



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")

Group interim report for the six months ended 30 September 2001

ABRIDGED CONSOLIDATED INCOME STATEMENTS

	Six months ended 30 September		Year ended 31 March
	2001	2000	2001
	R'000	R'000	R'000
	(unaudited)	(unaudited)	(audited)
Operating loss	(4 909)	(7 368)	(11 707)
Investment income	39 439	9 753	8 494
Share of profits/(losses)	(50 904)	(75 489)	(125 595)
Non-consolidated subsidiaries	(62 648)	(79 867)	(155 858)
Associated companies	11 744	4 378	30 263
Investment surplus	12 663	9 536	10 946
Loss before taxation	(3 711)	(63 568)	(117 862)
Taxation	3 317	385	9 860
Loss before preference dividends	(7 028)	(63 953)	(127 722)
Attributable to minorities	–	–	(59)
Preference dividends payable	(21 053)	(4 773)	(75 647)
Loss attributable to ordinary shareholders	(28 081)	(68 726)	(203 428)
<i>Reconciliation of headline earnings/(loss):</i>			
Loss attributable to ordinary shareholders	(28 081)	(68 726)	(203 428)
<i>Adjusted for:</i>			
Goodwill amortised	11 917	–	4 907
Investment surplus	(12 663)	(9 536)	(10 946)
Headline loss	(28 827)	(78 262)	(209 467)
Loss per share (cents)			
– Headline	(7,44)	(20,7)	(54,9)
– Basic	(7,25)	(18,2)	(53,3)
Weighted average number of shares in issue ('000)	387 417	377 766	381 724
Actual number of shares in issue at end of period ('000)	376 768	381 129	389 588

ABRIDGED CONSOLIDATED BALANCE SHEETS

	Six months ended 30 September		Year ended 31 March
	2001	2000	2001
	R'000	R'000	R'000
	(unaudited)	(unaudited)	(audited)
ASSETS			
Non-current assets	3 580 362	3 533 574	3 486 049
Investments	3 580 291	3 533 445	3 485 950
Equipment	71	129	99
Current assets	194 374	61 460	14 167
Total assets	3 774 736	3 595 034	3 500 216
EQUITY AND LIABILITIES			
Ordinary shareholders' equity	2 792 118	3 386 482	2 865 181
Minority shareholder interest and preference shares	767 610	75 375	467 610
Non-current liabilities	17 698	84 505	–
Current liabilities	197 310	48 672	167 425
Total equity and liabilities	3 774 736	3 595 034	3 500 216
Net asset value per share at market/directors' valuation at 11 December 2001 (cents)	795	920	755

ABRIDGED CONSOLIDATED CASH FLOW STATEMENTS

	Six months ended 30 September		Year ended 31 March
	2001	2000	2001
	R'000	R'000	R'000
	(unaudited)	(unaudited)	(audited)
Cash flow from operating activities	37 361	(35 973)	(1 176)
Cash flow from investing activities	(132 582)	52	(79 238)
Cash flow from financing activities	272 716	114 539	83 268
Increase in cash and cash equivalents	177 495	78 618	2 854
Cash and cash equivalents			
At beginning of year	(63 210)	(66 064)	(66 064)
At end of year	114 285	12 554	(63 210)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'000	Revaluation surplus R'000	Investment surplus R'000	Retained income R'000	Total R'000
Balances 1 April 2000	1 108 116	1 859 512	484 737	(52 976)	3 399 389
Ordinary shares issued	98 444				98 444
Loss attributable to ordinary shareholders				(203 428)	(203 428)
Transfer on realization of investments			10 946	(10 946)	
Current revaluation deficit		(429 224)			(429 224)
Balances 31 March 2001	1 206 560	1 430 288	495 683	(267 350)	2 865 181
Ordinary shares repurchased	(44 982)				(44 982)
Loss attributable to ordinary shareholders				(28 081)	(28 081)
Transfer on realization of investments			12 663	(12 663)	
Balances 30 September 2001	1 161 578	1 430 288	508 346	(308 094)	2 792 118

COMMENTARY

EVENTS AND DEVELOPMENTS

Vodacom Group (Pty) Ltd

The group's 5% interest in unlisted Vodacom Group (Pty) Ltd ("Vodacom") remained unchanged during the period under review. Vodacom continued its exceptional performance during the period under review showing strong growth in all aspects of its business. Vodacom increased its headline earnings for the six months ended 30 September 2001 by 41% to R965,3 million.

The company continues to remain the leading cellular network operator on the African continent with a subscriber base in excess of 5,8 million and a major share of its revenues from the South African market.

