HCI

Hosken Consolidated Investments Limited

REVIEWED CONDENSED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 31 MARCH 2015

CORPORATE ADMINISTRATION

DIRECTORS

Executive Directors

John Anthony Copelyn
(Chief Executive Officer)

Theventheran Govindsamy Govender [Kevin]
(Financial Director)

Yunis Shaik

Non-executive Directors

Leslie Warren Maasdorp#

Mimi Freddie Magugu#

Dr Lynette Moretlo Molefi#

Velaphi Elias Mphande#†

Jabulani Geffrey Ngcobo#

Rachel Doreen Watson#

Independent

† Lead Independent Non-executive

WEBSITE ADDRESS
www.hci.co.za

COMPANY REGISTRATION NUMBER
1973/007111/06

SHARE CODE: HCI

ISIN: ZAE000003257

COMPANY SECRETARY
AND REGISTERED OFFICE
HCI Managerial Services Proprietary Limited
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Sea Point, 8005
PO Box 5251
Cape Town, 8000

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Telefax: 021 434 1539
PO Box 5251
Cape Town, 8000

AUDITORS
Grant Thornton Johannesburg
Registration number 1994/001166/21
42 Wierda Road West, Wierda Valley
Johannesburg, 2196
Private Bag X10046
Sandton, 2146

BANKERS
First National Bank of Southern Africa Limited

SPONSOR
Investec Bank Limited
100 Grayston Drive
Sandton, Sandown, 2196

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107

INVESTMENTS

REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2015 R'000	Audited 31 March 2014 R'000
ASSETS		
Non-current assets	**39 415 175**	16 851 858
Property, plant and equipment	**17 480 890**	3 735 578
Investment properties	**2 506 275**	1 695 532
Goodwill	**12 048 425**	279 011
Interest in associates and joint ventures	**1 336 564**	9 974 196
Other financial assets	**49 231**	9 163
Intangibles	**5 260 885**	806 887
Deferred taxation	**440 056**	127 941
Operating lease equalisation asset	**46 476**	27 185
Long-term receivables	**246 373**	196 365
Current assets	**8 964 849**	4 935 432
Other	**5 171 507**	3 746 752
Bank balances and deposits	**3 793 342**	1 188 680
Non-current assets held for sale	**307 338**	1 006 446
Total assets	**48 687 362**	22 793 736
EQUITY AND LIABILITIES		
Equity	**22 837 064**	14 930 161
Equity attributable to equity holders of the parent	**14 971 847**	12 094 478
Non-controlling interest	**7 865 217**	2 835 683
Non-current liabilities	**15 872 887**	3 407 985
Deferred taxation	**2 224 359**	277 439
Long-term borrowings	**12 356 611**	2 917 689
Operating lease equalisation liability	**280 753**	3 596
Other	**1 011 164**	209 261
Current liabilities	**9 952 444**	4 336 792
Non-current liabilities held for sale	**24 967**	118 798
Total equity and liabilities	**48 687 362**	22 793 736
Net asset carrying value per share (cents)	**14 390**	11 391

REVIEWED CONSOLIDATED INCOME STATEMENT

	% change	Reviewed 31 March 2015 R'000	Audited* 31 March 2014 R'000
Revenue		**12 161 963**	8 265 913
Net gaming win		**5 101 290**	818 421
Income	90.0%	**17 263 253**	9 084 334
Expenses		**(13 156 203)**	(7 432 588)
EBITDA	148.6%	**4 107 050**	1 651 746
Depreciation and amortisation		**(947 421)**	(404 545)
Operating profit		**3 159 629**	1 247 201
Investment income		**82 478**	45 810
Finance costs		**(843 602)**	(243 721)
Share of profits of associates and joint ventures		**270 262**	756 478
Investment surplus		**5 312**	–
Fair value adjustment on deemed disposal of associate		**2 757 227**	–
Fair value adjustments of investment properties		**155 753**	23 284
Impairment reversals		**12 771**	509
Asset impairments		**(38 318)**	(12 489)
Fair value adjustments of financial instruments		**7 868**	19 238
Impairment of goodwill and investments		**(9 358)**	(329)
Profit before taxation	202.8%	**5 560 022**	1 835 981
Taxation		**(683 190)**	(306 077)
Profit for the year from continuing operations		**4 876 832**	1 529 904
Discontinued operations		**(377 807)**	(264 207)
Profit for the year		**4 499 025**	1 265 697
Attributable to:			
Equity holders of the parent		**3 574 824**	1 060 455
Non-controlling interest		**924 201**	205 242
		4 499 025	1 265 697

