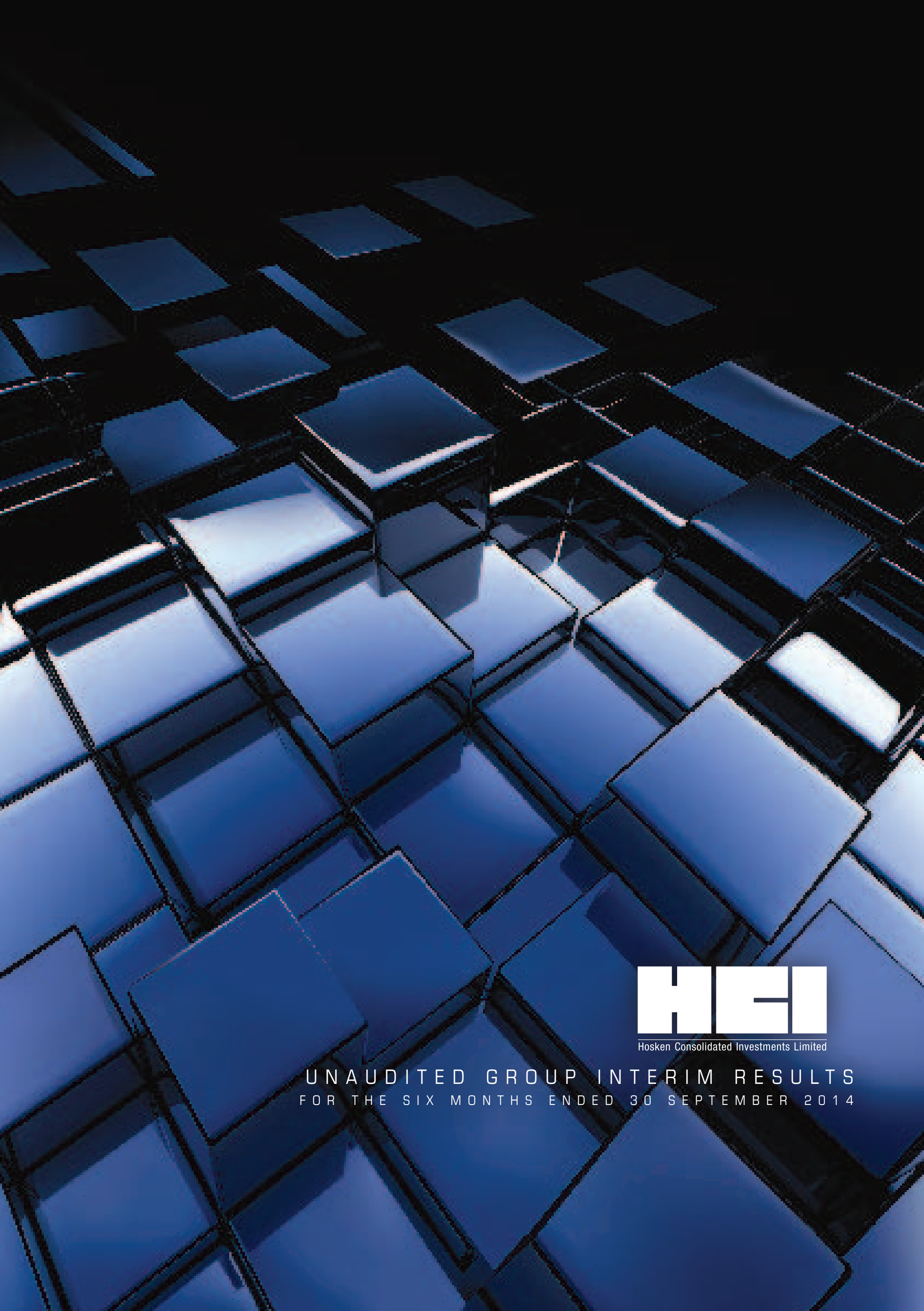

HCI

Hosken Consolidated Investments Limited

UNAUDITED GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

CORPORATE ADMINISTRATION

DIRECTORS

Executive Directors

John Anthony Copelyn
(Chief Executive Officer)

