REVIEWED CONDENSED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

HCI

Hosken Consolidated Investments Limited

2024

CORPORATE ADMINISTRATION

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")

Directors:
JA Copelyn (Chief Executive Officer)
JR Nicolella (Financial Director)
TG Govender
Y Shaik
MH Ahmed*
MF Magugu*
L McDonald**
SNN Mkhwanazi*
VE Mphande* (Chair)
JG Ngcobo*
RD Watson*

* Independent non-executive   ** Non-executive

Company secretary:
HCI Managerial Services Proprietary Limited

Registered office:
Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
PO Box 5251, Cape Town, 8000
Telephone: 021 481 7560

Auditors:
Mazars
Mazars House, Rialto Road
Grand Moorings Precinct, Century City, 7441
PO Box 134, Century City, 7446
Docex 9 Century City

Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

Sponsor:
Investec Bank Limited
100 Grayston Drive, Sandton, Sandown, 2196

Website address:
www.hci.co.za

INVESTMENTS

Tsogo Sun

Southern Sun

eMedia Holdings

Vukani Gaming Corporation

Galaxy Bingo

OpenView HD

Golden Arrow Bus Service

HCI Resources

Deneb Investments

Platinum Group Metals

HCI Properties (division)

Impact Oil & Gas

Frontier Transport Holdings

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2024 R'000	Audited 31 March 2023 R'000
ASSETS		
Non-current assets	44 824 354	45 666 976
Property, plant and equipment	16 376 146	16 324 722
Right-of-use assets	372 657	299 782
Investment properties	5 204 210	5 052 816
Goodwill	3 824 589	3 824 589
Investments in associates and joint arrangements	7 932 140	6 465 307
Other financial assets	1 662 181	1 487 781
Intangible assets	9 161 499	11 886 839
Deferred taxation	235 286	261 307
Other	55 646	63 833
Current assets	6 243 672	6 025 551
Inventories	870 980	1 020 986
Programme rights	1 364 880	945 387
Other financial assets	104 237	–
Trade and other receivables	2 157 874	1 883 759
Taxation	33 396	83 541
Bank balances and deposits	1 712 305	2 091 878
Disposal group assets held for sale	152 642	170 396
Total assets	51 220 668	51 862 923
EQUITY AND LIABILITIES		
Equity	28 193 640	28 164 962
Equity attributable to equity holders of the parent	19 007 454	18 168 070
Non-controlling interest	9 186 186	9 996 892
Non-current liabilities	17 389 343	19 785 601
Deferred taxation	4 708 176	5 375 895
Borrowings	11 925 641	13 681 541
Lease liabilities	429 464	381 383
Provisions	82 397	80 135
Other*	243 665	266 647
Current liabilities	5 635 920	3 910 595
Trade and other payables	2 667 238	2 494 662
Current portion of borrowings	2 428 551	804 071
Taxation	32 985	47 929
Provisions	229 300	210 406
Bank overdrafts	107 143	148 033
Other	170 703	205 494
Disposal group liabilities held for sale	1 765	1 765
Total equity and liabilities	51 220 668	51 862 923
Net asset carrying value per share (cents)	23 504	22 466

* *Other non-current liabilities include post-retirement benefit liabilities, long-term incentive plans and deferred revenue and income*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	% change	Reviewed 31 March 2024 R'000	Audited 31 March 2023 R'000
Revenue		13 306 005	12 575 559
Net gaming win		9 672 551	9 626 677
Property rental income		754 670	696 699
Income	3.6%	23 733 226	22 898 935
Expenses		(17 686 268)	(17 259 883)
EBITDA	7.2%	6 046 958	5 639 052
Depreciation and amortisation		(1 218 507)	(1 161 767)
Investment income		258 649	299 532
Finance costs		(1 425 153)	(1 194 861)
Equity-accounted (losses)/earnings of associates and joint ventures		(171 751)	198 348
Investment surplus		490 228	152 384
Fair value adjustments on investment properties		38 044	80 295
Impairment reversals		–	3 163 984
Asset impairments		(2 811 522)	(398 310)
Fair value adjustments on financial instruments		(59 807)	(70 843)
Impairment of goodwill and investments		(13 181)	–
Profit before taxation	(83.1%)	1 133 958	6 707 814
Taxation		(388 270)	(1 620 042)
Profit for the year from continuing operations		745 688	5 087 772
Discontinued operations		–	(9 064)
Profit for the year		745 688	5 078 708
Attributable to:			
Equity holders of the parent		651 898	3 207 067
Non-controlling interest		93 790	1 871 641
		745 688	5 078 708