* Restated

REVIEWED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed 31 March 2015 R'000	Audited* 31 March 2014 R'000
Profit for the year	**4 499 025**	1 265 697
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**125 457**	200 412
Cash flow hedge reserve	**(79 099)**	38 201
Items that may not be reclassified subsequently to profit or loss		
Actuarial gains on post-employment benefit liability	**(15 235)**	5 773
Total comprehensive income	**4 530 148**	1 510 083
Attributable to:		
Equity holders of the parent	**3 592 489**	1 300 005
Non-controlling interest	**937 659**	210 078
	4 530 148	1 510 083

* Restated

RECONCILIATION OF HEADLINE EARNINGS

	% change	Reviewed Gross 31 March 2015 R'000	Reviewed Net 31 March 2015 R'000	Audited Gross 31 March 2014 R'000	Audited* Net 31 March 2014 R'000
Earnings attributable to equity holders of the parent	237.1%		**3 574 824**		1 060 455
IAS 16 losses on disposal of plant and equipment		**269**	**10**	23 556	17 695
IAS 16 impairment of plant and equipment		**40 962**	**16 573**	6 563	2 265
IAS 38 impairment of intangible assets		**–**	**–**	4 617	3 396
IFRS 3 fair value adjustment on deemed disposal of associate		**(2 757 227)**	**(2 738 733)**	–	–
IFRS 3 impairment of goodwill		**49 603**	**20 665**	329	172
IAS 28 gain on disposal of associates		**(17 519)**	**(7 298)**	–	–
IAS 28 impairment of associates and joint ventures		**34 059**	**21 650**	5 925	4 823
IAS 36 reversal of impairments		**(12 771)**	**(5 900)**	(509)	(203)
IAS 38 losses on disposal of intangible assets		**–**	**–**	107	43
IAS 27 loss from disposal/part disposal of subsidiary		**181 207**	**181 207**	–	–
IAS 40 losses on disposal of investment property		**386**	**312**	–	–
IAS 40 fair value adjustment to investment property		**(155 753)**	**(74 036)**	(23 284)	(17 418)
IAS 39 impairment of investments reclassified to profit and loss		**14 608**	**14 608**	–	–
Remeasurements included in equity-accounted earnings of associates and joint ventures		**17 166**	**17 166**	31 101	14 926
Headline profit	(6.0%)		**1 021 048**		1 086 154
Basic earnings per share (cents)					
Earnings	266.0%		**3 381.28**		923.84
Continuing operations			**3 682.38**		1 088.25
Discontinued operations			**(301.10)**		(164.41)
Headline earnings	2.1%		**965.77**		946.23
Continuing operations			**1 055.19**		1 087.62
Discontinued operations			**(89.42)**		(141.39)
Weighted average number of shares in issue ('000)			**105 724**		114 788
Actual number of shares in issue at the end of the year (net of treasury shares) ('000)			**104 041**		106 177
Diluted earnings per share (cents)					
Earnings	266.4%		**3 329.63**		908.62
Continuing operations			**3 626.13**		1 070.32
Discontinued operations			**(296.50)**		(161.70)
Headline earnings	2.2%		**951.02**		930.64
Continuing operations			**1 039.08**		1 069.70
Discontinued operations			**(88.06)**		(139.06)
Weighted average number of shares in issue ('000)			**107 364**		116 710