Theventheran Govindsamy Govender [Kevin]
(Financial Director)

Yunis Shaik

Non-Executive Directors

Virginia Mary Engel

Leslie Warren Maasdorp #

Mimi Freddie Magugu #

Dr Lynette Moretlo Molefi #

Velaphi Elias Mphande #

Jabulani Geffrey Ngcobo #

Rachel Doreen Watson #

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 Proprietary Limited
Suite 801, 76 Regent Road
Sea Point, 8005
PO Box 5251
Cape Town, 8000

Telephone: (021) 481 7560
Telefax: (021) 434 1539
P O Box 5251
Cape Town, 8000

AUDITORS
Grant Thornton (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 Proprietary Limited
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107

INVESTMENTS

Tsogo Sun Holdings

Niveus Investments

Seardel Investment Corporation

e.tv

Vukani Gaming Corporation

Galaxy Bingo

KWV Holdings

Openview HD

Golden Arrow Bus Service

HCI Coal (Pty) Ltd

HCI Coal

Syntell

Yired

Gallagher Estate

HCI Properties (division)

Montauk Energy Capital

Oceania Capital Partners

Formex Industries

Business Systems Group (Africa)

Business Systems Group (Africa)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2014 R'000	Unaudited* 30 September 2013 R'000	Audited 31 March 2014 R'000
ASSETS			
Non-current assets	**38 089 516**	16 576 576	16 851 858
Property, plant and equipment	**16 931 496**	4 153 234	3 735 578
Investment properties	**2 123 455**	1 274 855	1 695 532
Goodwill	**11 940 199**	272 200	279 011
Interest in associates and joint ventures	**1 294 880**	9 582 535	9 974 196
Other financial assets	**67 120**	62 657	9 163
Intangibles	**5 158 461**	1 042 752	806 887
Deferred taxation	**287 347**	79 138	127 941
Operating lease equalisation asset	**29 921**	8 276	27 185
Long-term receivables	**256 637**	100 929	196 365
Current assets	**7 028 151**	5 219 481	4 935 432
Other	**5 319 587**	4 321 525	3 746 752
Bank balances and deposits	**1 708 564**	897 956	1 188 680
Non-current assets held for sale	**1 120 270**	2 067	1 006 446
Total assets	**46 237 937**	21 798 124	22 793 736
EQUITY AND LIABILITIES			
Equity	**22 967 168**	14 403 341	14 930 161
Equity attributable to equity holders of the parent	**15 193 516**	11 310 566	12 094 478
Non-controlling interest	**7 773 652**	3 092 775	2 835 683
Non current liabilities	**15 144 713**	3 517 595	3 407 985
Deferred taxation	**2 109 482**	249 628	277 439
Long-term borrowings	**11 843 786**	2 988 230	2 917 689
Operating lease equalisation liability	**287 419**	2 675	3 596
Other	**904 026**	277 062	209 261
Current liabilities	**7 996 834**	3 877 121	4 336 792
Non-current liabilities held for sale	**129 222**	67	118 798
Total equity and liabilities	**46 237 937**	21 798 124	22 793 736
Net asset carrying value per share (cents)	**14 400**	10 637	11 391