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed 31 March 2024 R'000	Audited 31 March 2023 R'000
Profit for the year	**745 688**	5 078 708
Other comprehensive income net of tax:		
Items that will subsequently be reclassified to profit or loss		
Foreign currency translation differences	**294 616**	596 944
Cash flow hedge reserve	**(56 113)**	28 656
Share of other comprehensive income/(losses) of equity-accounted investments	**26 700**	(12 996)
Reclassification of cash flow hedge reserves on disposal of equity-accounted investments	**4 116**	–
Items that will not subsequently be reclassified to profit or loss		
Revaluation of owner-occupied land and buildings on transfer to investment properties	**3 330**	–
Actuarial gains on post-employment benefit liabilities	**3 758**	9 681
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**(241 210)**	121 335
Share of other comprehensive income of equity-accounted investments	**–**	432
Total comprehensive income	**780 885**	5 822 760
Attributable to:		
Equity holders of the parent	**830 684**	3 874 154
Non-controlling interest	**(49 799)**	1 948 606
	780 885	5 822 760

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 31 March 2024 R'000	Audited 31 March 2023 R'000
Balance at the beginning of the year	**28 164 962**	22 827 423
Current operations		
Total comprehensive income	**780 885**	5 822 760
Equity-settled share-based payments	**31 231**	28 612
Share of direct equity movements of equity-accounted investments	**(3 257)**	27 637
Disposal of subsidiaries	**–**	461
Effects of changes in holding	**(116 078)**	(37 131)
Extinguishment of borrowings from non-controlling interests*	**37 752**	–
Dividends	**(701 855)**	(504 800)
Balance at the end of the year	**28 193 640**	28 164 962

* *A change to the terms of borrowings from non-controlling interests resulted in an extinguishment of the original loan and an adjustment of R38 million being recognised as an equity contribution*

RECONCILIATION OF HEADLINE EARNINGS

	% change	Reviewed 31 March 2024 Gross R'000	Reviewed 31 March 2024 Net R'000	Audited 31 March 2023 Gross R'000	Audited 31 March 2023 Net R'000
Earnings attributable to equity holders of the parent	(79.7%)		651 898		3 207 067
Losses on disposal of property		–	–	33 410	6 880
(Gains)/losses on disposal of plant and equipment		(9 194)	(5 140)	398	(123)
Impairment of property, plant and equipment		95 799	43 219	142 905	50 616
Losses on disposal of subsidiaries		–	–	3 557	1 780
Gains on disposal of interests in equity-accounted investments		(286 616)	(276 251)	(25 398)	(25 398)
Gains on changes in holdings of equity-accounted investments		(203 563)	(187 288)	(32 567)	(31 353)
Hedging reserves recycled on disposal of equity-accounted investments		4 116	4 116	–	–
Impairments/(impairment reversals) on interests in equity-accounted investments		13 181	13 181	(754 954)	(694 222)
Impairment of intangible assets		2 715 723	990 644	249 950	91 130
Reversal of asset impairments		–	–	(2 409 030)	(874 548)
Gains on disposal of investment properties		(4 165)	(2 773)	(14 080)	(11 001)
Fair value adjustments on investment properties		(38 044)	(18 369)	(80 295)	(54 091)
Insurance claims for capital assets		(13 844)	(7 073)	(22 934)	(13 567)
Impairment of right-of-use assets		–	–	5 455	1 268
Remeasurements included in equity-accounted earnings of associates and joint arrangements		(33 280)	(30 619)	(10 447)	3 940
Losses on disposal of plant and equipment		777	715	–	–
Impairment of intangible assets		–	–	71 530	71 377
Impairment of interests in equity-accounted investments		–	–	82 148	82 148
Fair value adjustments on investment properties		(32 584)	(29 979)	(1 380)	(1 269)
Gains on disposal of subsidiaries		(1 473)	(1 355)	(166 867)	(153 438)
Other		–	–	4 122	5 122
Headline earnings	(29.1%)		1 175 545		1 658 378
Basic earnings per share (cents)					
Earnings/(losses)	(79.7%)		806.11		3 965.71
Continuing operations			806.11		3 973.97
Discontinued operations			–		(8.26)
Headline earnings/(losses) per share (cents)	(29.1%)		1 453.62		2 050.67
Continuing operations			1 453.62		2 056.31
Discontinued operations			–		(5.64)
Weighted average number of shares in issue ('000)			80 870		80 870
Actual number of shares in issue at the end of the year (net of treasury shares) ('000)			80 870		80 870
Diluted earnings per share (cents)					
Earnings/(losses)	(79.7%)		789.31		3 896.66
Continuing operations			789.31		3 904.78
Discontinued operations			–		(8.12)
Headline earnings/(losses) per share (cents)	(29.4%)		1 423.33		2 014.97
Continuing operations			1 423.33		2 020.51
Discontinued operations			–		(5.54)
Weighted average number of shares in issue ('000)			82 591		82 303