* Restated

REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 31 March 2015 R'000	Audited 31 March 2014 R'000
Balance at the beginning of the year	**14 930 161**	15 432 755
Share capital and premium		
Treasury shares released	**62 301**	45 779
Shares repurchased	**(419 557)**	(457 443)
Current operations		
Total comprehensive income	**4 530 148**	1 510 083
Equity-settled share-based payments	**11 495**	16 170
Non-controlling interest on acquisition of subsidiaries	**4 243 958**	3 359
Effects of changes in holding	**513 147**	(1 347 440)
Dividends	**(1 034 589)**	(273 102)
Balance at the end of the year	**22 837 064**	14 930 161

REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 March 2015 R'000	Audited 31 March 2014 R'000
Cash flows from operating activities	**1 153 239**	1 045 692
Cash flows from investing activities	**(2 575 096)**	(1 240 277)
Cash flows from financing activities	**1 579 332**	430 598
Increase in cash and cash equivalents	**157 475**	236 013
Cash and cash equivalents		
At the beginning of the year	**574 386**	311 762
Foreign exchange differences	**(22 630)**	26 611
At the end of the year	**709 231**	574 386
Bank balances and deposits	**3 793 342**	1 188 680
Bank overdrafts	**(3 102 514)**	(706 908)
Cash in disposal groups held for sale	**18 403**	92 614
Cash and cash equivalents	**709 231**	574 386

SEGMENTAL ANALYSIS

	Revenue 31 March 2015 R'000	**Net gaming win 31 March 2015 R'000**	Revenue 31 March 2014* R'000	Net gaming win 31 March 2014 R'000
Media and broadcasting	**2 489 466**	**–**	2 445 043	–
Non-casino gaming	**82 566**	**999 695**	44 770	818 421
Casino gaming and hotels	**2 720 404**	**4 101 595**	–	–
Information technology	**312 625**	**–**	294 054	–
Transport	**1 417 136**	**–**	1 194 948	–
Vehicle component manufacture	**328 227**	**–**	300 620	–
Beverages	**1 155 385**	**–**	1 110 212	–
Properties	**161 979**	**–**	80 944	–
Mining	**830 813**	**–**	652 873	–
Branded products and manufacturing**	**2 661 837**	**–**	2 140 324	–
Other	**1 525**	**–**	2 125	–
Total	**12 161 963**	**5 101 290**	8 265 913	818 421

	EBITDA	
	31 March 2015 R'000	31 March 2014* R'000
Media and broadcasting	**609 628**	811 628
Non-casino gaming	**276 872**	215 835
Casino gaming and hotels	**2 427 837**	–
Information technology	**62 054**	61 964
Transport	**324 719**	224 620
Vehicle component manufacture	**24 946**	15 829
Beverages	**92 152**	26 075
Properties	**116 609**	54 905
Mining	**138 390**	104 736
Branded products and manufacturing**	**164 735**	239 162
Other	**(130 892)**	(103 008)
Total	**4 107 050**	1 651 746

* Restated

** Segment previously identifed as "Clothing, textiles and toys"

	Profit before tax	
	31 March 2015 R'000	31 March 2014* R'000
Media and broadcasting	**474 468**	665 730
Non-casino gaming	**137 869**	113 747
Casino gaming and hotels	**4 517 687**	779 791
Information technology	**44 019**	43 675
Transport	**233 618**	126 638
Vehicle component manufacture	**10 406**	1 520
Beverages	**61 678**	(448)
Properties	**143 519**	70 226
Mining	**15 031**	65 008
Branded products and manufacturing**	**152 702**	173 600
Other	**(230 975)**	(203 506)
Total	**5 560 022**	1 835 981

	Headline earnings	
	31 March 2015 R'000	31 March 2014 R'000
Media and broadcasting	**121 865**	258 816
Non-casino gaming	**62 479**	48 967
Casino gaming and hotels	**768 604**	785 062
Information technology	**15 189**	15 290
Transport	**161 123**	90 589
Vehicle component manufacture	**10 822**	17
Beverages	**14 021**	549
Properties	**36 958**	31 114
Mining	**14 530**	47 482
Natural gas	**(59 796)**	(54 055)
Branded products and manufacturing**	**94 540**	10 922
Other	**(219 287)**	(148 599)
Total	**1 021 048**	1 086 154

* Restated

** Segment previously identifed as "Clothing, textiles and toys"

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited. The accounting policies applied by the group in the preparation of these reviewed condensed consolidated financial statements are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2014. As required by the JSE Limited Listings Requirements, the group reports headline earnings in accordance with Circular 2/2013: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the financial director, Mr TG Govender, B.Compt (Hons).