**Restated*

CONDENSED CONSOLIDATED INCOME STATEMENT

	% change	Unaudited 30 September 2014 R'000	Unaudited* 30 September 2013 R'000	Audited 31 March 2014 R'000
Revenue		**4 956 877**	4 029 689	8 382 905
Net gaming win		**1 037 069**	396 988	818 421
Income	35.4%	**5 993 946**	4 426 677	9 201 326
Expenses		**(4 886 938)**	(3 553 961)	(7 588 450)
EBITDA	26.8%	**1 107 008**	872 716	1 612 876
Depreciation and amortisation		**(312 366)**	(213 309)	(407 177)
Operating profit		**794 642**	659 407	1 205 699
Investment income		**28 822**	23 230	48 806
Finance costs		**(215 842)**	(92 426)	(248 621)
Share of profits of associates and joint ventures		**251 520**	278 693	748 228
Fair value adjustment on associate		**2 757 227**	-	-
Fair value adjustments of investment properties		**-**	-	23 284
Impairment reversals		**-**	-	509
Asset impairments		**(32 762)**	(1 824)	(12 489)
Fair value adjustments of financial instruments		**7 085**	996	21 010
Impairment of goodwill and investments		**-**	-	(329)
Profit before taxation	313.6%	**3 590 692**	868 076	1 786 097
Taxation		**(224 762)**	(166 741)	(306 259)
Profit for the period from continuing operations		**3 365 930**	701 335	1 479 838
Discontinued operations		**(14 740)**	(66 038)	(214 141)
Profit for the period		**3 351 190**	635 297	1 265 697
Attributable to:				
Equity holders of the parent		**3 121 283**	540 430	1 060 455
Non-controlling interest		**229 907**	94 867	205 242
		3 351 190	635 297	1 265 697

**Restated*

RECONCILIATION OF HEADLINE EARNINGS

		Unaudited				Audited	
		30 September 2014		30 September 2013*		31 March 2014	
	%	**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	477,6%		**3 121 283**		540 430		1 060 455
IAS 16 gains on disposal of plant and equipment		**(2 698)**	**(885)**	(4 737)	(3 256)	23 556	17 695
IAS 16 impairment of plant and equipment		**5 911**	**1 746**	1 824	712	6 563	2 265
IAS 38 impairment of intangible assets		**-**	**-**	-	-	4 617	3 396
IFRS 3 Excess of fair value of assets of an associate		**(2 757 227)**	**(2 745 038)**	-	-	-	-
IFRS 3 impairment of goodwill		**-**	**-**	-	-	329	172
IAS 28 impairment of associates and joint ventures		**26 851**	**21 431**	-	-	5 925	4 823
IAS 36 reversal of impairments		**-**	**-**	-	-	(509)	(203)
IAS 40 fair value adjustment to investment property		**-**	**-**	-	-	(23 284)	(17 418)
Other remeasurements and gains		**-**	**-**	-	-	107	43
Re-measurements included in equity-accounted earnings of associates and joint ventures		**308**	**276**	54 114	38 227	31 101	14 926
Headline profit	-30,8%		**398 813**		576 113		1 086 154

Basic earnings per share (cents)				
Earnings	568.1%	**2 945.33**	440.83	923.84
Continuing operations		**2 959.24**	494.70	1 084.36
Discontinued operations		**(13.91)**	(53.87)	(160.52)
Headline earnings	-19.9%	**376.33**	469.94	946.23
Continuing operations		**390.24**	523.81	1 083.73
Discontinued operations		**(13.91)**	(53.87)	(137.51)
Weighted average number of shares in issue ('000)		**105 974**	122 593	114 788
Actual number of share in issue at end of period (net of treasury shares) ('000)		**105 510**	107 387	106 177
Diluted earnings per share (cents)				
Earnings	567.5%	**2 896.86**	433.98	908.62
Continuing operations		**2 910.54**	487.01	1 066.50
Discontinued operations		**(13.68)**	(53.03)	(157.88)
Headline earnings	-20.0%	**370.14**	462.63	930.64
Continuing operations		**383.82**	515.66	1 065.88
Discontinued operations		**(13.68)**	(53.03)	(135.24)
Weighted average number of shares in issue ('000)		**107 747**	124 529	116 710

