

UNAUDITED GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011



Hosken Consolidated Investments Limited

CORPORATE ADMINISTRATION

DIRECTORS

Executive Directors

Marcel Jonathan Anthony Golding (Chairman)
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

John Anthony Copelyn (Chief Executive Officer)
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Theventheran Govindsamy Govender (Kevin)
(Financial Director)
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Non-Executive Directors

Virginia Mary Engel
Block A, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Rakesh Samjee Garach #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Mimi Freddie Magugu #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Dr Lynette Moretlo Molefi #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Velaphi Elias Mphande
Block B, Longkloof Studios
Darters Road, gardens
Cape Town, 8001

Jabulani Geffrey Ngcobo #
Block B, Longkloof Studios
Darters Road, Gardens
Cape Town, 8001

Yunis Shaik #
52 Troon Road
Greenside, 2193

Independent

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 (Pty) Limited
Block B, Longkloof Studios
Darters Road, Gardens,
Cape Town, 8001

Telephone: (021) 481 7560

Telefax: (021) 426 2777

P O Box 5251

Cape Town, 8000

AUDITORS

PKF (Jhb) Inc
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 Ltd
70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

15,5%

INCREASE IN REVENUE

35,1%

INCREASE IN EBITDA

34,0%

INCREASE IN HEADLINE EARNINGS

ABRIDGED CONSOLIDATED INCOME STATEMENT

		Unaudited	Unaudited	Audited
		Six months ended	Six months ended	Year ended
		30 September	30 September	31 March
	%	2011	2010	2011
	Change	R'000	R'000	R'000
Revenue		3 510 221	3 061 221	6 333 785
Net gaming win		241 559	186 874	403 292
Income	16%	3 751 780	3 248 095	6 737 077
Expenses		(3 034 945)	(2 717 634)	(5 459 132)
EBITDA	35%	716 835	530 461	1 277 945
Depreciation and amortisation		(186 660)	(163 269)	(314 745)
Operating profit	44%	530 175	367 192	963 200
Investment income		26 694	38 422	78 323
Finance costs		(102 287)	(99 729)	(242 717)
Share of profits of associates and joint ventures		197 709	3 205	83 212
Investment surplus		16 851	-	57 195
Fair value adjustments to investment properties		-	-	84 303
Impairment reversals		192	4 461	5 691
Asset impairments		-	-	(43 483)
Fair value adjustments to financial instruments		(9 629)	-	(1 179)
Impairment of goodwill and investments		-	-	(37 195)
Profit before taxation		659 705	313 551	947 350
Taxation		(153 506)	(115 251)	(256 367)
Profit for the period from continuing operations		506 199	198 300	690 983
Discontinued operations		(6 385)	476 896	6 321 551
Profit for the period		499 814	675 196	7 012 534
Attributable to:				
Equity holders of the parent	39%	408 503	293 163	6 418 327
Minority interest		91 311	382 033	594 207
		499 814	675 196	7 012 534

RECONCILIATION OF HEADLINE EARNINGS

		Unaudited		Unaudited		Audited	
		Six months ended		Six months ended		Year ended	
		30 September		30 September		31 March	
		2011		2010		2011	
	%	Gross	Net	Gross	Net	Gross	Net
	Change	R'000	R'000	R'000	R'000	R'000	R'000
Earnings attributable to equity holders of the parent	39%	408 503		293 163		6 418 327	
IAS 16 Gains on disposal of property		-	-	(78)	(30)	-	-
IAS 16 Gains on disposal of plant and equipment		(9 024)	(7 937)	(22 151)	(13 633)	(6 479)	(1 980)
IAS 16 Impairment of plant and equipment		-	-	13 911	10 477	4 000	3 420
IFRS 3 Impairment of goodwill		-	-	-	-	37 194	33 475
IAS 28 Gain on disposal of associates		-	-	-	-	(401)	(404)
IAS 36 Impairment of assets		-	-	-	-	370 133	209 809
IAS 36 Reversal of impairments		(808)	(589)	(4 461)	(4 461)	(46 986)	(35 460)
IAS 27 Profit from disposal/part disposal of subsidiary		(16 851)	(14 492)	-	-	(5 782 141)	(5 736 378)
IAS 40 Fair value adjustment to investment property		-	-	(1 882)	(1 332)	(105 878)	(82 955)
IAS 39 Profit on disposal of available for sale asset		-	-	-	-	(33 398)	(33 223)
Remeasurements included in equity accounted earnings of associates		(4 753)	(4 747)	-	-	(42 685)	(42 685)
Headline profit	34%	380 738		284 184		731 946	

