



Hosken Consolidated Investments Limited

REVIEWED GROUP PRELIMINARY RESULTS

for the year ended 31 March 2008



Hosken Consolidated Investments Limited

Highlights

35% increase in headline profit for the year

52% increase in profit attributable to HCI shareholders

35% increase in headline earnings per share

37% increase in adjusted headline earnings per share

www.hci.co.za

Abridged Consolidated Income Statement

	31 March 2008 R'000 reviewed	% Change	31 March 2007 R'000 audited¹
Revenue	5 522 361		3 019 147
Net gaming win	3 392 232		1 166 155
Income	8 914 593		4 185 302
Expenses	(5 786 629)		(2 906 997)
EBITDA	3 127 964	144.7%	1 278 305
Depreciation and amortisation	(495 626)		(212 211)
Operating profit	2 632 338		1 066 094
Investment income	87 685		138 622
Finance costs	(320 170)		(174 823)
Share of profits of associates and joint ventures	188 036		214 903
Negative goodwill released	4 885		-
Investment surplus	83 884		57 639
Fair value adjustments of investment properties	29 171		-
Other impairment reversals	30 175		-
Fair value adjustments of investments	915		20
Impairment of goodwill & investments	(12 422)		(2 963)
Profit before taxation	2 724 497	109.7%	1 299 492
Taxation	(867 535)		(335 331)
Profit for the year from continuing operations	1 856 962	92.6%	964 161
Discontinued operations	(17 934)		(15 497)
Profit for the year	1 839 028	93.9%	948 664
Attributable to:			
Equity holders of the parent	871 855	52.1%	573 371
Minority interest	967 173		375 293
	1 839 028		948 664

¹ Restated

	2008			2007	
	Gross R'000	Net R'000	% Change	Gross R'000	Net R'000
Reconciliation of headline earnings					
Earnings attributable to equity holders of the parent		871 855			573 371
IAS 16 gains on disposal of property	(38 898)	(10 418)		(5 271)	(5 271)
IAS 16 losses on disposal of plant & equipment	403	967		1 571	891
IAS 16 impairment of plant & equipment	2 500	264		-	-
IAS 39 impairment of investments	7 534	5 752		-	-
IFRS 3 Impairment of goodwill	4 888	4 888		3 112	3 112
IFRS 3 Negative goodwill	(4 885)	(2 613)		-	-
IFRS 3 Excess of fair value of assets of an associate	4 489	1 533		-	-
IAS 28 gain on disposal of associates	(75 394)	(59 855)		-	-
IAS 36 reversal of impairments	(30 175)	(19 306)		-	-
IAS 27 profit from disposal/part of subsidiary	(7 209)	(7 209)		(57 749)	(48 299)
IAS 40 fair adjustment to investment property	(29 171)	(24 519)		777	777
Re-measurements included in equity-accounted earnings of associates	(71 799)	(71 799)		(14 720)	(14 720)
Headline profit		689 540			509 861
Deferred tax in respect of losses		-			(33 421)
Deferred tax in respect of STC credits		9 521			32 515
Adjusted headline profit		699 061			508 955
Earnings per share (cents)					
-Basic		702.10	51.5%		463.55
-Headline		555.28	34.7%		412.21
-Adjusted headline		562.95	36.8%		411.47
Weighted average number of shares in issue ('000)		124 179			123 691
Actual number of share in issue at end of period (net of treasury shares) ('000)		123 851			123 896
Diluted earnings per share (cents)					
-Basic		684.86	50.1%		456.33
-Headline		541.65	33.5%		405.79
-Adjusted headline		549.13	35.6%		405.07
Weighted average number of shares in issue ('000)		127 304			125 647