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 March 2024 R'000	Audited 31 March 2023 R'000
Cash flows from operating activities	2 802 717	2 999 835
Cash generated by operations	6 158 269	5 940 767
Net finance costs	(1 314 625)	(1 059 895)
Changes in working capital	(365 444)	(490 525)
Taxation paid	(975 755)	(891 690)
Dividends paid	(699 728)	(498 822)
Cash flows from investing activities	(2 680 692)	(1 843 081)
Business combinations and disposals	–	(276 307)
Net investments acquired	(1 566 412)	(618 339)
Dividends received	68 156	102 243
Loans and receivables repaid	23 309	87 881
Proceeds from insurance claims for capital assets	13 844	18 542
Government grants received	13 478	12 110
Intangible assets		
– Additions	(108 674)	(190 989)
– Disposals	–	368
Investment properties		
– Additions	(83 091)	(118 802)
– Disposals	65 042	35 231
Property, plant and equipment		
– Additions	(1 151 230)	(1 076 334)
– Disposals	44 886	181 315
Cash flows from financing activities	(461 801)	(1 250 453)
Other liabilities raised	5 635	–
Transactions with non-controlling shareholders	(114 953)	(34 699)
Principal paid on lease liabilities	(75 977)	(68 344)
Net funding repaid	(276 506)	(1 147 410)
Decrease in cash and cash equivalents	(339 776)	(93 699)
Cash and cash equivalents		
At the beginning of the year	1 944 134	2 036 768
Foreign exchange differences	1 093	1 065
At the end of the year	1 605 451	1 944 134
Bank balances and deposits	1 712 305	2 091 878
Bank overdrafts	(107 143)	(148 033)
Cash in disposal groups held for sale	289	289
Cash and cash equivalents	1 605 451	1 944 134

SEGMENTAL ANALYSIS

	Revenue 31 March		Net gaming win 31 March	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	3 059 299	3 125 051	–	–
Gaming	1 655 750	1 518 592	9 672 551	9 626 677
Transport	2 603 872	2 391 748	–	–
Properties	307 467	233 926	–	–
Coal mining	2 236 850	2 115 290	–	–
Branded products and manufacturing	3 373 021	3 148 963	–	–
Other	69 746	41 989	–	–
Total	13 306 005	12 575 559	9 672 551	9 626 677

	Property rental income 31 March		EBITDA 31 March	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	17 681	17 124	651 926	689 306
Gaming	175 775	155 849	3 860 681	3 487 218
Transport	–	–	593 547	472 376
Properties	389 012	369 344	317 642	286 652
Coal mining	–	–	428 427	481 038
Branded products and manufacturing	154 686	140 824	347 645	365 201
Other	17 516	13 558	(152 910)	(142 739)
Total	754 670	696 699	6 046 958	5 639 052

	Profit/(loss) before tax 31 March		Headline earnings/(loss) 31 March	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Media and broadcasting	501 521	569 357	212 088	238 931
Gaming	(336 168)	4 168 409	880 364	795 635
Hotels	369 787	1 225 326	309 603	286 626
Transport	515 059	387 995	321 004	231 813
Properties	168 301	197 015	75 347	61 217
Coal mining	319 695	433 490	226 840	308 590
Branded products and manufacturing	132 698	204 942	87 922	113 707
Oil and gas prospecting	(528 175)	(226 852)	(528 175)	(75 071)
Palladium prospecting	(25 118)	(21 638)	(25 118)	(21 638)
Other	16 358	(230 230)	(384 330)	(281 432)
Total	1 133 958	6 707 814	1 175 545	1 658 378

SEGMENTAL ANALYSIS (CONTINUED)

The Group's revenue streams per segment are as follows:

	2024		2023	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised at a point in time				
Media and broadcasting				
Revenue from the sale of Openview boxes	145 594	–	180 147	–
Gaming				
Food and beverage revenue	–	647 977	–	589 233
Transport				
Revenue from the sale of vehicles, spares, tyres and retreads	152 768	–	43 235	–
Single-journey bus ticket revenue	–	360 419	–	353 827
Revenue from charter hire services	–	113 639	–	99 035
Revenue from automotive repair services	–	19 370	–	11 896
Other revenue	–	2 825	–	15 392
Properties				
Convention and exhibition revenue	–	134 259	–	93 327
Development revenue	16 965	–	–	–
Coal mining				
Revenue from the sale of coal	2 236 850	–	2 115 290	–
Branded products and manufacturing				
Revenue from the sale of:				
– Toys, electronic games and sports goods	943 720	–	948 490	–
– Woven, knitted and non-woven products	936 209	–	875 512	–
– Pressed, roll-formed steel products	929 080	–	723 266	–
– Stationery, publishing and office supplies	385 646	–	378 900	–
– Speciality chemicals	133 614	–	142 869	–
Other				
Food and beverage revenue	–	33 692	–	19 934
Donations	–	8 484	–	–