Basic earnings per share

Earnings (cents)	38%	321.35	233.53	5 088.46
Continuing operations		325.05	120.23	369.48
Discontinued operations		(3.70)	113.30	4 718.98
Headline earnings (cents)	32%	299.51	226.38	580.29
Continuing operations		303.56	117.20	292.55
Discontinued operations		(4.05)	109.18	287.74
Weighted average number of shares in issue ('000)		127 118	125 534	126 135
Actual number of share in issue at end of period('000)		127 177	126 001	127 089
(net of treasury shares)				

Diluted earnings per share

Earnings (cents)	38%	311.25	225.57	4 921.28
Continuing operations		314.83	116.13	357.35
Discontinued operations		(3.58)	109.44	4 563.93
Headline earnings (cents)	33%	290.10	218.66	561.22
Continuing operations		294.02	113.20	282.94
Discontinued operations		(3.92)	105.46	278.28
Weighted average number of shares in issue('000)		131 245	129 966	130 420

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2011 R'000	Unaudited* 30 September 2010 R'000	Audited 31 March 2011 R'000
ASSETS			
Non-current assets	13 651 572	14 372 063	12 885 346
Property, plant and equipment	2 909 316	9 467 582	2 769 835
Investment properties	626 395	363 901	564 685
Goodwill	178 894	1 475 791	144 205
Interest in associates and joint ventures	8 450 711	1 815 155	8 441 951
Other financial assets	429 212	177 914	116 230
Other intangible assets	754 928	647 522	577 218
Deferred taxation	208 147	234 515	189 203
Operating lease equalisation asset	7 037	1 137	2 658
Non-current receivables	86 932	188 546	79 361
Current assets	2 872 945	4 309 503	2 948 801
Other	2 495 763	2 673 202	2 368 669
Bank balances and deposits	377 182	1 636 301	580 132
Non-current assets held for sale	24 629	201 530	35 218
Total assets	16 549 146	18 883 096	15 869 365
EQUITY AND LIABILITIES			
Equity	11 829 247	8 912 957	11 231 849
Equity attributable to equity holders of the parent	11 004 909	4 863 222	10 505 914
Minority interest	824 338	4 049 735	725 935
Non-current liabilities	2 416 003	5 523 041	2 350 869
Deferred taxation	115 124	651 745	114 138
Borrowings	2 117 419	4 335 978	2 056 658
Operating lease equalisation liability	1 902	284 682	4 447
Other	181 558	250 636	175 626
Current liabilities	2 296 228	4 388 242	2 270 279
Non-current liabilities held for sale	7 668	58 856	16 368
Total equity and liabilities	16 549 146	18 883 096	15 869 365
Net asset value carrying per share (cents)	8 653	3 860	8 267

* Restated

ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Six months ended 30 September 2011 R'000	Unaudited* Six months ended 30 September 2010 R'000	Audited Year ended 31 March 2011 R'000
Profit for the period	499 814	675 196	7 012 534
Other comprehensive income:			
Foreign currency translation differences	169 913	(46 455)	(37 653)
Cash flow hedge reserve	(13 629)	(12 174)	23 081
Asset revaluation reserve	-	(1 037)	(20 635)
Total comprehensive income	656 098	615 530	6 977 327
Attributable to:			
Equity holders of the company	557 306	260 028	6 385 176
Minority interest	98 792	355 502	592 151
	656 098	615 530	6 977 327