Abridged Consolidated Balance Sheet

	31 March 2008 R'000 reviewed	31 March 2007 R'000 audited¹
ASSETS		
Non-current assets	9 694 961	12 753 608
Property, plant and equipment	6 891 430	6 086 464
Investment properties	182 665	198 299
Goodwill	846 968	609 807
Interest in associates and joint ventures	740 299	592 460
Other financial assets	358 237	226 584
Intangibles	271 983	275 629
Deferred taxation	257 664	345 783
Financial assets	-	3 986 861
Operating lease equalisation asset	4 980	5 000
Long-term receivables	140 735	426 721
Current assets	2 535 844	3 617 488
Other	1 862 854	1 386 323
Financial assets	-	1 489 062
Bank balances and deposits	672 990	742 103
Non-current assets held for sale	3 855 894	-
Total assets	16 086 699	16 371 096
EQUITY AND LIABILITIES		
Equity	6 232 904	4 937 311
Equity attributable to equity holders of the parent	2 941 364	2 118 305
Minority interest	3 291 540	2 819 006
Non current liabilities	3 171 925	7 071 062
Financial liabilities	-	4 044 356
Deferred taxation	514 562	482 597
Long-term borrowings	2 236 258	1 971 524
Other	421 105	572 585
Current liabilities	2 917 685	4 362 723
Other	2 917 685	2 877 448
Financial liabilities	-	1 485 275
Non-current liabilities held for sale	3 764 185	-
Total equity and liabilities	16 086 699	16 371 096
Net asset value carrying per share (cents)	2 375	1 710

¹Restated

Consolidated Statement of Changes in Equity

	31 March 2008 R'000 reviewed	31 March 2007 R'000 audited ¹
Balance at beginning of year	4 937 311	2 586 291
<i>Share capital and premium</i>		
Shares issued	52 222	66 950
Shares repurchased	(67 000)	(11 700)
Treasury shares released	1 441	-
Treasury shares acquired by subsidiary	(27 333)	(20 775)
<i>Current operations</i>		
Profit for the year	1 839 028	948 664
Share of pre-acquisition profit of subsidiary	-	(354 097)
Equity settled share-based payments	1 816	3
Transfers to profit and loss	(5 621)	-
Revaluations	1 962	19 297
Foreign currency translation differences	127 590	21 714
Hedging	(733)	148
Other	870	-
Minority interest on acquisition of subsidiaries	23 440	1 825 282
Effects of changes in holding	(268 406)	-
Capital reductions and dividends	(383 683)	(144 466)
Balance at end of year	6 232 904	4 937 311

¹Restated

Abridged Consolidated Cashflow Statement

	31 March 2008 R'000 reviewed	31 March 2007 R'000 audited ¹
Cashflows from operating activities	1 476 136	726 362
Cashflows from investing activities	(1 593 668)	(398 473)
Cashflows from financing activities	11 973	(386 199)
Decrease in cash and cash equivalents	(105 559)	(58 310)
Cash and cash equivalents		
At beginning of period	710 445	768 755
Foreign exchange differences	16 833	-
At end of period	621 719	710 445
Bank balances and deposits	722 266	742 103
Bank overdrafts	(100 547)	(31 658)
Cash and cash equivalents	621 719	710 445

¹Restated

Segment Analysis

	31 March 2008		31 March 2007	
	R'000		R'000	
	Net gaming		Net gaming	
	Revenue	win	Revenue	win
Media & broadcasting	1 175 169	-	903 252	-
Financial services	-	-	5 150	-
Limited payout gaming	3 075	169 242	2 254	119 071
Casino gaming	610 122	3 222 990	151 900	1 047 084
Hotels	1 665 645	-	478 798	-
Information technology	204 662	-	120 799	-
Transport	782 416	-	738 809	-
Industrial	737 041	-	442 400	-
Energy	177 357	-	40 739	-
Exhibition and Properties	144 706	-	118 000	-
Other	22 168	-	17 046	-
Total	5 522 361	3 392 232	3 019 147	1 166 155