*Restated

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2014 R'000	Unaudited* 30 September 2013 R'000	Audited 31 March 2014 R'000
Profit for the period	**3 351 190**	635 297	1 265 697
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	**139 380**	84 564	200 412
Cash flow hedge reserve	**(8 204)**	26 666	38 201
Items that may not be reclassified subsequently to profit or loss			
Actuarial gains on post-employment benefit liability	**-**	-	5 773
Total comprehensive income	**3 482 366**	746 527	1 510 083
Attributable to:			
Equity holders of the company	**3 234 529**	650 777	1 300 005
Non-controlling interest	**247 837**	95 750	210 078
	3 482 366	746 527	1 510 083

*Restated

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2014 R'000	Unaudited* 30 September 2013 R'000	Audited 31 March 2014 R'000
Balance at beginning of period	**14 930 161**	15 432 755	15 432 755
Share capital and premium			
Shares issued	**25 219**	-	-
Treasury shares released	**4 251**	39 314	45 779
Shares repurchased	**(118 811)**	(272 899)	(457 443)
Current operations	**-**		
Total comprehensive income	**3 482 366**	746 527	1 510 083
Equity settled share-based payments	**5 703**	8 061	16 170
Non-controlling interest on acquisition of subsidiaries	**4 238 727**	-	3 359
Effects of changes in holding	**569 613**	(1 394 482)	(1 347 440)
Dividends	**(170 061)**	(155 935)	(273 102)
Balance at end of period	**22 967 168**	14 403 341	14 930 161

*Restated

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2014 R'000	Unaudited 30 September 2013 R'000	Audited 31 March 2014 R'000
Cashflows from operating activities	**(449 442)**	44 493	1 045 692
Cashflows from investing activities	**(654 873)**	(430 312)	(1 240 277)
Cashflows from financing activities	**1 043 688**	79 968	430 598
(Decrease)/increase in cash and cash equivalents	**(60 627)**	(305 851)	236 013
Cash and cash equivalents			
At beginning of year	**574 386**	311 762	311 762
Foreign exchange differences	**16 695**	9 063	26 611
At end of period	**530 454**	14 974	574 386
Cash in disposal groups held for sale	**113 113**	-	92 614
Bank balances and deposits	**1 708 564**	897 956	1 188 680
Bank overdrafts	**(1 291 223)**	(882 982)	(706 908)
Cash and cash equivalents	**530 454**	14 974	574 386

SEGMENTAL ANALYSIS

	Unaudited six months ended				Audited year ended	
	30 September 2014		30 September 2013*		31 March 2014	
	R'000	**R'000**	R'000	R'000	R'000	R'000
	Revenue	**Net gaming win**	Revenue	Net gaming win	Revenue	Net gaming win
Media and broadcasting	**1 275 447**	**-**	1 233 289	-	2 538 841	-
Non-casino gaming	**27 928**	**482 811**	13 642	396 988	44 770	818 421
Casino gaming and hotels	**368 557**	**554 258**	-	-	-	-
Information technology	**160 673**	**-**	152 393	-	294 054	-
Transport	**691 106**	**-**	546 717	-	1 194 948	-
Vehicle component manufacture	**166 668**	**-**	156 727	-	300 620	-
Beverages	**520 560**	**-**	523 219	-	1 110 212	-
Properties	**69 684**	**-**	27 234	-	80 944	-
Mining	**438 128**	**-**	320 937	-	652 873	-
Branded products and manufacturing**	**1 237 376**	**-**	1 053 099	-	2 163 518	-
Other	**750**	**-**	2 432	-	2 125	-
Total	**4 956 877**	**1 037 069**	4 029 689	396 988	8 382 905	818 421

