



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")

Group interim results for the six months ended 30 September 2003

The following are the unaudited results of the group for the six months ended 30 September 2003 together with the comparative figures:

ABRIDGED CONSOLIDATED INCOME STATEMENT			
	Six months ended 30 September		Year ended 31 March
	2003	2002	2003
	R'000	R'000	R'000
	(unaudited)	(unaudited)	(audited)
Revenue	304 848	256 756	508 559
Operating expenses	(318 019)	(319 809)	(630 348)
Operating loss	(13 171)	(63 053)	(121 789)
Investment income	11 618	41 308	53 310
Finance costs	(2 879)	(60 130)	(82 623)
Share of associated companies' profits/(losses)	(533)	25 891	30 711
Investment surplus/(loss)	39 621	–	(698 591)
Recoupment/(impairment) of investments and goodwill	73 639	(5 231)	(50 185)
Profit/(loss) before taxation	108 295	(61 215)	(869 167)
Taxation	6 101	1 943	5 509
Group profit/(loss)	102 194	(63 158)	(874 676)
Attributable to minorities	(270)	(273)	(1 832)
Profit/(loss) attributable to ordinary shareholders	101 924	(63 431)	(876 508)
<i>Reconciliation of headline loss</i>			
Profit/(loss) attributable to ordinary shareholders	101 924	(63 431)	(876 508)
Adjusted for:			
Investment (surplus)/loss	(33 486)	–	698 591
(Recoupment)/impairment of investments and goodwill	(73 639)	5 231	50 185
Amortisation of goodwill	4 076	4 936	9 873
Loss/(profit) on sale of assets	(605)	(33)	19 567
Headline loss	(1 730)	(53 297)	(98 292)
Profit/(loss) per share (cents)			
– Basic	94,55	(17,16)	(286,41)
– Headline	(1,60)	(14,42)	(32,12)
Weighted average number of shares in issue ('000)	107 802	369 721	306 031
Actual number of shares in issue at end of period (net of treasury shares) ('000)	107 802	371 177	107 802

ABRIDGED CONSOLIDATED BALANCE SHEET			
	30 September		31 March
	2003	2002	2003
	R'000	R'000	R'000
	(unaudited)	(unaudited)	(audited)
ASSETS			
Non-current assets	442 965	1 924 869	453 524
Property, plant and equipment	66 138	79 579	60 051
Investments	376 827	1 845 290	393 473
Current assets	628 316	552 490	644 158
Total assets	1 071 281	2 477 359	1 097 682
EQUITY AND LIABILITIES			
Ordinary shareholders' equity	639 712	1 295 945	545 019
Minority shareholders' interest	157 290	11 092	42 591
Non-current liabilities and preference shares	29 216	770 894	276 728
Deferred tax	15	–	108
Current liabilities	245 048	399 428	233 236
Total equity and liabilities	1 071 281	2 477 359	1 097 682
Net asset value per share (cents)	593	449	506

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
	Share capital R'000	Share premium R'000	NDR R'000	Accumulated loss R'000	Total R'000
Balances 1 April 2002	91 882	1 036 426	1 644 600	(721 056)	2 051 852
<i>Share capital and premium</i>					
Shares issued	2 607	26 032	–	–	28 639
Shares repurchased and cancelled	(69 935)	(594 121)	–	–	(664 056)
Share issue and cancellation costs	–	(1 626)	–	–	(1 626)
Treasury shares sold by subsidiary	2 396	29 427	–	–	31 823
<i>Current operations</i>					
Loss for the year	–	–	–	(876 508)	(876 508)
Transfer on realisation of investments	–	–	(994 909)	994 909	–
<i>Revaluation</i>					
Current revaluation deficit	–	–	(25 105)	–	(25 105)
Balances 31 March 2003	26 950	496 138	624 586	(602 655)	545 019
<i>Current operations</i>					
Profit for the period	–	–	–	101 924	101 924
<i>Revaluation</i>					
Transfer	–	–	(527)	527	–
Current revaluation deficit	–	–	(7 231)	–	(7 231)
Balances at 30 September 2003	26 950	496 138	616 828	(500 204)	639 712