Despite the entry of Cell C into the local cellular market, your directors remain confident that this investment will continue to deliver satisfactory returns in the future.

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

e-TV continued its satisfactory progress over the last year. Its audience share is now almost 16% during the evening and more on a 24-hour basis.

Its revenues have been tracking its audience growth, though the current world economic slowdown is starting to make itself felt in the growth of the station. We believe the station remains on target to break even during the second half of our next financial year (2003).

e-TV has successfully negotiated a put and call option in respect of Warner Bros. shares in the station as well as suitably adjusting its programme licensing arrangements, both of which are subject to Exchange Control approval. If forthcoming, the put and call option will be subject to ICASA approval. As previously announced this is not expected to have any negative effect on the station.

HCI anticipates committing further resources to e-TV until its turnaround is effected.

Regulatory difficulties in relation to ICASA remain outstanding and HCI remains committed to resolving the matter amicably with ICASA.

Gaming

Progress towards the commencement of operations in the route business has continued slowly. We anticipate the roll-out will only effectively commence at the beginning of our next financial year.

The group has decided to convert about half of its debts with Online Gaming Systems Limited ("OGAM") to ordinary equity. This conversion will give the group about 81% of the ordinary

OPERATIONS AND RESULTS FOR THE PERIOD

Business operations

The business operations of HCI entail the making of investments in opportunities as identified by the board of directors and to add value to these investments over time. As such, HCI has consciously established itself and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them. The directors are confident that the group will continue to deliver satisfactory growth.

Accounting policies

The accounting policies in respect of the financial year ended 31 March 2001 have been consistently applied to the results for the period ended 30 September 2001. The policies conform with South African Generally Accepted Accounting Practices.

Interim results

Earnings per share incorporates only the results of those companies equity accounted together with interest and dividends received from investments. Accordingly, earnings per share is not always indicative of the performance and value of all the underlying companies in which investments are held.

Headline loss per share decreased from 20,7 cents to 7,44 cents mainly due to the improved performance from e-TV.

The investment surplus arose mainly from the sale of certain of the group's non-core investments.

The group has historically not consolidated various investments in which it has a majority stake and this practice is continued in this interim report for the same reason as previously stated. However, a review of this practice will be made in our year-end accounts once the results of our application to regularise ownership in e-TV have been finalized and the results of the Mettle delisting proposal have been obtained.

DISTRIBUTIONS TO SHAREHOLDERS

The directors have decided not to declare a dividend for the six months ended 30 September 2001. The company requires its cash resources for further investments.

PROSPECTS FOR THE FUTURE

The prospects for the group over the next year remain concentrated on consolidating and extracting value from its interests in the various sectors invested. The group has invested in certain start-up businesses that have significant blue-sky potential. The directors are confident that the group will continue to deliver satisfactory returns in the near future.

STRATE

The company's shares commenced trading on the JSE Securities Exchange South Africa in

year.

The group has decided to convert about half of its debts with Online Gaming Systems Limited ("OGAM") to ordinary equity. This conversion will give the group about 81% of the ordinary equity. The investment remains speculative and the company continues to lose money. Nevertheless your directors believe there is great potential in Internet gaming and that this company has good prospects of concluding contracts which over time will make OGAM profitable.

Mettle Limited ("Mettle")

The Mettle listing was highly disappointing. Notwithstanding a comprehensive buyback plan of its own shares by Mettle, the share price fell to unacceptably low levels which began creating difficulties in the business. HCI has resolved to support the delisting of the company. It is anticipated Mettle may well become a subsidiary of HCI as a result of the delisting.

and the group will continue to deliver satisfactory returns in the near future.

STRATE

The company's shares commenced trading on the JSE Securities Exchange South Africa in uncertificated form on Monday, 3 September 2001 with the first electronic settlement under STRATE occurring on Monday, 10 September 2001. Those shareholders who have as yet not deposited their shares with a Central Securities Depository Participant or qualifying broker are reminded to do so. Enquirers in this regard may be referred to STRATE on 0800 004 727 or Mercantile Registrars Limited on (011) 370-5000.

For and on behalf of the board of directors

M A Golding	<i>Chairman</i>
J A Copelyn	<i>Chief Executive officer</i>
11 December 2001	
Durban	

Registered office: 3rd Floor, MB House, 641 Ridge Road, Durban, 4001 (PO Box 18881, Dalbridge, 4014)
Transfer secretaries: Mercantile Registrars Limited, 8th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 1053, Johannesburg, 2000)
Directors: M A Golding (*Chairman*), J A Copelyn (*Chief Executive Officer*), M F Magugu, V E Mphande
Company secretary: T G Govender