**Restated*

SEGMENTAL ANALYSIS

	EBITDA		
	Unaudited six months ended		Audited year ended
	30 September 2014 R'000	30 September 2013* R'000	31 March 2014 R'000
Media and broadcasting	**320 061**	476 554	777 910
Non-casino gaming	**135 111**	112 852	215 835
Casino gaming and hotels	**337 463**	-	-
Information technology	**32 440**	33 053	61 964
Transport	**138 354**	88 067	224 620
Vehicle component manufacture	**12 538**	7 068	15 829
Beverages	**35 874**	(7 010)	26 075
Properties	**45 181**	15 025	54 905
Mining	**77 881**	65 062	104 736
Branded products and manufacturing**	**36 438**	120 729	234 010
Other	**(64 333)**	(38 684)	(103 008)
Total	**1 107 008**	872 716	1 612 876

**Restated*

	Profit before tax		
	Unaudited six months ended		Audited year ended
	30 September 2014 R'000	30 September 2013* R'000	31 March 2014 R'000
Media and broadcasting	**214 390**	390 139	620 998
Non-casino gaming	**78 430**	63 948	113 747
Casino gaming and hotels	**3 218 613**	345 118	779 791
Information technology	**22 286**	23 968	43 675
Transport	**99 025**	43 978	126 638
Vehicle component manufacture	**4 863**	(1 516)	1 520
Beverages	**21 439**	(19 369)	(448)
Properties	**26 272**	15 201	70 226
Mining	**(139)**	55 031	65 008
Branded products and manufacturing**	**5 170**	80 474	168 448
Other	**(99 657)**	(128 896)	(203 506)
Total	**3 590 692**	868 076	1 786 097

**Restated*

SEGMENTAL ANALYSIS

	Headline earnings		
	Unaudited six months ended		Audited year ended
	30 September	30 September	31 March
	2014	2013*	2014
	R'000	R'000	R'000
Media and broadcasting	**64 973**	174 118	258 816
Non-casino gaming	**31 649**	25 147	48 967
Casino gaming and hotels	**310 052**	348 800	785 062
Information technology	**7 784**	8 235	15 290
Transport	**68 052**	32 897	90 589
Vehicle component manufacture	**4 707**	(3 022)	17
Beverages	**4 618**	(4 064)	549
Properties	**18 500**	10 912	31 114
Mining	**(789)**	37 016	47 482
Natural gas	**(15 085)**	(17 391)	(54 055)
Branded products and manufacturing**	**5 139**	23 597	10 922
Other	**(100 787)**	(60 132)	(148 599)
Total	**398 813**	576 113	1 086 154

**Restated*

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2014 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 condensed consolidated interim 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).

RESTATEMENT OF PRIOR PERIOD RESULTS

The acquisition of controlling interests in KWV Holdings Limited ("KWV"), effective 1 January 2013 and Sunshine Coast Broadcasters Proprietary Limited ("SCB"), effective 1 March 2013, qualified as business combinations in terms of IFRS 3: Business Combinations. The results as at 30 September 2013 were determined based on all information available at the acquisition date ("provisional accounting"). The provisional accounting was adjusted in the year ended 31 March 2014 for new information obtained within a timeframe of 12 months after the acquisition date. These adjustments to the fair value determined in the provisional purchase price allocations were treated as adjustments to the comparative results as at 30 September 2013.

In respect of the acquisition of KWV the comparative results were restated as follows:

Income statement:
Depreciation and amortisation increased by R1.5 million
Taxation decreased by R0.5 million
Earnings attributable to non-controlling interest decreased by R0.5 million

Statement of financial position:
Property, plant and equipment increased by R439 million
Intangible assets increased by R48 million
Deferred tax liability increased by R77 million
Equity attributable to equity holders of the parent increased by R112 million
Equity attributable to non-controlling interest increased by R299 million

In respect of the acquisition of SCB the comparative results were restated as follows:

Statement of financial position:
Property, plant and equipment decreased by R1 million
Goodwill increased by R62 million
Intangible assets decreased by R61 million

The income statement in the prior period and opening equity attributable to equity holders of the parent in the current period were not affected.