ABRIDGED CONSOLIDATED CASHFLOW STATEMENT			
	Six months ended 30 September		Year ended 31 March
	2003	2002	2003
	R'000	R'000	R'000
	(unaudited)	(unaudited)	(audited)
Cashflows from operating activities	203 286	(35 201)	(264 006)
Cashflows from investing activities	54 761	(9 526)	1 408 772
Cashflows from financing activities	(262 849)	32 831	(1 042 566)
(Decrease)/increase in cash and cash equivalents	(4 802)	(11 896)	102 200
Cash and cash equivalents			
At beginning of period	201 492	99 292	99 292
At end of period	196 690	87 396	201 492

SEGMENT REPORT				
The following are the summarised results for the various primary group segments:				
	Segment revenues R'000	Segment results R'000	Segment assets R'000	Segment liabilities R'000
Media and broadcasting	300 586	123 541	644 386	338 048
Financial services	–	(12 356)	80 564	–
Interactive gaming	4 262	(9 076)	68 292	3 987
Information technology	–	2 561	34 309	–
Other	–	(2 746)	243 730	89 534
	304 848	101 924	1 071 281	431 569
Taxation is included as follows: Assets R0.367m, Liabilities R14.414m and results R6.101m.				
No secondary segment report has been included as the group derives substantially all its revenues and income from within the Republic of South Africa.				

COMMENTARY

ACCOUNTING POLICIES

The interim financial report to shareholders is prepared on the historical cost basis modified by the revaluation of investments and conforms with Statements of South African Generally Accepted Accounting Practice. The accounting policies of the group have been consistently applied.

REVIEW OF INVESTMENTS

Media and Broadcasting

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

e-TV has maintained its 17:00 to 23:00 audience share at similar levels to those reported at March 2003.

The station has achieved 27% growth in revenue during the period under review by comparison to the comparative six-month period.

This continued growth in revenue and stable operating costs have enabled the station to operate without any further cash injections and in line with expectations. It is anticipated that the station will be profitable going forward.

The restructuring of the capital of Sabido Investments (Pty) Ltd has been completed and HCI now effectively owns approximately two thirds of e-TV.

Gaming

Vukani Gaming Corporation (Pty) Ltd

Expansion of trading operations in the route business in Mpumulanga has continued at a slow pace. Applications have been lodged for limited payout route operating licences in the Eastern and Western Cape provinces. Bids will be made for licences in other regions, as these are made available. It is anticipated that this will happen during the current financial year.

Tsogo Sun Holdings (Pty) Ltd

During the period under review the group acquired a further 5% effective interest in Tsogo Sun Holdings (Pty) Ltd. Subsequent to the period under review the group acquired a further effective 3.5% interest. Shareholders are referred to announcements made by the company for details of the above acquisitions.

Financial Services

Mettle Limited ("Mettle")

Mettle, which was delisted with effect from 19 June 2003, has continued to operate as in the past and with the exception of the treasury division, which is expected to be disposed of before the end of the current financial year, has performed in line with expectations.

Information technology

IQ Business Group (Pty) Ltd ("IQ")

During the period under review, the capital of IQ was restructured with the group increasing its investment to approximately 22% by injecting R15m of funding.

OPERATIONS AND RESULTS FOR THE PERIOD

Business operations

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

Results for the period

The group reported a headline loss per share of 1.60 cents compared with the headline loss per share of 14.42 cents for the comparative period. This improvement is largely attributable to the improved performance of e-TV and the reduced finance costs resulting from the reduction of group debt. The investment surplus and the recoupment of investments and goodwill arose primarily from the restructuring of the group's interest in e-TV following the conversion of minority debt to equity.

PROPOSED DELISTING OF HCI AND OFFER TO ALL SHAREHOLDERS

Implementation of the delisting, approved at the general meeting of shareholders on 11 June 2003, remains in abeyance until the finalisation of an application by a shareholder of HCI, in the High Court of South Africa.

DISTRIBUTIONS TO SHAREHOLDERS

The directors have decided not to declare a dividend for the period ended 30 September 2003.

For and on behalf of the board of directors

MA Golding

Chairman

JA Copelyn

Chief Executive Officer

Durban

15 December 2003

Sponsor



NEDBANK
CORPORATE

Registered office: Suite 624, Office Tower, Overport City, 430 Ridge Road, Durban, 4001 (PO Box 70874, Overport City, 4067)
Transfer secretaries: Computershare Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, Johannesburg, 2107)
Directors: MA Golding (*Chairman*), JA Copelyn (*Chief Executive Officer*), MF Magugu*, VE Mphande*, AM Ntuli*
Company secretary: TG Govender