SEGMENTAL ANALYSIS (CONTINUED)

The Group's revenue streams per segment are as follows (continued):

	2024		2023	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised over time				
Media and broadcasting				
Advertising revenue	–	2 346 975	–	2 278 025
Licence fees	–	369 250	–	350 000
Facility income from broadcasting and production services	–	173 854	–	261 965
Content sales	–	23 626	–	54 914
Gaming				
Hotel room revenue	–	523 222	–	501 473
Entrance fees	–	224 875	–	183 538
Tenant recoveries	–	73 718	–	69 104
Cinema revenue	–	46 184	–	47 769
Venue hire revenue	–	27 724	–	22 804
Parking fees	–	22 081	–	12 083
Other revenue*	–	89 969	–	92 588
Transport				
Revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services	–	1 345 801	–	1 288 191
Multi-journey bus ticket revenue	–	609 050	–	578 305
Other revenue	–	–	–	1 867
Properties				
Tenant recoveries	–	152 553	–	135 397
Other revenue	–	3 690	–	5 202
Branded products and manufacturing				
Revenue from the sale of pressed, roll-formed steel products	44 752	–	79 926	–
Other				
Internal audit fees	–	20 137	–	15 204
Tenant recoveries	–	6 300	–	5 870
Other revenue	–	1 133	–	981
	5 925 198	7 380 807	5 487 635	7 087 924

* *Other gaming revenue recognised over time most significantly includes tournament fees, retail revenue, other hotel revenue and other sundry revenue*

Mazars House, Rialto Road
Grand Moorings Precinct
Century City, 7441
PO Box 134, Century City, 7446
Docex 9 Century City

Tel: +27 21 818 5000
Fax: +27 21 818 5001
Email: cpt@mazars.co.za
www.mazars.co.za

Independent Auditor's Review Report on the Condensed Consolidated Financial Statements

31 March 2024

To the Shareholders of Hosken Consolidated Investment Holdings Limited

We have reviewed the condensed consolidated financial statements of Hosken Consolidated Investment Holdings Limited, contained in the accompanying report, which comprised the condensed consolidated statement of financial position as at 31 March 2024 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsbility for the Condensed

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements as set out in the notes and commentary to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Hosken Consolidated Investments Limited for the year ended 31 March 2024 are not prepared, in all material respects, in accordance with the requirements, as set out in the notes and commentary to the condensed consolidated financial statements and the requirements of the Companies Act of South Africa.

Mazars
Partner: Yolandie Ferreira
Registered Auditor
23 May 2024
Cape Town

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2024 have been prepared in accordance with the framework concepts, the recognition and measurement requirements of IFRS® Accounting Standards ("IFRS"), the disclosure requirements of IAS 34: Interim Financial Reporting, the SA Financial Reporting Requirements, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited.

As required by the JSE Limited Listings Requirements, the Company reports headline earnings in accordance with Circular 1/2023: 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 JR Nicolella CA(SA), and have been independently reviewed by the Group's auditors, who expressed an unmodified review conclusion.

The accounting policies applied by the Group in the preparation of these condensed consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 March 2023.

GOING CONCERN

The Company's central borrowings are subject to the following covenants:

- combined Tsogo Sun Limited ("TSG") and Southern Sun Limited ("SSU") investment cover ratio of no less than 2.25;
- total investment cover ratio of no less than 3.5;
- total investment cover ratio, including holding company guarantees, of no less than 2.1; and
- debt service cover ratio in respect of holding company income of no less than 2.

The Company is currently in compliance with these debt covenants in respect of central borrowings.

Preference shares and term debt in the amount of R1 705 million, as included in central borrowings, is due for redemption and repayment on 30 September 2024 and has been classified as current borrowings as at the reporting date. Discussions have been initiated with the Company's funders relating to the refinance of the majority of these borrowings into longer-term facilities.

Gaming and Hotel operations, as well as all other major subsidiaries and associates of the Group, were in compliance with their debt covenants as at the reporting date.

The Company has assessed its cash flow forecasts and borrowings profiles and is of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen for the foreseeable future. This assessment assumed that lending rates will be sustained at current levels and load shedding remains ongoing for the foreseeable future.

FAIR VALUE MEASUREMENT

Investment properties

Gaming

Fair value losses in respect of investment properties relating to gaming operations amounted to R5 million in the current year. The fair values were determined by an independent valuer using the income capitalisation method and comparable sales for vacant land. The significant unobservable inputs used in the current year were as follows:

- average rental income growth rate of 1.4%;
- capitalisation rate of 9.25% – 10%; and
- vacancy rate of 0% – 25%.

