Hosken Consolidated Investments Limited

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INCOME	+5.6%
EBITDA	+5.7%
HEADLINE EARNINGS	-9.3%
HEADLINE EARNINGS PER SHARE	-6.7%

CORPORATE ADMINISTRATION

Directors:
JA Copelyn (Chief Executive Officer)
TG Govender (Financial Director)
Y Shaik
MSI Gani*
MF Magugu*
NM Mhlangu**
ML Molefi*
VE Mphande* (Chairman)
JG Ngcobo*
R Watson*

* Independent non-executive
** Non-executive

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")

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
Telefax: 021 434 1539

Auditors:
Grant Thornton Johannesburg Partnership
@Grant Thornton, Wanderers Office Park,
52 Corlett Drive, Illovo, 2196
Private Bag X10046, Sandton, 2146

Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

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

Website address:
www.hci.co.za

INVESTMENTS

Tsogo Sun Holdings

Niveus Investments

eMedia Holdings

Vukani Gaming Corporation

Galaxy Bingo

OpenView HD

Golden Arrow Bus Service

HCI Coal

eNCA

Deneb Investments

Gallagher Estate

HCI Properties (division)

Impact Oil & Gas

Hosken Passenger Logistics & Rail

Business Systems Group (Africa)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2018 R'000	Unaudited 30 September 2017 R'000	Audited 31 March 2018 R'000
ASSETS			
Non-current assets	**63 718 883**	62 849 188	61 902 246
Property, plant and equipment	**25 469 438**	25 321 070	24 913 188
Investment properties	**10 216 336**	9 022 356	9 587 532
Goodwill	**4 772 436**	4 791 000	4 700 758
Interest in associates and joint arrangements	**2 089 267**	1 587 342	1 719 947
Other financial assets	**1 445 320**	1 274 661	1 324 206
Intangibles	**18 721 730**	19 584 845	18 691 786
Deferred taxation	**493 083**	575 459	487 352
Operating lease equalisation asset	**97 855**	69 765	96 628
Long-term receivables	**413 418**	622 690	380 849
Current assets	**9 304 212**	9 776 811	8 090 494
Inventories	**1 194 690**	956 496	939 711
Programme rights	**809 605**	929 956	870 674
Other financial assets	**30 782**	41 099	18 317
Trade and other receivables	**2 847 087**	3 457 104	2 478 554
Taxation	**55 645**	105 753	59 433
Bank balances and deposits	**4 366 403**	4 286 403	3 723 805
Disposal group assets held for sale	**85 721**	87 117	329 473
Total assets	**73 108 816**	72 713 116	70 322 213
EQUITY AND LIABILITIES			
Equity	**36 290 729**	37 781 006	35 661 005
Equity attributable to equity holders of the parent	**15 868 482**	16 390 408	15 273 850
Non-controlling interest	**20 422 247**	21 390 598	20 387 155
Non-current liabilities	**24 300 574**	24 497 016	24 864 963
Deferred taxation	**7 663 797**	7 921 077	7 595 270
Long-term borrowings	**15 732 113**	15 780 980	16 275 305
Operating lease equalisation liability	**245 886**	221 728	242 094
Provisions	**262 612**	216 098	249 247
Other	**396 166**	357 133	503 047
Current liabilities	**12 512 531**	10 435 094	9 691 070
Trade and other payables	**3 406 770**	3 331 500	3 036 220
Current portion of borrowings	**4 974 206**	3 294 215	3 857 154
Taxation	**150 157**	176 411	171 331
Provisions	**356 534**	382 453	394 672
Bank overdrafts	**3 465 120**	3 070 755	2 033 702
Other	**159 744**	179 760	197 991
Disposal group liabilities held for sale	**4 982**	–	105 175
Total equity and liabilities	**73 108 816**	72 713 116	70 322 213
Net asset carrying value per share (cents)	**18 476**	18 513	17 785

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	% change	**Unaudited 30 September 2018 R'000**	Unaudited 30 September 2017* R'000
Revenue		**7 587 961**	7 246 545
Net gaming win		**4 828 538**	4 513 033
Income	5.6%	**12 416 499**	11 759 578
Expenses		**(9 393 740)**	(8 900 449)
EBITDA	5.7%	**3 022 759**	2 859 129
Depreciation and amortisation		**(768 307)**	(714 688)
Operating profit		**2 254 452**	2 144 441
Investment income		**125 378**	186 789
Finance costs		**(926 303)**	(920 400)
Share of profits of associates and joint arrangements		**28 680**	78 088
Investment surplus		**11 232**	1 772
Fair value adjustments of investment properties		**(119 108)**	–
Asset impairments		**(5 225)**	(8 026)
Fair value adjustments of financial instruments		**27 740**	–
Impairment of goodwill and investments		**–**	(412)
Profit before taxation	(5.8%)	**1 396 846**	1 482 252
Taxation		**(437 755)**	(96 029)
Profit for the period from continuing operations		**959 091**	1 386 223
Discontinued operations		**(26 453)**	(75 493)
Profit for the period		**932 638**	1 310 730
Attributable to:			
Equity holders of the parent		**460 423**	584 694
Non-controlling interest		**472 215**	726 036
		932 638	1 310 730