In addition to the above, KWV changed their accounting policy in the year ended 31 March 2014 to include excise duty in the valuation of inventory. Comparative results were restated as follows:

Statement of financial position:
Inventory increased by R118 million
Trade and other receivables decreased by R118 million

Income statement:
Revenue increased by R93 million
Expenses increased by R93 million

Opening equity attributable to equity holders of the parent in the current period was not affected.

BUSINESS COMBINATIONS

Casino gaming and hotels
During August 2014 Tsogo Sun Holdings Limited ("Tsogo Sun") repurchased 134 million of its issued ordinary shares from SABSA Holdings Proprietary Limited, a subsidiary of SABMiller plc. As a result of this, the Group's effective interest in Tsogo Sun increased to 47.6%. SABMiller furthermore sold its remaining 302 million shares through a preferred bidding process.

It was determined that, in terms of IFRS, the Group acquired effective control over the business of Tsogo Sun after the sale of shares by SABMiller and that it would be appropriate to consolidate the results of Tsogo Sun with effect from the repurchase date of 25 August 2014, whereas it had been equity accounted prior to that.

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	19 888 064
Current assets	1 359 717
Non-current liabilities	(11 140 538)
Current liabilities	(3 230 990)
Net assets acquired	6 876 253
Non-controlling interest	(4 241 146)
Goodwill	9 541 450
Interest held prior to acquisition at fair value	(12 176 557)
Purchase consideration	-
Cash balances acquired	(635 300)
Net cash received	(635 300)

The acquired business contributed revenue of R369 million, net gaming win of R554 million and profit after tax of R159 million to the Group since the acquisition date. Had the acquisition been effective on 1 April 2014, the contribution to revenue would have been R2 015 million, net gaming win R3 428 million and profit after tax R743 million. This profit after tax does not include equity earnings of R236 million which was recognised in respect of Tsogo Sun for the five months ended 31 August 2014.

The initial accounting is not yet complete due to the proximity of the acquisition to the reporting date. It is expected that there would be upward adjustments to non-current assets, relating to the fair value of the properties and the intangible assets acquired in the business combination. This process will be completed within the 12 months as allowed by IFRS 3.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Following the Group's announcement during March 2014 that it will unbundle and list its natural gas interests, the results of these operations have been reclassified to discontinued operations in the income statement and its assets and liabilities reclassified to disposal groups held for sale in the statement of financial position.

The majority of the clothing divisions of the Group's branded products and manufacturing operations were sold subsequent to the prior period reporting date. Consequently, the results of these divisions were reclassified to discontinued operations. Discontinued operations in the current and prior periods consist of the abovementioned operations.

The disposal groups held for sale, as disclosed in the statement of financial position, relate to the assets and liabilities of the Group's natural gas operations.

RESULTS

Group income statement

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

Revenue, including net gaming win, increased by 35%. Although this is somewhat skewed by the consolidation of Tsogo Sun's revenue for the month of September 2014, other contributors to this increase were non-casino gaming (up 22%), transport (up 26%), branded products and manufacturing (up 18%) and mining (up 37%). 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 single and multi ride when compared to the prior period, which was also affected by a four week transport strike. The Mbali colliery became operational in the second half of the previous financial year and now contributed to mining revenue for a full six months. 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 3% mainly due to increases in subscription revenue and content sales in Sabido Investments whilst advertising revenue in respect of e.tv remained relatively unchanged. This business was negatively affected by a difficult trading environment and the aggressive local programming investment by its competitors.