Properties

Fair value gains in respect of investment properties of property operations amounted to R43 million in the current year. The fair values were determined by management by applying the discounted cash flow and direct comparable sales methods. The significant unobservable inputs were as follows:

- net income growth rate of 4.6% – 14.3%;
- terminal capitalisation rate of 9% – 12%; and
- risk-adjusted pre-tax discount rate of 14% – 16.5%.

Branded products and manufacturing

Fair value gains on investment properties relating to branded products and manufacturing amounted to R0.6 million in the current year. The fair values were determined by independent valuers using the income capitalisation method. The significant unobservable inputs were as follows:

- capitalisation rate of 8.25% – 11%; and
- vacancy rate of 0% – 5%.

Rental income and operating expenses were determined based on contractual and budgeted amounts for individual properties.

Financial assets at fair value

Through other comprehensive income

The Group has a 20% equity interest in each of SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester"). The Group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The Group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements and have been accounted for as financial assets at fair value through other comprehensive income.

The asset has been remeasured to R724 million at 31 March 2024, a R235 million decrease (2023: R145 million increase). A discounted cash flow valuation was used to estimate the fair value. A delayed recovery in income and increased discount rates were the main drivers of the decrease in fair value.

The significant unobservable inputs used in the fair value measurement of the investment in SunWest and Worcester at 31 March 2024 are shown below (these entities have a 31 December year-end).

- income increases by 9% in the 2024 financial year and then by 4% over the following years (2023: 5% in 2024; 4% – 5% thereafter);
- operating expenditure increases by 10% in the 2024 financial year, thereafter by 4% over the following years (2023: 5% in 2024 and thereafter);
- risk-adjusted discount rate of 15.8% post-tax (2023: 14.8%); and
- long-term growth rate of 5% (2023: 5%).

An increase or decrease of 1% in long-term growth rate would have resulted in an increase of R56 million or decrease of R47 million, respectively, in the valuation. An increase or decrease of 1% in discount rate would have resulted in a decrease of R64 million or increase of R77 million, respectively, in the valuation.

Changes to the carrying value of Sunwest and Worcester consisted only of fair value adjustments in the current and prior year.

Listed equity instruments valued at R287 million at year-end are classified as level 1 financial instruments and comprise the Group's investment in City Lodge Hotels Limited, a company listed on the Johannesburg Securities Exchange. The fair value of these shares was determined with reference to its quoted price at 31 March 2024, resulting in a fair value loss totalling R7 million being recognised in other comprehensive income.

Through profit or loss

Certain subsidiaries have invested a total of R417 million surplus cash in yield-enhancing unit trust funds, classified as level 2 financial instruments, as at year-end. Fair value gains of R28 million were recognised on these investments in profit and loss during the current year. The underlying investments of these unit trust funds consist significantly of interest-bearing instruments which are measured at fair value.

The Group held shares in Montauk Renewables Inc. ("MKR") to the value of R121 million as at the reporting date. This investment is classified as a level 1 financial instrument. Fair value losses of R94 million were recognised on these investments in profit and loss during the current year. These shares are valued with reference to their quoted price on Nasdaq and the Johannesburg Securities Exchange.

IMPAIRMENTS AND IMPAIRMENT REVERSALS

Goodwill and casino licences

Casino licences are allocated and monitored on a casino precinct basis as these are the cash-generating units ("CGUs") to which they relate. Goodwill relating to the Group's gaming operations has been allocated to the TSG Group as a whole as the CGU to which it relates.

The recoverable amount of a CGU is determined based on the higher of the fair value less cost of disposal and value in use. These calculations use management approved cash flow projections based on five-year forecasts.

Impairments of R2 716 million were recognised in respect of casino licences. Discounted cash flow valuations were utilised for this purpose.

Following the previous two financial years of strong post-COVID recovery, the current year growth in profitability of gaming operations was subdued. High interest rates and persistent load shedding have resulted in slow economic growth and pressure on consumer spend. Increased discount rates and slower forecast growth have impacted valuations of the casino licences and the Group consequently recognised the following impairments, per casino precinct:

	R'm
Montecasino	1 009
Suncoast	720
Gold Reef	285
Silverstar	174
The Ridge	125
Emnotweni	70
Golden Horse	291
Garden Route	31
Blackrock	11
Total	2 716

In addition to the above, property, plant and equipment in respect of the Hemingways Precinct was impaired by R86 million following the impairment assessment.