	Profit before tax		Headline profit	
	31 March	31 March	31 March	31 March
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
Media & broadcasting	459 698	346 871	174 081	155 113
Financial services	38 310	3 197	(6 950)	(29 996)
Limited payout gaming	11 656	8 000	6 649	16 431
Casino gaming	1 312 303	570 024**	273 943	128 211
Hotels	600 407	111 563**	136 971	64 106
Information technology	45 705	28 631	14 932	10 892
Transport	116 905	120 911	84 578	84 490
Industrial	37 550	53 718	27 366	67 772
Food & beverage	129 802	28 796	64 322	28 786
Exhibition and Properties	73 140	36 000	19 357	9 651
Energy	(107 919)	(68 657)	(42 531)	(17 246)
Other*	6 940	60 438	(63 178)	(8 349)
Total group profit before tax	2 724 497	1 299 492	689 540	509 861

* Profit before tax includes investment surplus

** Includes the group's equity-accounted share of after-tax profits from TIH for eight months and the pre-tax profit of TIH before minority for four months restated

Notes to the Abridged Consolidated Financial Statements

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2008 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34: Interim Financial Reporting, and comply with the requirements of the South African Companies Act, 1973 and the listings Requirements of the JSE Limited. The accounting policies of the group are consistent with those applied for the year ended 31 March 2007. As required by the JSE Limited Listings requirements, the group reports headline earnings in accordance with Circular 8/2007: Headline Earnings as issued by the South African Institute of Chartered Accountants.

Business combinations

During the year under review the group acquired control of the following entities:

Viamedia (Pty) Limited	(50.01% on 16/07/07)
Sasani Africa (Pty) Limited	(100% on 16/03/08)
Mikros Traffic Monitoring (Pty) Limited	(100% on 01/04/07)
Syntell Imaging (Pty) Limited	(Increase to 50.5% on 01/04/07)
Tubeworx (Pty) Limited	(100% on 01/04/07)
Auto Tube Manufacturers (Pty) Limited	(100% on 01/10/07)

The acquired businesses contributed revenues of R396 million and profit before tax of R79 million to the group for the periods from dates of effective control to 31 March 2008. Had the acquisitions been effective on 1 April 2007 the contribution to revenue would have been R635 million and the contribution to profit before tax would have been R116 million.

The details of the net assets acquired and goodwill at acquisition on business combinations is as follows:

	R'000
Non-current assets	85 180
Current assets	203 215
Non-current liabilities	(25 868)
Current liabilities	(127 876)
	134 651
Minority	(23 804)
Existing share of net assets before business combinations	(341)
Net assets acquired	110 506
Goodwill arising on acquisition	103 436
Purchase price	213 942
Deferred payment	(24 500)
Cash paid	189 442
Cash on acquisition	(79 605)
Net cash paid	109 837

The acquisition of Sasani Africa (Pty) Limited and Viamedia (Pty) Limited have been provisionally accounted for as permitted by IFRS 3. The purchase price allocation will be completed within the next 12 months and any resulting fair value adjustments to assets and the recognition of intangible assets will be accounted for accordingly.

As stated in the March 2007 results, the acquisition of the Tsogo Sun Group was accounted for using provisional figures provided by the Tsogo Sun Group. The detailed assessment of Tsogo's assets, liabilities and contingent liabilities has been completed and has resulted in the following adjustments:

Property, plant and equipment on business combination has been revalued upwards in the

amount of R1251 million resulting in the reduction of R297 million of goodwill and an increase in minority interest of R592 million. As a result of the revaluation, the depreciation charge in the current year has increased by R13 million and in the prior year by R6 million. Comparative figures have been restated to reflect these changes.

Discontinued operations and non-current assets held for sale

Discontinued operations as disclosed in the group income statement and non-current assets/liabilities held for sale as disclosed in the group

balance sheet relate to the following:

- A subsidiary of Johnnic Holdings USA, Montauk Energy Capital LLC, has taken a decision to dispose of certain of its non material passive landfill sites in the next 12 months.
- During the year under review, the group has entered into agreements to dispose of its interest in the Mettle Group of Companies for an amount of R85 million, subject to certain remaining suspensive conditions, namely Competition Commission approval. This approval is expected to be granted in June 2008.