BUSINESS COMBINATIONS

ACQUISITIONS

Other

Oceania Capital Partners Limited, through its 97%-owned subsidiary, Crimsafe Holdings Proprietary Limited, acquired all of the shares in the Crimsafe group of companies (Crimsafe), effective 20 March 2015. Crimsafe manufactures home safety installations.

The details of the net assets acquired on the above business combination, for which the purchase price has been allocated to the respective assets and liabilities on a provisional basis, is as follows:

	R'000
Non-current assets	91 578
Current assets	113 575
Non-current liabilities	(13 213)
Current liabilities	(25 228)
Net assets acquired	166 714
Goodwill	108 357
Cash balances acquired	(7 651)
Net cash paid	267 420

The acquired business contributed revenues of Rnil and profit after tax of Rnil to the group for the year ended 31 March 2015. Had the acquisition been effective on 1 April 2014 the contribution to revenue would have been R363.1 million and profit after tax R24 million.

Media and broadcasting

During the year the group's media and broadcasting operations acquired 50.1% of the issued share capital of Coleske Artists Proprietary Limited and Afrikaans is Groot Proprietary Limited, effective 1 March 2015. It also acquired 70% of the issued share capital of TVPC Media Proprietary Limited, effective 1 July 2014. The details of the aggregate net assets acquired on these business combinations, for which the purchase price has been allocated to the respective assets and liabilities on a provisional basis, is as follows:

	R'000
Non-current assets	3 110
Current assets	21 703
Non-current liabilities	(5 587)
Current liabilities	(10 116)
Net assets acquired	9 110
Non-controlling interest	(4 832)
Goodwill	45 619
Cash balances acquired	(16 260)
Net cash paid	33 637

The acquired businesses contributed revenues of R2.2 million and losses after tax of R2.6 million to the group for the year ended 31 March 2015. Had the acquisitions been effective on 1 April 2014 the contribution to revenue would have been R85.8 million and profit after tax R1.4 million.

DISPOSALS

Natural gas

The group disposed of its interest in Montauk Energy Holdings LLC through the distribution of its shareholding in the company's South African holding company to shareholders in December 2014. The details of assets and liabilities disposed of through this distribution are as follows:

	R'000
Non-current assets	870 624
Current assets	253 836
Non-current liabilities	(196 820)
Current liabilities	(68 127)
Net assets disposed of	859 513
Non-controlling interest	(2 025)
Recognised as distribution	(676 281)
Loss on disposal	(181 207)
Cash balances disposed of	(189 469)

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

The group unbundled its shareholding in its natural gas interests in December 2014. Consequently, these results are contained in discontinued operations in the income statement and its assets and liabilities contained in disposal groups held for sale in the statement of financial position in the prior year.

The Board of Deneb Investments has resolved to discontinue the operations of its discount retail operations and the results of these operations, as contained in the branded products and manufacturing segment, have been reclassified to discontinued operations in the prior year and its assets and liabilities are contained in disposal groups held for sale in the statement of financial position in the current year.

In addition to the above, the board of Sabido Investments has resolved to exit certain of its offshore operations. The results of these operations are included in the media and broadcasting segment and have been reclassified to discontinued operations in the prior year and its assets and liabilities are contained in disposal groups held for sale in the statement of financial position in the current year.

Disposal groups held for sale as disclosed in the statement of financial position include the following:

	Branded products and manu-facturing (R'000)	Media and broad-casting (R'000)
Disposal group assets held for sale	57 933	249 405
Disposal group liabilities held for sale	–	24 879

RESULTS

GROUP INCOME STATEMENT

The group income statement contains five months of equity-accounted earnings from Tsogo Sun and seven months consolidated earnings due to the "acquisition" of this entity effective end of August 2014.