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Balance as restated at beginning of period	11 231 849	8 388 971	8 388 971
Balance as previously stated	11 231 849	8 380 190	8 380 190
Adjustment	-	8 781	8 781
Share capital and premium			
Treasury shares released	5 031	10 965	14 595
Current operations			
Total comprehensive income	656 098	615 530	6 977 327
Equity settled share-based payments	5 363	6 412	15 810
Disposal of subsidiary	-	-	(2 761 828)
Effects of changes in holding	12 747	(14 097)	(1 217 184)
Capital reductions and dividends	(81 841)	(94 824)	(185 842)
Balance at end of period	11 829 247	8 912 957	11 231 849

* Restated

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 30 September 2011 R'000	Unaudited 30 September 2010 R'000	Audited 31 March 2011 R'000
Cashflows from operating activities	288 530	956 118	1 968 597
Cashflows from investing activities	(595 251)	203 952	(2 059 505)
Cashflows from financing activities	8 645	(653 172)	(558 794)
(Decrease)/increase in cash and cash equivalents	(298 076)	506 898	(649 702)
Cash and cash equivalents			
At beginning of period	308 241	959 539	959 539
Foreign exchange difference	13 193	(1 802)	(1 596)
At end of period	23 358	1 464 635	308 241
Bank balances and deposits	377 182	1 663 882	586 567
Bank overdrafts	(353 824)	(199 247)	(278 326)
Cash and cash equivalents	23 358	1 464 635	308 241

SEGMENT ANALYSIS

	Unaudited		Unaudited		Audited	
	Six months ended		Six months ended		Year ended	
	30 September		30 September		31 March	
	2011		2010		2011	
	Revenue	Net gaming win	Revenue	Net gaming win	Revenue	Net gaming win
	R'000	R'000	R'000	R'000	R'000	R'000
Media and broadcasting	931 627	-	766 265	-	1 620 397	-
Limited payout gaming	3 300	196 065	3 180	150 139	6 527	327 979
Information technology	183 410	-	125 946	-	256 051	-
Transport	519 647	-	470 095	-	963 619	-
Vehicle component manufacture*	241 131	-	213 811	-	440 757	-
Exhibition and properties	37 803	-	30 209	-	66 843	-
Mining	244 800	-	167 844	-	363 166	-
Natural gas	133 866	-	93 309	-	214 871	-
Clothing and textile	1 207 947	-	1 177 020	-	2 372 981	-
Other	6 690	45 494	13 542	36 735	28 573	75 313
Total	3 510 221	241 559	3 061 221	186 874	6 333 785	403 292

* Comparative amount for the period ended 30 September 2010 includes surcharge billings which were previously included in expenses.

	Unaudited		Unaudited		Audited	
	Six months ended		Six months ended		Year ended	
	30 September		30 September		31 March	
	2011		2010		2011	
	R'000		R'000		R'000	
Profit before tax						
Media and broadcasting	332 476		246 658		555 687	
Limited payout gaming	42 932		21 980		56 288	
Casino gaming and hotels	228 378		-		42 183	
Information technology	30 659		21 142		46 277	
Transport	66 676		69 027		159 062	
Vehicle component manufacture	(3 657)		(6 378)		(42 506)	
Beverages	(4 656)		-		-	
Exhibition and properties	(5 398)		5 715		146 421	
Mining	19 503		8 671		17 720	
Natural gas	1 017		(37 275)		(44 445)	
Clothing and textile	9 380		7 174		96 354	
Other	(57 605)		(23 163)		(85 691)	
Total	659 705		313 551		947 350	