OVERVIEW OF RESULTS

Group results

The group as a whole has performed well in an increasing difficult trading environment, with some businesses outperforming and others delivering below management's expectations. Increases in revenue, EBITDA and operating profits in the group's media and gaming subsidiaries, together with the effects of the recent acquisitions in these sectors have resulted in increases in both headline profits (up 35%) and adjusted headline profits (up 37%) for the year when compared to the prior year.

As reflected in the group's results for the year ended 31 March 2007, the group acquired control of the Tsogo Sun Group with effect from 1 December 2006. Accordingly the year under review is the first full reporting year where Tsogo Sun Group is consolidated. The group's share of the results of the Tsogo Sun Group for the first eight months of the prior year were equity accounted, with the remaining four months being fully consolidated.

The consolidation of the results of the Tsogo Sun Group has resulted in significant increases in many of the disclosable line items in the group income statement. As a result all of the line items in the income statement up to and including profit for the year are not comparable with the prior year. The profit attributable to HCI shareholders (up 52%), headline profit (up 35%) and adjusted headline profit (up 37%) are comparable with that of the prior year. The basic earnings per share, headline earnings per share and adjusted headline earnings per share are also comparable with that of the prior year.

Basic earnings per share amounted to 702 cents for the year. This represents a 52% increase when compared to the prior year. This increase is due to the continued improved performance of the group's major investments and the group's share of profits on the disposal of Johnson Crane Hire and the sale of the Clover Ultramel business by Clover Industries Limited included in investment surpluses and share of profits of associates respectively.

Headline earnings increased during the period to R689,5 million from R509,8 million in the prior year.

Adjusted headline earnings, which your directors feel are more reflective of the sustainable earnings of the group, increased by R190 million from R509 million to R699 million. Adjusted headline earnings exclude all abnormal profits and losses and the effects of net deferred tax assets raised or expensed in respect of unused tax losses and available STC credits. Adjusted headline earnings per share increased by 37% from 411 cents to 563 cents. This increase is mainly due to the continued improved overall performance of the group's major investments during the year.

Group balance sheet

As stated above the group is in the process of disposing of its interest in the Mettle group of companies and has accordingly, in line with IFRS 5, disclosed the assets and liabilities of these businesses as held for sale. The most notable effect of this disclosure is the significant reduction in the group's financial assets and financial liabilities when compared to the prior year.

Non-current liabilities at year end comprise non-recourse debt that is presently ringfenced in operating subsidiaries (R1 236 million) and recourse debt at the HCI corporate level (R1 000 million). The increase in recourse debt at the HCI Corporate level was used to fund the acquisition of further shares in Johnnic Holdings Limited. During the period under review shareholders approved the specific repurchase of 1 million HCI shares from the Fabcos Group for a total consideration of R67 million.

INVESTMENTS

MEDIA AND BROADCASTING

Sabido Investments (Pty) Limited ("Sabido") - 63% interest

HCI's media interests have all been consolidated in Sabido. While e.tv remains the primary asset in Sabido there are a growing number of other media businesses including Yfm; Cape Town Film Studios; Viamedia; eSat and various properties that house studios and other media related businesses.

Sabido had an excellent year with strong revenue growth and well controlled costs.

Business activities were concentrated on developing a multi-channel capacity to enter the pay television market. We decided not to start a new pay bouquet in competition with DSTV in light of the fact that several licences to operate pay bouquets were simultaneously granted. Instead we have agreed to build several pay channels for DSTV, the first of which, the 24 hour eNews channel, is due to be launched from 1st June 2008.

We also launched our first channel in a neighbouring territory (Botswana) which takes our Africa expansion beyond program sales for the first time.

Sabido has also developed a significant property portfolio. It has acquired Sasani Africa (Pty) Limited which has given it considerable studio capacity in Johannesburg needed for multi-channel broadcasting. Cape Town Film Studios is finally set to be built with Wesgro and the City of Cape Town now being fully on board. It is hoped the building of the studios will commence in the second quarter of this financial year and will be completed over an 18 month period thereafter.