Revenue, including net gaming win, increased by 90%. Although this is skewed by the consolidation of Tsogo Sun's revenue for the seven months from September 2014, other contributors to this increase were non-casino gaming (up 25%), transport (up 19%), branded products and manufacturing (up 24%) and mining (up 27%). The steady growth in machine and site roll-out in the limited payout business and bingo operations increased non-casino net gaming win significantly. Transport recorded higher passenger revenue from both single and multi ride when compared to the prior year and have experienced strong demand during peak periods. The Mbali colliery became operational in the second half of the previous financial year and now contributed to mining revenue for a full year. Properties' revenue increased significantly due to additional revenue from new properties in Upington, Pretoria and Cape Town. Revenue in respect of media and broadcasting increased marginally by 2%, mainly due to increases in subscription revenue and content sales in Sabido Investments whilst advertising revenue in respect of e.tv remained under pressure due to the difficult trading environment. Management has implemented new scheduling and programming strategies, which may only be evidenced in advertising revenue during the second half of the calendar year if successful.

EBITDA for the group increased by 149%. EBITDA from media and broadcasting decreased by 25% mainly due to the cost of the e.tv Multi-Channel business as well as Platco. These businesses launched during October 2013. Consequently the current year is the first to include their results for 12 months. EBITDA from non-casino gaming increased 28% with gains in its limited payout operations funding the expansionary spend in its bingo operations. Casino gaming and hotels is not comparable due to its inclusion for seven months in the current year. The continued improvement in efficiencies from a lower fuel price, controlled employment and overhead expenditure in GABS contributed to a 45% increase in EBITDA from the prior year, which was initially affected by a transport strike. Beverages' EBITDA increased substantially as a result of the continuing turnaround at KWV and a reduction in foreign exchange hedging losses in the current year. Mining EBITDA, although increasing by 32% as a result of the Mbali colliery trading for the whole year, was negatively impacted by reduced margins on delivered product. Branded products and manufacturing's EBITDA from continuing operations decreased due to difficult trading conditions in the manufacturing businesses and was affected by litigation proceeds of R39 million relating to the Searll family settlement in the prior year not recurring.

Profit before tax increased significantly due to the large fair value gain on associates arising from the accounting treatment of the group's increased interest in Tsogo Sun following the SABMiller share repurchase. IFRS requires that a deemed disposal of the Group's investment in associate be recognised prior to the acquisition/consolidation of Tsogo Sun. This resulted in a fair value gain of R2 757 million. Profit before tax from casino gaming and hotels before this adjustment amounted to R1 761 million, which is not comparable to the prior year as this includes seven months' consolidated results. Transport profit's increase was aided by marginally reduced depreciation. Properties' increase of 104% relates mainly to the revaluation of the property in Upington, with increases in EBITDA being off-set by increased finance costs. Profits relating to mining decreased by R50 million, substantially due to previously capitalised box cut expenditure in the amount of R66 million at the Mbali colliery being depreciated, with R13 million being expensed in the prior year. Other profit before tax increased mainly due to R57 million in losses accruing from Baycorp Holdings in the prior year reversing to an R11 million profit. Media and broadcasting profit before tax includes R22 million in profits in respect of Sunshine Coast Radio in Australia.

Discontinued operations' losses increased by R114 million compared to those as restated for the prior year. Operational losses of R60 million from Natural gas were increased by a loss on disposal of R181 million upon the unbundling of the business by the group. Natural gas' results were included for nine months to its unbundling in December 2014. Losses of R118 million were recorded for the offshore media and broadcasting interests. This includes a R27 million impairment of the investment in The Africa Channel and R47 million impairment of goodwill relating substantially to Power Entertainment. R17 million of losses relate to the discount retail operations of Deneb Investments.