The significant unobservable inputs used in the testing of the Group's casino licences for impairment at 31 March 2024 are shown below:

- expected gaming win and other income increases by between 2% and 12% in the 2025 financial year, thereafter 4% over the following years (2023: 5% in 2025; 4% thereafter);
- operating expenditure increases by between 1% and 21% in the 2025 financial year, thereafter 5% over the following years (2023: 6% in 2025, 5% thereafter);
- risk-adjusted pre-tax discount rate of 19.5% to 21.3% (2023: 18.4% to 20.2%); and
- long-term growth rate of 5% (2023: 5%).

Investments in associates and joint ventures

Due to improved trading the Group assessed the carrying value of its interest in SSU for a possible impairment reversal.

A discounted cash flow calculation, utilising the most recent forecasts produced by management, was performed to determine value in use. No impairment or reversal of impairment was consequently recognised.

The significant unobservable inputs used in the discounted cash flow calculation were as follows:

- expected revenue increases by between 5.3% and 8.2% between 2025 and 2029 (2023: between 1% and 7% 2024 to 2028);
- operating expenditure increases on average by 6.8% between 2025 and 2029 (2023: average 5% between 2024 to 2028);
- risk-adjusted discount rate of 19.7% pre-tax (2023: 17.3%); and
- long-term growth rate of 4.5% (2023: 4.5%).

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of certain non-core operations in the media and broadcasting segment were included in discontinued operations in the prior year and consisted of a loss after tax of R3 million. Disposal group assets of R4 million and liabilities of R2 million as at the reporting date relate to these operations.

Branded products and manufacturing

The results of CLM Home's operations were included in discontinued operations in the prior year and consisted of a loss after tax of R6 million. The business was sold on 1 March 2023.

Investment properties of R115 million are classified as disposal group assets held for sale at the reporting date.

Properties

Investment property with a carrying value of R33 million awaits transfer.

RESULTS

GROUP STATEMENT OF PROFIT OR LOSS AND SEGMENTAL ANALYSIS

Income increased by 4% to R23 733 million
EBITDA increased by 7% to R6 047 million
Profit before tax R1 134 million
Headline earnings R1 176 million
Headline earnings per share 1 454 cents

Media and broadcasting

The television and radio advertising markets have been impacted by persistent load shedding during the current year. The Group's television and radio advertising revenue increased by 3%, the majority of which was recognised in Openview with a 22% increase in advertising revenue. The Group's prime time market share decreased slightly from 35% to 34% during the current year, while etv maintained its market share at 21%. The Group's licence fee revenue increased by 5%. Property and facility revenue decreased by 34% as a result of the Hollywood actor and writer strike earlier in the year and set top box sales decreased by 19%. Active set top boxes have increased by 378 000 to 3 429 000 during the year. The containment of programming and other overhead costs limited the EBITDA decrease to 5%. Profit before tax and headline earnings were impacted by an increase in finance costs of R21 million during the current year.

Gaming

Total income increased by 2% in relation to the prior year. Casino revenue and net gaming win combined increased by 2%, assisted by strong growth in entrance fee, food and beverage, tenanting and rooms revenue. Vukani net gaming win decreased marginally by 1% as a result of lost income during periods of load shedding. EBITDA increased by 11% to R3 861 million, with an EBITDA margin of 34% maintained during the year. Excluding the hotel management agreement cancellation fee of R399 million paid to SSU in the prior year, EBITDA remained static, significantly affected by diesel costs and lost income due to load shedding. Casino EBITDA increased by 1%, that of Vukani decreased by 4% and that of Galaxy Bingo and online betting operations combined, decreased by 28%. Profit before tax includes the impairments to casino licences and property, plant and equipment of R2 801 million detailed previously. Headline earnings of R880 million was impacted by an increase of R83 million in finance costs and is 6% lower than that of the prior year, when adjusted for the R144 million effect of the abovementioned cancellation fee.

Hotels

Trading levels improved significantly at hotel operations compared to the prior year, buoyed by strong tourism and business travel in the Western Cape and Cape Town in particular. Normalised revenue, adjusted for the prior-year receipt of the hotel management agreement cancellation fee of R399 million from TSG, increased by 21% to R6 047 million, following significant increases in rooms (23%), food and beverage (15%), and revenue and rental income (17%). Internally managed rooms sold increased by 13%, with average occupancy levels for these 58.6% in the current year, compared to 51.5% in the prior year. Average room rates achieved during the year were also 9% higher. While average room rates achieved during the year were 27% higher than for the comparative period immediately before COVID, occupancy levels of 58.6% remained marginally below the 59.3% achieved in that period.

The prior-year profit before tax relating to hotel operations includes a reversal of impairment on the investment of R755 million.

Headline profit of R310 million recognised by the Group in relation to hotel operations during the current year is an 80% improvement on the prior year, when adjusted for the effective R115 million recognised in respect of the hotel management agreement cancellation fee in the prior year.

Borrowings have decreased by R301 million from R1 964 million at 31 March 2023 to R1 663 million, while SSU repurchased 135 million shares to the value of R617 million.