SEGMENT ANALYSIS

	Unaudited Six months ended 30 September 2011 R'000	Unaudited Six months ended 30 September 2010 R'000	Audited Year ended 31 March 2011 R'000
EBITDA			
Media and broadcasting	396 000	294 296	654 691
Limited payout gaming	65 897	41 687	97 678
Information technology	37 065	28 046	59 860
Transport	100 069	98 791	218 386
Vehicle component manufacture	9 044	3 863	17 833
Exhibition and properties	8 208	5 830	30 105
Mining	42 333	15 130	30 263
Natural gas	38 464	7 893	49 988
Clothing and textile	44 394	33 736	160 732
Other	(24 639)	1 189	(41 591)
Total	716 835	530 461	1 277 945
Headline earnings			
Media and broadcasting	148 536	117 792	251 623
Limited payout gaming	35 135	13 767	39 684
Casino gaming and hotels	226 130	187 661	417 363
Information technology	10 404	7 896	17 833
Transport	49 264	50 724	120 247
Vehicle component manufacture	(3 712)	(5 932)	774
Beverages	(8 170)	-	-
Exhibition and properties	(24 092)	13 401	20 237
Mining	19 351	8 671	22 216
Natural gas	(5 842)	(18 774)	(8 923)
Clothing and textile	1 273	(56 170)	(11 881)
Other	(67 539)	(34 852)	(137 227)
Total	380 738	284 184	731 946

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The results for the six months ended 30 September 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34: Interim Financial Reporting, the AC 500 series of interpretations as issued by the Accounting Practices Board ("APB") the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited. The accounting policies of the group are consistent with those applied for the year ended 31 March 2011 except as noted below. As required by the JSE Limited Listings requirements, the group reports headline earnings in accordance with Circular 3/2009: Headline Earnings as issued by the South African Institute of Chartered Accountants.

The group early adopted the amendments to IAS 12 that was released in December 2010 for the results for the year ended 31 March 2011. In terms of this amendment there is a rebuttable presumption that the carrying value of investment property will ultimately be recovered through sale and therefore the deferred tax liabilities raised on the revaluations should be done at the CGT rate being 14%. The impact of this early application was that the opening equity for the comparative interim results for the period ended 30 September 2010 was increased by R8,8 million.

Business Combinations

Media and Broadcasting

During the period under review Sabido Investments acquired a 100% interest in Powercorp International Limited, a London based global content distributor of films and television series with effect from 21 July 2011. An interest of 90% and 80% in Media Film Equipment Services (Pty) Ltd and Media Film Services Incorporated, respectively, were acquired with effect from 1 September 2011. These entities sell and rent specialised equipment to the film industry. The acquired businesses contributed revenues of R8,7m and net losses after tax of R10,4m to the group for the six month period ended 30 September 2011. Had the acquisition been effective on 01 April 2011, the contribution to revenue would have been R47,1m and losses of R9,3m would have been the contribution to profit after tax.

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

	2011
	R'000
Non-current assets	77 407
Current assets	76 942
Non-current liabilities	(15 306)
Current liabilities	(41 134)
Net assets acquired	97 910
Minority interest	3 565
Goodwill on acquisition	1 791
Cash balances acquired	(11 224)
Net cash paid	92 041

The acquisitions of Powercorp International, Media Film Equipment Services and Media Film Services have been provisionally accounted for as permitted by IFRS 3. The purchase price allocation will be completed within 12 months from the respective dates of acquisition and any resulting adjustments to assets and liabilities acquired will be accounted for accordingly.

Discontinued operations and non-current assets held for sale

Discontinued operations as disclosed in the group income statement for the period under review relates to the following:

- The door module and pulley division of Formex Industries (Pty) Limited;
- Certain clothing divisions of Seardel Investment Corporation Limited.

Discontinued operations as disclosed in the group income statement for the prior comparable period relates mainly to the results of the group's casino gaming and hotel business, following the merger of the group's major gaming and hotel subsidiary, Tsogo Sun Holdings (Pty) Limited with Gold Reef Resorts Ltd (GRR), culminating in the reverse listing of the Tsogo Sun group on the JSE Limited in March 2011, and resulting in the group diluting its interest in the new merged company from 51% to 41,3%. Accordingly, due to the loss of control over this business, the results for the prior comparable period have been restated and are reflected under discontinued operations.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The non-current assets held for sale, as disclosed in the group balance sheet, relate to the following:

- The remaining assets of the pulley division of Formex, the operations of which had ceased in the year to March 2010; and
- Certain assets of the Seardel group which have been committed to being disposed of following the closure of the related divisions.