GAMING, HOTELS AND LEISURE

Tsogo Sun Holdings (Pty) Limited ("Tsogo Sun") - 34% interest

The group's casino and hotel interests are held via holdings in Johnnic Holdings Limited ("Johnnic") and Tsogo Investment Holding Company (Pty) Limited. The group controls Tsogo Sun Holdings and has an effective 34% interest therein as well as a share of the minority interest in Suncoast giving HCI an effective 35% stake in Suncoast.

During the year HCI increased its holding in Johnnic from 51% to 67% and shareholders are referred to Johnnic's financials and commentary for further details.

The group's review application against the Mpumalanga Gaming Board's refusal to approve HCI's acquisition of control over Tsogo Sun is currently set down for hearing in April 2009.

The improvements in Tsogo Sun's performance are not obvious from reading the comparables to our 2007 report as we only consolidated its

results from December 2006. The Tsogo Sun Group performed very well. Tsogo Sun Gaming increased revenues by 15% and EBITDAR (before rentals) grew to R1 711 million for the year (up 21%) when compared to the prior year. Hotels had an outstanding year with revenues increasing by 19% and EBITDAR (before rentals) growing to R726 million for the year (up 61%) when compared to the prior year. Net interest bearing debt reduced to R718 million at year end.

During the year the group continued its substantial refurbishments of its hotels. StayEasy hotels are being constructed at Witbank and Rustenburg as well as expanded at Century City and at Emnotweni.

Several new management contracts have been entered into in Dubai and U.A.E. Southern Sun Ikoyi Lagos is scheduled to open in October 2008.

The SunSquare hotel built at the East End at Montecasino delivered some R14 million in EBITDA in its first year on a building cost of R98 million making it the fastest take off hotel in Southern Sun history. The east end development includes the 2 000 seat Teatro. Its opening show, The Lion King, was the most successful event of its kind in South Africa selling some 550 000 tickets.

At Hemingways a shopping centre is currently under development scheduled for completion November 2009. The shopping centre at the Ridge has been completed.

Vukani Gaming Corporation (Pty) Limited ("Vukani") - 100% interest

Vukani's net gaming revenues increased to R169,2 million (2007:R119,1 million) Likewise its machine-base grew to 2 087 machines (2007:1 525). EBITDA grew by 138% to R31million

(2007:R13 million) with the average GGR per machine up marginally.

Increases in the cost base were occasioned by it operating across more regions which each carry their own cost base rather than simply growing the machine base significantly in established regions. The company incurred significant further expenses bidding for a licence in the Free State which required it to employ staff and secure potential sites ahead of licences being awarded. This award was made but inexplicably excluded Vukani. This decision is currently being challenged by Vukani.

The cost base was further stretched by having to develop an organization in Gauteng pursuant to an RFA in that region which is currently being tendered for. It is expected an award will be made in the last quarter of this financial year.

Exhibitions and services - 67% interest and Energy - 60.7% interest

Details of these investments may be found in the commentary to the financial results of Johnnic Holdings which are consolidated into HCI's results.

FINANCIAL SERVICES.

Mettle (Pty) Limited ("Mettle") - 100% interest

During the second half of the year, the group entered into agreements to dispose of its interest in the Mettle Group of companies to a consortium led by its management. The transaction is subject to Competition Commission approval which is anticipated soon. The group will retain its interest in Noah Financial Innovation, the stock broking firm, and certain property bare dominiums.

TRANSPORT

Golden Arrow Bus Service (Pty) Limited **- 100% interest**

The group's interest in Golden Arrow Buses continued to provide it with stable earnings and strong cash flow. We anticipate this will come under a lot of pressure in the coming year as the group has the view it will not be possible to raise bus fares in line with the very significant cost pressures which are driven mainly by diesel price rises. Hopefully short term sacrifices can be recovered in future periods. Investment in new buses and the refurbishment of the existing fleet continues with the object of improving the quality of our service. Since acquiring the company in 2004, we have acquired 279 new buses and refurbished a further 114 buses, approximately 37% of the entire fleet, at a total cost of R327 million.

FOOD AND BEVERAGES

Clover Industries Limited ("Clover") **- 44% economic interest**

During the year under review, the group increased its interest in Clover's ordinary shares to 34.9%. HCI currently holds 44% of Clover's preference shares.