Transport

Transport revenue increased by 9% with passenger revenue showing strong growth. In addition, revenue from vehicle sales grew by R100 million. EBITDA increased by 26% following an increase of only 5% in operating costs. Fuel cost savings and a reduction in supplies and spares procurement off-set higher personnel costs. Profit before tax and headline earnings increases were further supported by increased interest income, with no significant non-recurring items recognised.

Properties

Gallagher Estate's convention and conferencing operations recorded an increase in revenue of R41 million and R17 million in development revenue was recognised in the current year on the sale of a residential property in Steenberg. Rental income increased by 5%, with substantial gains recorded for The Point Centre in Cape Town and Whale Coast Village Mall in Hermanus. Inner-city housing experienced a marginal regression in rental income. The improvement in EBITDA was mainly owing to the recovery of the Gallagher Estate convention and conferencing operations. Profit before tax includes R43 million in upward revaluation adjustments, compared to R71 million in the prior year. Finance costs increased from R180 million to R205 million in the current year. Furthermore, the prior year included a R14 million investment surplus on the sale of land. Headline earnings increased in line with profit before tax, adjusted for the investment surplus and fair value adjustments above.

Coal mining

Revenue increased by 6% at the Palesa Colliery, consisting of a 2% increase in coal revenue and 12% increase in transport revenue. Following the decrease in export coal prices, supply into that market halted in the first half of the year, halving export coal volumes. Total sales volumes at Palesa still ended on par with the prior year. EBITDA decreased by 11% following reduced high-margin export volumes in the current year. Mining and processing efficiencies limited margin erosion during the current year, resulting in a gross profit margin of 40%, compared to 44% in the prior year and an EBITDA margin of 19%, compared to 23% in the prior year. Profit before tax was impacted by a R46 million amortisation charge relating to the newly established box cut on the Rooipoort property. Headline earnings decreased in line with profit before tax.

Branded products and manufacturing

Revenue in respect of branded products and manufacturing increased by 7% and property rental income by 10%. Automotive parts manufacturing and industrial product manufacturing, driven mainly by textile products, recorded increases in revenue of 26% and 4% despite the pressures of load shedding and high energy prices, while branded product distribution recorded static revenue. EBITDA decreased by 5%, the prior year's results assisted by net business interruption insurance claim receipts of R60 million. Excluding these, EBITDA would have shown an increase of 14%. Finance costs increased by R33 million in the current year, off-set significantly by a decrease of R25 million in tax. Headline earnings decreased in line with profit before tax, significantly due to the aforementioned prior-year insurance receipts.

Oil and gas prospecting

Equity losses of R528 million in respect of Impact Oil & Gas ("IOG") includes an effective R483 million in equity losses in respect of its investment in Africa Energy Corp. ("AEC"). AEC recognised US$135 million in downward fair value adjustments on its investment in the Block 11B/12B prospect offshore the South African south coast following the reassessment of its valuation model.

Palladium prospecting

Equity losses of R25 million were recognised in respect of Platinum Group Metals ("PGM") in the current year and contained no significant headline earnings adjusting items. Losses consisted significantly of general and administrative costs and share-based payment expenses, with only interest-related income recognised.

Other

EBITDA losses increased mainly as a result of inflationary cost pressures. Included in profit before tax is a R94 million downward fair value adjustment on the Group's interest in MKR, R283 million gain on the disposal of the Group's interest in the Karoshoek concentrated solar plant, head office finance costs of R234 million (increasing from R186 million) and a gain of R204 million recognised on the increase in the Group's interest in SSU, from 40.8% to 44.8%, following that company's share repurchases during the year. The prior year included, amongst others, the gross settlement proceeds of R132 million relating to the Jindal Africa dispute, a R70 million downward fair value adjustment on the Group's interest in MKR and a R25 million gain on the disposal of the Group's interest in BSG Africa. Included in the current year's headline loss is R234 million head office finance costs, an effective R45 million downward fair value adjustment on the MKR interest and the remainder being head office and other overheads of the Company, the Group's internal audit function and La Concorde Holdings.

Notable items on the consolidated statement of profit or loss include:

Refer to the segmental analysis for commentary on variances in income.

Investment income in the prior year included a receipt of R52 million interest in respect of a settlement of dispute with Jindal Africa, which has not recurred. R54 million in dividends was received from the Group's interest in Sunwest and Worcester in the current year (2023: R73 million).

Finance costs increased by R230 million due to increased borrowings in certain parts of the Group, as well as higher interest rates prevailing during the current year. A R48 million increase in interest was recorded by head office, R83 million by gaming operations, R35 million by branded products and manufacturing, R25 million by properties and R21 million by media and broadcasting.