Comparative figures in the income statement have been restated to reflect the above changes.

Group income statement

The group results reflect an overall increase of 39% in earnings attributable to HCI shareholders and an increase of 34% in headline earnings.

Revenue has grown by 16% over the period when compared to the prior period mainly due to increased advertising spend in the media and broadcasting sector and increased contributions from mining, limited payout gaming, information technology and natural gas. Costs have been well controlled resulting in group EBITDA growing by 35% in comparison to the prior period.

Profit from associates and joint ventures for the period is significantly higher due to the equity accounted earnings of the group's 41,3% interest in Tsogo Sun Holdings Ltd which was consolidated and included in discontinued operations for the prior comparable period.

Included in investment surplus is the profits on the disposal of

the Gallagher Estate conferencing and exhibition business and a further R6m in additional proceeds on sale relating to the sale of the group's interest in Mettle Ltd in April 2008.

Group balance sheet and cash flow

The comparative amounts for the period ended 30 September 2010 are not comparable due to Tsogo Sun Holdings Ltd not being consolidated on a line by line basis in the current period as a result of the group's loss of control following the Tsogo Sun/Gold Reef merger and the investment now being reflected under interest in associates and joint ventures. The balance sheet at 31 March 2011 is comparable to the balance sheet at 30 September 2011.

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

Group long-term borrowings at 30 September 2011 comprise borrowings of R1 452m at head office level (including the R500m of preference shares outstanding to Nafhold) and R665m in operating subsidiaries.

The cash flow statement is not comparable to the prior period due to the accounting treatment of the group's investment in Tsogo Sun Holdings Ltd. Included in cash flows from investing activities is the investment made in HCI Investments Australia Pty Ltd (R297m), media distribution rights (R134m), acquisition of media related entities (R92m) and capital expenditure relating to property, plant and equipment.

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COMMENTARY

Our headline profits were up some 34% on the same period last year which is pleasing by any standards. This was achieved by our main assets growing attributable earnings more than 20% over the previous period, two of our growth subsidiaries starting to come seriously into their own. Both HCI Coal and Vukani Gaming more than doubled headline profit over the period and the turnaround at Seardel, which resulted in more than a R50m loss for the previous period disappearing in this year's interims. The results are all the more impressive for the fact that they include a R45m provision for a long outstanding tax issue arising from two Johnnic Holdings structured property transactions done more than ten years ago and raised for the first time following a settlement with SARS.

The group has continued to busy itself with new activity on several fronts. In the casino area Tsogo Sun Holdings bought out a significant minority from the Suncoast casino, effectively raising its interest in that casino to 90%. In the hotel space Southern Sun Hotels purchased The Grace Hotel in Rosebank Johannesburg. Montauk Energy Capital has succeeded in concluding an extended gas usage agreement for twenty years at Bowerman California which is a significant milestone to finally developing its electricity project there. HCI has likewise been very active in developing a partnership with Sun Edison, a company bidding to be a supplier of solar based electricity to Eskom which is currently on tender. If it is successful it is intended to partner with this company together with the J & J Group.

DIVIDEND TO SHAREHOLDERS

The directors of HCI have resolved to declare ordinary dividend number 44 of 20 cents per HCI share. The last day to trade cum dividend will be Friday 2 December 2011. HCI shares will commence trading ex dividend as from Monday, 5 December 2011 and the record date will be Friday, 9 December 2011.

The dividend will be paid on Monday, 12 December 2011. Share certificates may not be dematerialised or rematerialised between Monday, 5 December 2011 and Friday, 9 December 2011, both days inclusive.