Headline earnings decreased by 6%. Media and broadcasting reported a decrease of 53% in headline earnings. This can be attributed significantly to the group's reduced effective interest in Sabido Investments and also in part to losses after tax in respect of its multi-channel business increasing by R125 million. Casino gaming and hotels showed a decrease of 2% in its headline earnings contribution. Included in Tsogo Sun's contribution to the group's headline earnings is an effective R49 million portion relating to the share-based payment expense in respect of the facility granted to senior management to acquire shares in that company. The results of Tsogo Sun were equity accounted at 41.5% for the five months ending August 2014 and consolidated at an effective 48% for the remaining seven months of the year. Other includes R118 million HCI head office finance costs and R88 million in HCI and Niveus head office costs.

Notable items on the income statement include:

Finance costs increased in Properties by R50 million, head office by R34 million and a further R501 million arose on the consolidation of Tsogo Sun. Profit from associates and joint ventures is not comparable to the prior year due to Tsogo Sun being consolidated from September 2014. The amount includes R236 million from Tsogo Sun. Fair value adjustments of investment properties consist substantially of revaluations done on Properties' shopping centre in Upington and industrial properties owned by the group's branded products and manufacturing interests.

Headline earnings per share increased by 2% with headline earnings decreasing by 6%. This can be attributed to the weighted average number of shares in issue in the prior year of 114 788 000 being reduced to 105 724 000 in the current year as a result of 17.7 million and 2.7 million shares being repurchased during the 2014 and 2015 financial years, respectively.

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

The group's overall financial position remains strong with the major businesses still generating strong cash flows.

The statement of financial position changed significantly with the consolidation of Tsogo Sun in its results from end of August 2014.

Group long-term borrowings at 31 March 2015 comprise central borrowings of R1 692 million, investment property-related borrowings of R893 million, borrowings in Tsogo Sun of R8 557 million and the remainder in various operating subsidiaries. Included in current liabilities is R1 132 million owing to SACTWU, being part of their proportionate non-controlling share in Seardel and Deneb Investments and following their indirect participation in Seardel's rights issue in April 2014.

2.7 million shares in the company, to the value of R420 million, were repurchased during the current period.

The group invested R1 904 million in property, plant and equipment and R502 million in investment properties. Included in cash flow from investing activities are dividends totalling R404 million received from Tsogo Sun. Borrowings of R254 million was raised in respect of investment property developments in Properties and R2 167 million by casino gaming and hotel operations.

Shareholders are referred to the individually published results of Seardel Investment Corporation Limited, Deneb Investments, Tsogo Sun Holdings Limited and Niveus Investments Limited for further commentary on the media and broadcasting; branded products and manufacturing; casino gaming and hotels; non-casino gaming; and beverages operations.

COMMENTARY

The year has seen the group produce a relatively flat set of results. Our main asset, the interest in Tsogo Sun, has continued to invest heavily in refurbishing and expanding its facilities which we believe is the right way to run the business in the long term. The truth is, however, that the short term has seen little growth in gaming spend and even the slow recovery of hotel spend has in the short term been off-set by difficulties, such as the effects of Ebola on travel in Africa.

Our media business has likewise been put to the test in the distribution of its digital channels. The roll-out of OVHD is starting to pick up in pace and currently has 130 000 connected homes. Over the next twelve months we believe this will achieve a footprint that enables it to start to generate revenues.

The group has been facing significant regulatory challenges in several businesses. Such difficulties are probably a regular feature of the work we do, but currently these matters are holding up the realisation of significant development of several of our businesses.

The proposed acquisition of a substantial minority stake in Grand West remains tied up in regulatory issues before the competition authorities as well as the Western Cape Gambling Board but we do believe it will ultimately be successfully closed.

The KwaZulu-Natal MEC for finance has purported to require we cease trading in certain of our licensed bingo sites as well as taking exceptional measures to prevent the roll-out of electronic bingo terminals. Likewise, legal challenges by parties who lost bids in the Eastern Cape have effectively prevented the smooth roll-out of newly granted licences there. All these matters are now the subject of litigation before various courts around the country. This also applies to the decision of the Minister of Communication to unilaterally abandon encryption in the set top boxes for DTT.

Tedious as it is to be driven to protect one's rights at law, we believe there is sufficient value at stake to justify each of the cases we have brought and are confident our applications will ultimately prove beneficial to the group.