Clover has contributed R64,3 million (2007: R28,8 million) to HCI's headline earnings. Admittedly, the comparative was a low base, but the increase is encouraging. The pre-tax segmental figure also includes the groups' share of the profit from the disposal of the Ultramel business to Danone-Clover.

Disappointingly, there has been no progress in restructuring the company's capital structure which remains tied to milk quotas of its suppliers.

Charges brought against the company relating to alleged offences under competition law in December 2006 remain outstanding. The allegations all relate to matters which preceded HCI's acquiring its interest in Clover and the company has provided a public refutation of these charges on its website www.clover.co.za

INFORMATION TECHNOLOGY

Syntell (Pty) Limited ("Syntell") **- 50,01% interest**

The improvement in results is primarily in consequence of Syntell which has been operating a significant contract in Johannesburg for the whole year for the first time.

INDUSTRIAL

Industrial assets comprise primarily the group's interests in Formex Industries and Johnson Access. The segmental results for the prior year include the profits from Johnson Crane Hire that was disposed off at the beginning of the financial year.

Formex Industries contributed R16,7 million to second half profit before tax compared to R7,5 million for the first half (total R24,2 million for the year). The improvement is mainly due to the profit contribution from the acquisition of Autotube Manufacturing and improved operational efficiency in the pressings division. The pulley division was only marginally profitable due to the expensing of new business development costs and unbudgeted airfreight charges.

Johnson Access grew profit before tax by 59% to R14 million compared to the prior year. The increased profit was the result of the buoyant construction industry but a reduced depreciation charge, necessitated by higher residual asset

value assumptions, also had a significant impact. The business now operates in excess of 300 access platforms.

HCI Khusela Coal (Pty) Limited - 80% interest

HCI-Khusela Coal has developed three coal properties and expects to commence mining on two of them in the immediate future. These properties ought to contribute significantly to the group's profit in the future once start-up costs have been absorbed.

CHANGES IN DIRECTORATE

During the year under review, Mr R Garach was appointed an independent non-executive director of the Company.

AUDITOR'S REVIEW

These results have been reviewed by the company's auditors, PKF (Jhb) Inc. Their unqualified review opinion is available for inspection at the registered office of the company.

DIVIDEND ANNOUNCEMENT

Your directors have resolved to declare ordinary dividend number 40 of 60 cents per HCI share. The last day to trade *cum* distribution

will be Friday 27th June 2008. HCI shares will commence trading *ex* dividend as from Monday, 30 June 2008 and the record date will be Friday, 4 July 2008. The dividend will be paid on Monday, 7 July 2008. Share certificates may not be dematerialised or rematerialised between Monday 30 June 2008 and Friday, 4 July 2008, both days inclusive.

For and behalf of the Board of Directors



MJA Golding
Chairman
Cape Town
15th May 2008



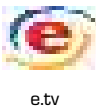
JA Copelyn
Chief Executive Officer

Business Segments

GAMING, HOTELS
AND LEISURE



MEDIA AND
BROADCASTING

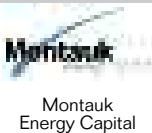


FOOD AND
BEVERAGES



TRANSPORT

ENERGY



FINANCIAL
SERVICES



INDUSTRIAL



SERVICES AND
TECHNOLOGY



PROPERTY
AND EXHIBITIONS



DIRECTORS

Executive

Marcel Jonathan Anthony Golding
(Executive Chairman)

John Anthony Copelyn
(Chief Executive Officer)

Velaphi Elias Mphande

Andre van der Veen

Jabulane Albert Mabuza

Non-executive

Virginia Mary Engel

Rakesh Garach *

Mimi Freddie Magugu

Dr Moretlo Lynette Molefi *

Jabulani Geffrey Ngcobo *

Amon Malencane Ntuli

Yunis Shaik *

* Independent non-executive

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COMPANY REGISTRATION NUMBER

1973/007111/06

SHARE CODE

HCI ISIN: ZAE000003257

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