EBITDA for the group increased by 27%. EBITDA from media and broadcasting decreased by 33% mainly due to the cost of the e.tv multi-channel business as well as Platco, which both had limited costs in the prior comparable period owing to their October launch. EBITDA from non-casino gaming increased 20% 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 one month in the current period. The continued improvement in efficiencies from controlled employment and overhead expenditure in GABS contributed to a 57% increase in EBITDA when compared to the prior period, which was significantly affected by the transport strike. Beverages' EBITDA increased by R44 million as a result of the continuing turnaround at KWV and a reduction in foreign exchange hedging losses in the current period. Mining EBITDA increased by 20% to R78 million with the Mbali colliery contributing R24 million. Branded products and manufacturing's EBITDA from continuing operations decreased due to difficult trading conditions in the manufacturing businesses exacerbated by the extended industrial action at our customer and supplier bases and compounded by shorter industrial action in one of our own businesses. The prior year also included proceeds of R39 million relating to the Searll family settlement.

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 R462 million, which is not comparable to the prior period as this includes one month's consolidated results. Transport profit increased significantly for the reasons stated above, aided by finance costs and depreciation decreasing marginally from the prior period. Properties' increase of 73% relates to additional profits from new developments. Profits relating to mining decreased by R55 million, substantially due to previously capitalised box cut expenditure in the amount of R43 million at the Mbali colliery being depreciated, with no such charge in the prior period. Other profit before tax increased mainly due to R57 million in losses accruing from Baycorp Holdings in the prior period reversing to a R6 million profit. Media and broadcasting profit before tax includes an impairment of The Africa Channel joint venture by R27 million.

Discontinued operations' losses decreased by R51 million and relate mainly to the Group's natural gas operations in the current period. Losses of R15 million from the natural gas operations represent a reduction of R1 million from the prior period. This is mainly due to a more favourable natural gas price during the current period being mostly offset by reduced hedging gains and production issues at an electricity generation site in April and May. Prior period losses of R50 million relate to certain clothing divisions of the Group's branded products and manufacturing operations that were sold subsequent to the prior period reporting date.

Headline earnings decreased by 31%. Media and broadcasting reported a decrease of 63% in headline earnings, impacted by the multi-channel and Platco expansionary spend in Sabido Investments. Casino gaming and hotels showed a decrease of 11% 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 month of September 2014. Information technology's decrease is mainly attributable to lower new business activity and lower margins achieved on its JMPD contract. Other includes R55 million HCI head office finance costs and R42 million in HCI and Niveus head office costs.

Notable items on the income statement include:
Finance costs increased in media and broadcasting by R12 million, R5 million of which accrued to SACTWU; properties by R22 million and head office by R18 million. A further R68 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. The amount includes R236 million from Tsogo Sun, with R345 million recorded in the prior period. Fair value adjustments on financial instruments consist mainly of unrealised gains on forward exchange contracts. Taxation increased substantially as a result of the consolidation of Tsogo Sun.

Headline earnings per share decreased by 20% with headline earnings decreasing by 31%. The discrepancy can be attributed to the weighted average number of shares in issue in the prior period of 122,593k being reduced to 105,974k in the current period as a result of 17.7 million shares being repurchased during the 2014 financial year.

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 at the end of August 2014.

Group long-term borrowings at 30 September 2014 comprise central borrowings of R1 442 million, investment property related borrowings of R776 million, Borrowings in Tsogo Sun of R8 525 million and R1 093 million in other operating subsidiaries. Included in current liabilities is R1 239 million owing to SACTWU, being part of their proportionate non-controlling share in Seardel and following their indirect paticipation in Seardel's recent rights issue.

0.7 million shares in the company, to the value of R119 million, were repurchased during the current period.

Cash flow from operating activities contain expenditure of R127 million on programme rights and an increase of R209 million in trade receivables in the toys division of branded products and manufacturing ahead of the festive season. The group invested R710 million in property, plant and equipment and R328 million in investment properties. Also included in cash flow from investing activities is the dividend of R273 million received from Tsogo Sun Holdings. Borrowings of R144 million was raised in respect of investment property developments and R244 million by casino gaming and hotel operations.