Outside of these areas the group has grown value at an encouraging pace:

- Niveus has grown significantly year on year despite the above difficulties, as have GABS and Deneb Investments.
- Property developments continue to unfold at a rapid pace. These include shopping centres, hotels, casinos, inner-city housing, factories and offices as well as studio space. Tsogo Sun has committed itself to considering housing its properties in a listed REIT and it is possible that other properties of the group could be housed therein if it does in fact proceed.
- Montauk has been unbundled and is trading successfully. Likewise, Deneb Investments was unbundled from Seardel and is trading separately. Seardel will in due course change its name to eMedia Holdings.
- Since the publishing of interim results we have concluded an agreement to fund the National Lottery by way of a high-yielding five-year preference share and loan. The new operator will be commencing its operation of the lottery in June, but its licence to do so is subject to legal challenge by the outgoing operator which rendered it difficult for the new incumbent to raise funding. While all litigation carries risks we see little merit in the challenge and have decided to provide same.
- We have also concluded an agreement to invest a modest amount of funding to secure an option to participate in the development of the Mmamabula project in Botswana if it is possible to provide power from there. This remains a purely speculative opportunity presently but we do believe the current crisis of electricity in South Africa provides opportunities for the development of privately owned power stations and that this project is one that is very viable.
- We are pleased to report that the concentrated solar project at Upington reached financial close and is currently commencing its development phase as a fixed-price turnkey project. It is anticipated that the project will provide 100 Megawatts of electricity to Eskom from 2019.

Lastly, we record our sadness at the passing of one of our board members, Virginia Engel, after a long battle with illness. Virginia was the founder of the Western Cape branch of the National Union of Textile Workers, currently incorporated in our main shareholder, SACTWU. She served as personal assistant to President Nelson Mandela during his term of office and for many years thereafter was the CEO of the HCI Foundation. She made an enormous contribution to setting HCI on a path of combining business initiatives with a strong social mission and she will be sorely missed going forward.

AUDITOR'S REVIEW

These results have been reviewed by the company's auditors, Grant Thornton Johannesburg Partnership. Their unqualified review opinion is available for inspection at the registered office of the company.

These condensed consolidated financial statements for the year ended 31 March 2015 have been reviewed by Grant Thornton Johannesburg, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the company's registered office together with the financial statements identified in the auditor's report.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

CHANGES IN DIRECTORATE

As noted in the commentary hereto, non-executive director Mrs VM Engel, sadly passed away on 18 May 2015. With effect from 30 October 2014 Mr MJA Golding resigned as chairman and executive director of the board of HCI and with effect from 27 October 2014 Ms BA Hogan resigned as independent non-executive director of the board of HCI.

DIVIDEND TO SHAREHOLDERS

The directors of HCI have resolved to declare a final ordinary dividend number 51 of 130 cents (gross) per HCI share for the year ended 31 March 2015 from income reserves. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend
Friday, 5 June 2015

Commence trading ex dividend
Monday, 8 June 2015

Record date
Friday, 12 June 2015

Payment date
Monday, 15 June 2015

No share certificates may be dematerialised or rematerialised between Monday, 8 June 2015 and Friday, 12 June 2015, both dates inclusive.

In terms of legislation applicable to Dividends Tax (DT) the following additional information is disclosed:

- The local DT rate is 15%.
- The number of ordinary shares in issue at the date of this declaration is 105 198 669.
- The dividend to utilise for determining the DT due is 130 cents per share.
- The DT amounts to 19.5 cents per share.
- The net local dividend amount is 110.5 cents per share for all shareholders who are not exempt from the DT.
- Hosken Consolidated Investments Limited's income tax reference number is 9050/177/71/7.

In terms of the DT legislation, any DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (collectively "regulated intermediary") on behalf of shareholders. All shareholders should declare their status to their regulated intermediary as they may qualify for a reduced DT rate or exemption in future.

For and on behalf of the board of directors

JA Copelyn
Chief Executive Officer

TG Govender
Financial Director

Cape Town
21 May 2015

Hosken Consolidated Investments Limited

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