, the restructuring of the capital of Sabido Investments (Pty) Limited, e-TV's holding company, has been completed and HCI now effectively owns approximately 66% of e-TV.

Continued growth in revenue during the year and stable operating costs have enabled the station to record its first profit since inception. The station had contributed R21,02 million to the group headline profit.

In an ever increasingly competitive market, the key challenge facing the station will be to increase market share and revenue while maintaining an efficient cost structure.

Redpepper Pictures (Pty) Limited ("Redpepper")

During the year the group disposed of its 80% interest in Redpepper.

Africa-on-Air (Pty) Limited ("Africa-on-Air")

Subsequent to year end shareholders approved the disposal by the group of its financial interest in Africa-on-Air for an amount of R180 million. Shareholders are referred to announcements made and the circular issued by the company for details of this disposal.

Gaming

Vukani Gaming (Pty) Limited ("Vukani")

During the year under review the group increased its interest in Vukani to 96%.

Expansion of trading operations in the route business in Mpumalanga has continued at a slow pace. During the year applications were lodged for limited payout route operating licences in the Western Cape, Eastern Cape and Kwa-Zulu Natal provinces. The Western Cape bid was successful, with Vukani being granted a licence to roll out 1 000 limited payout gambling machines. The Eastern Cape bid is at an advanced stage while the KZN bid is still at the initial stage. Bids will be made for licences in other regions, as these are made available.

During this initial roll-out phase Vukani will require the injection of significant group cash resources. The directors of HCI are however confident that once the business matures it will make a positive contribution to the group.

Tsogo Investment Holding Company (Pty) Limited ("TIH")

During the year under review the group increased its interest in TIH to 27,66%. TIH owns 51% of Tsogo Sun Holdings (Pty) Limited ("Tsogo Sun") thus giving the group an effective 14,1% interest in Tsogo Sun. Shareholders are referred to announcements made by the company for details of the above acquisitions.

Financial Services

Mettle Limited ("Mettle")

Mettle was delisted from the JSE Securities Exchange SA on 19 June 2003. Mettle had continued to repurchase its own shares subsequent to the delisting resulting in HCI increasing its interest in Mettle to 66% at year end. The results, assets and liabilities of Mettle have, for the first time, been fully consolidated with those of the group.

Mettle reported a headline loss of R43,3 million for the year due to a R68,2 million loss incurred by the now discontinued treasury division.

Information technology

IQ Business Group (Pty) Limited ("IQ")

During the year under review the capital of IQ was restructured with the group increasing its investment to approximately 22% by injecting R15 million of funding.

Other

Seardel Investment Corporation Limited ("Seardel")

During the year under review the group disposed of its interest in Seardel for an amount of R47,4 million to the Southern African Clothing and Textile Workers Union. Shareholders are referred to the announcements made and the circular issued by the company for details of this disposal.

Golden Arrow Bus Services (Pty) Limited ("GABS")

Subsequent to year end, shareholders approved the acquisition of GABS for a purchase consideration of R250 million. Shareholders are referred to announcements made and the circular issued by the company for details of this acquisition.

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 consciously established itself and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them. The directors are confident that the group will deliver satisfactory growth in the future.

Accounting policies

The provisional 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

The group has consolidated the HCI Employee Share Trust (2001) in accordance with the JSE Securities Exchange SA's interpretation of the provisions of AC 132. Accordingly, the comparative figures have been restated where necessary and fully diluted earnings per share are also presented.

Results for the year

The group reported headline earnings per share of 2,96 cents compared with the restated headline loss per share of 32,14 cents for the prior year. This improvement is largely attributable to the performance of e-TV which is now profitable and the reduced finance costs resulting from the reduction of group debt. The investment surplus and the recoupment of investments and goodwill arose primarily from the restructuring of the group's interest in e-TV following the conversion of minority debt to equity and a recoupment of losses previously absorbed by the group. The discontinued operation relates to the disposal of the treasury division of Mettle.

DIRECTORATE

The board is pleased to welcome Mrs VM Engel as its newest member.

PROPOSED DELISTING OF HCI AND OFFER TO ALL SHAREHOLDERS

The proposed delisting of the company remains in abeyance until the finalisation of an application by a shareholder of HCI, in the High Court of South Africa.

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 2004.

Sponsor

For and on behalf of the board of directors

MA Golding

JA Copelyn

Durban

Chairman

Chief Executive Officer

28 June 2004



NEDBANK
CORPORATE

Registered office: Suite 624, Office Tower, Overport City, 430 Ridge Road, Durban, 4001 (PO Box 70874, Overport City, 4067)

Transfer secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, Johannesburg, 2107)

Directors: MA Golding (Chairman), JA Copelyn (Chief Executive Officer), VM Engel*, MF Magugu*, VE Mphande*, AM Ntuli* *(non-executive)

Company secretary: TG Govender