Shareholders are referred to the individually published results of Seardel Investment Corporation Limited, 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 past six months have been a difficult period for the Group. Marcel Golding, who has been the Group's executive chairperson for the last seventeen years, resigned from the Group in strained circumstances. It is also the first period in a long time that our main media interest Sabido Investments recorded only marginal increases in revenue in etv. Likewise, Tsogo Sun had a far lower growth rate for revenue over the previous period than we have seen in a long time.

Nevertheless the group has continued to see a lot of progress.

We obtained three additional bingo licences in the Eastern Cape and Vukani was awarded an additional limited payout operators licence for the Northern Cape, this province being the last region to finally award such licences. Disappointingly, these awards are caught up in delays by various challenges of others who are aggrieved and there will be delays in their implementation as a result. Your directors remain confident that these awards will nevertheless become operational in the fullness of time and are valuable additions to the subsidiaries concerned.

Physical developments across the Group have continued with the doubling of capacity of the Southern Sun Maputo hotel being completed on schedule and the extensive improvements to Tsogo Sun's Silverstar casino having been completed with similar major renovations of the Gold Reef casino in progress. Likewise, The Point development in Sea Point has been completed and the construction of phase one of the office park at Monte Circle has commenced. Newly commenced developments are also the conversion of the former Rand Daily Mail offices into inner city residential accommodation in the centre of Johannesburg and the building of a greenfield shopping centre development at Blue Hills in Midrand. Niveus is on track to complete the physical development of its casino at Kuruman and hope to have it open by the end of the calendar year.

Long standing difficulties in securing development rights at several properties have also been resolved in this last period, opening the way for further planned developments. First among these are that the regulatory difficulties to the extension of Tsogo Sun's complex at Suncoast have finally been resolved. This proposed development will virtually double its size as well as include the development of a new retail complex. We have also finally managed to secure our right to develop property, admittedly in a far smaller development, next to the Steenberg estate in Cape Town after a lengthy period.

HCI Coal has managed to procure its mining right at the Nokuhle property after many years and significant production improvements were implemented at the recently commissioned Mbali colliery during September.

Golden Arrow Bus Services managed to conclude a contract to operate the new Khayelitsha Express service and remains well positioned to negotiate a long term agreement for its main services in line with the MOU signed with both the City and the Region.

While we have yet to finally unbundle our stake in Montauk and Seardel's interest in its non-media assets into separate listings, both of these events are now imminent and formalities in relation to both these events should be complete by calendar year end.

The group is well positioned in relation to energy opportunities, both in the renewable energy space where we hope to participate in a concentrated solar energy development proposed for Upington and in relation to an off shore oil exploration opportunity. In both these companies we have taken minority positions of large projects but have secured substantial minority protections for ourselves.

Finally, previously reported turn around work at Baycorp Holdings in Australia and at KWV in Paarl has been progressing well and we are pleased to see the significant improvements in both these businesses over the period.

CHANGES IN DIRECTORATE

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 an interim ordinary dividend number 50 of 35 cents (gross) per HCI share for the six months ended 30 September 2014. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Friday, 5 December 2014
Commence trading ex dividend	Monday, 8 December 2014
Record date	Friday, 12 December 2014
Payment date	Monday, 15 December 2014

No share certificates may be dematerialised or rematerialised between Monday, 8 December 2014 and Friday, 12 December 2014, 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 total STC credits utilised as part of this declaration, based on the number of ordinary shares in issue at the date of this declaration, amount to Rnil.
- The number of ordinary shares in issue at the date of this declaration is 112 422 189.
- The total STC credits utilised per share amount to Nil cents per share.
- The dividend to utilise for determining the DT due is 35 cents per share.
- The DT amounts to 5.25 cents per share.
- The net local dividend amount is 29.75 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

TG Govender
Financial Director

Cape Town,
20 November 2014

Hosken Consolidated Investments Limited

PRINTED ON 100% RECYCLED PAPER
MADE IN SOUTH AFRICA

www.hci.co.za