For and behalf of the board of directors



MJA Golding
Executive Chairman
Cape Town
17 November 2011



JA Copelyn
Chief Executive Officer

Registered office

Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001
PO Box 5251, Cape Town, 8000

Transfer secretaries

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107

Sponsor

Investec Bank Limited

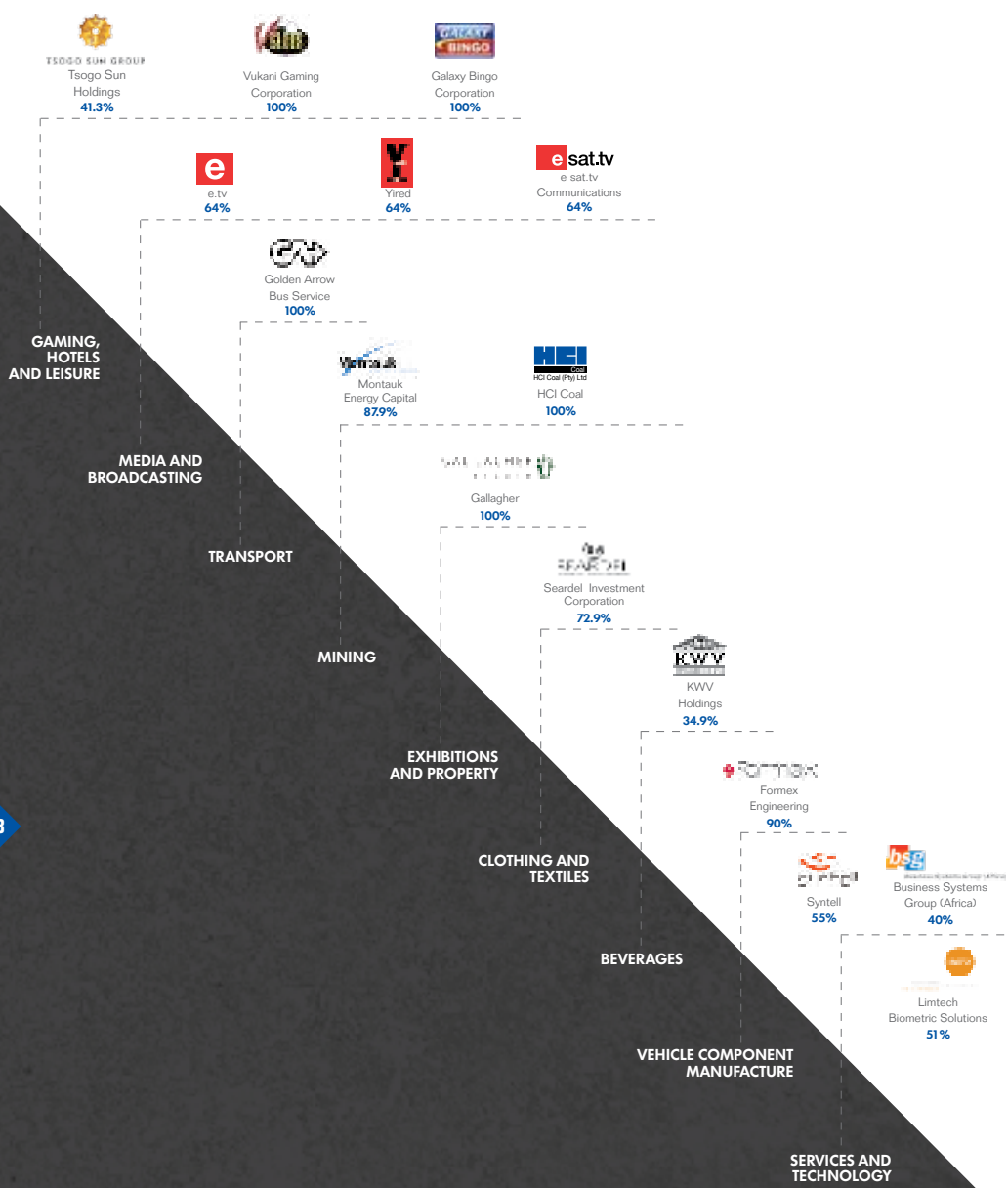
Directors

MJA Golding (Chairman), JA Copelyn (Chief Executive Officer), TG Govender, JG Ngcobo*, VM Engel*, MF Magugu*, Y Shaik*, ML Molefi*, RS Garach*, VE Mphande*
*(Non-executive)

Company secretary

HCI Managerial Services (Pty) Limited

BUSINESS SEGMENTS





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