Losses from associates and joint ventures include R370 million profit in respect of SSU. Equity losses include R528 million that was recognised in respect of IOG, losses of R25 million in respect of PGM and R13 million relating to Alphawave Golf.

An investment surplus of R283 million was recognised on the disposal of the Group's 10% interest in Karoshoek and a gain of R204 million on the increase in the Group's interest in SSU following that company's share repurchases during the year.

R5 million in fair value losses on investment properties were recognised by the Group's gaming operations and a net amount of R43 million in fair value gains by the Group's properties division.

Impairments totalling R2 801 million were recognised in respect of gaming operations' casino licences and related property, plant and equipment. The remainder was in respect of property, plant and equipment of various subsidiaries.

Fair value adjustments of R94 million were recognised on the Group's interest in MKR, of which R49 million relates to the HCI Foundation and which is not included in headline earnings. The remaining fair value adjustments consist of gains on forward exchange contracts of R6 million and gains of R28 million on unit trust funds.

Headline earnings declined by 29% and can be compared to the prior year as follows:

	2024 R'm	2023 R'm
As reported	**1 176**	1 658
Glendal settlement gain	**–**	(113)
Hotel management agreement cancellation fee – Gaming	**–**	144
Hotel management agreement cancellation fee – Hotels	**–**	(115)
MKR fair value adjustment on financial instruments	**45**	45
AEC downward revaluation of financial instrument	**464**	–
Adjusted	**1 685**	1 619

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Investments in associates and joint ventures increased in the current year and included additional investment of R1 250 million in IOG to fund its drilling programme in Namibia, R48 million in PGM and foreign exchange conversion gains on these US Dollar-denominated investments. Intangible assets consist significantly of casino licences, the impairment of which by R2 716 million in the current year resulted in the significant decrease in carrying value at the reporting date.

Group non-current borrowings at 31 March 2024 comprise central head office borrowings of R778 million (2023: R2 306 million), central investment property-related borrowings of R1 714 million (2023: R1 579 million), borrowings in TSG of R7 946 million (2023: R8 380 million), R787 million (2023: R819 million) in Deneb Investments ("Deneb") and the remainder in other operating subsidiaries. R1 760 million (2023: R55 million) in current borrowings relate to central head office borrowings, the majority of which will be refinanced into longer-term facilities later in the 2024 calendar year. R163 million (2023: R64 million) relates to TSG, R258 million (2023: R419 million) to central investment properties and R118 million (2023: R94 million) to eMedia Holdings ("eMedia"). Bank overdraft facilities include R44 million in TSG, Rnil million at head office and R63 million in Deneb (2023: R50 million, R30 million and R67 million, respectively).

Included in cash flows from investing activities are investments in the associates detailed above. Further fixed-term preference shares of R30 million were subscribed for in Alphawave Golf and R369 million in yield-enhancing unit trust funds. R351 million was received on the disposal of the Group's interest in Karoshoek. R180 million was incurred on the acquisition of further shares in City Lodge Hotels. R1 151 million was invested in property, plant and equipment, of which R765 million by TSG, R113 million by HCI Resources, R58 million by FTH, R84 million by Deneb and R89 million by eMedia. No significant property, plant and equipment disposals occurred during the year. Net funding of R177 million was raised at head office, R305 million was repaid by TSG and R94 million and R52 million repaid by FTH and Deneb, respectively.

Shareholders are referred to the individually published results of eMedia Holdings Limited, Tsogo Sun Limited, Southern Sun Limited, Deneb Investments Limited, Frontier Transport Holdings Limited and Platinum Group Metals Limited for further commentary on the media and broadcasting, gaming, hotels, branded products and manufacturing, transport and palladium prospecting operations.

EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any matter or circumstance arising between the reporting date and the date of this report that may affect the financial position as at the reporting date or the results for the year then ended, as contained in these condensed financial statements.

DIVIDEND TO SHAREHOLDERS

The directors of HCI have resolved to declare a final ordinary dividend number 62 of R1.00 (gross) per HCI share for the year ended 31 March 2024 from income reserves. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Tuesday, 23 July 2024
Commence trading ex dividend	Wednesday, 24 July 2024
Record date	Friday, 26 July 2024
Payment date	Monday, 29 July 2024

No share certificates may be dematerialised or rematerialised between Wednesday, 24 July 2024 and Friday, 26 July 2024, both dates inclusive.

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

- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of this declaration is 85 620 648.
- The DT amounts to 20 cents per share.
- The net local dividend amount is 80 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.

For and on behalf of the board of directors

JA Copelyn
Chief Executive Officer

JR Nicolella
Financial Director

Cape Town
23 May 2024

Hosken Consolidated Investments Limited

REVIEWED CONDENSED ANNUAL FINANCIAL STATEMENTS

2024