* *Restated*

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2018 R'000	Unaudited 30 September 2017 R'000
Profit for the period	**932 638**	1 310 730
Other comprehensive income:		
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	**348 970**	37 117
Reclassification of foreign currency differences on disposal	**–**	723
Cash flow hedge reserve	**72 931**	(53 733)
Items that may not subsequently be reclassified to profit or loss		
Revaluation of land and buildings	**118 151**	–
Total comprehensive income	**1 472 690**	1 294 837
Attributable to:		
Equity holders of the parent	**813 308**	581 123
Non-controlling interest	**659 382**	713 714
	1 472 690	1 294 837

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2018 R'000	Unaudited 30 September 2017 R'000
Balance at the beginning of the period*	**35 643 390**	36 119 875
Share capital and premium		
Treasury shares released	**–**	27 343
Current operations		
Total comprehensive income	**1 472 690**	1 294 837
Equity-settled share-based payments	**8 024**	5 783
Acquisition of subsidiaries	**–**	(1 092)
Disposal of subsidiaries	**3 523**	7 750
Effects of changes in holding	**(66 075)**	1 005 991
Dividends	**(770 823)**	(679 481)
Balance at the end of the period	**36 290 729**	37 781 006

* *Accumulated profits and non-controlling interest as at 1 April 2018 restated by R14.716 million and R2.899 million respectively for the adoption of IFRS 9*

RECONCILIATION OF HEADLINE EARNINGS

	% change	Unaudited 30 September 2018 Gross R'000	Unaudited 30 September 2018 Net R'000	Unaudited 30 September 2017 Gross R'000	Unaudited 30 September 2017 Net R'000
Earnings attributable to equity holders of the parent	(21.3%)		**460 423**		584 694
Impairment of goodwill		**16 604**	**7 043**	–	–
Losses on disposal of property		**201**	**145**	–	–
Losses on disposal of plant and equipment		**2 676**	**1 456**	2 475	558
Impairment of property, plant and equipment		**5 225**	**2 180**	24 415	18 508
Foreign currency translation reserve recycled		**–**	**–**	723	307
(Gains)/losses from disposal of subsidiaries		**(3 278)**	**(2 012)**	14	1 542
Gain on disposal of associates and joint arrangements		**(11 232)**	**(4 765)**	–	–
Impairment of associates and joint arrangements		**–**	**–**	412	151
Fair value adjustment to investment property		**119 108**	**35 178**	–	–
Remeasurements included in equity-accounted earnings of associates and joint arrangements		**(1 060)**	**(529)**	(58 489)	(55 594)
Headline profit	(9.3%)		**499 119**		550 166
Basic earnings per share (cents)					
Earnings	(19.0%)		**536.11**		661.94
Continuing operations			**551.84**		723.22
Discontinued operations			**(15.73)**		(61.28)
Headline earnings per share (cents)	(6.7%)		**581.17**		622.85
Continuing operations			**591.04**		662.09
Discontinued operations			**(9.87)**		(39.24)
Weighted average number of shares in issue ('000)			**85 882**		88 330
Actual number of shares in issue at the end of the period (net of treasury shares) ('000)			**85 886**		88 533
Diluted earnings per share (cents)					
Earnings	(18.8%)		**533.24**		657.03
Continuing operations			**548.89**		717.86
Discontinued operations			**(15.65)**		(60.83)
Headline earnings per share (cents)	(6.5%)		**578.06**		618.23
Continuing operations			**587.88**		657.18
Discontinued operations			**(9.82)**		(38.95)
Weighted average number of shares in issue ('000)			**86 344**		88 991

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2018 R'000	Unaudited 30 September 2017 R'000
Cash flows from operating activities	**661 708**	27 463
Cash generated by operations	**3 185 951**	3 020 949
Net finance costs	**(861 296)**	(803 872)
Changes in working capital	**(459 643)**	(1 110 634)
Taxation paid	**(431 944)**	(401 547)
Dividends paid	**(771 360)**	(677 433)
Cash flows from investing activities	**(1 718 873)**	(1 369 942)
Business combinations and disposals	**(11 908)**	15 934
Investments acquired	**(261 886)**	(64 566)
Dividends received	**52 090**	54 024
Decrease in loans and receivables	**13 353**	12 752
Intangible assets acquired	**(27 720)**	(26 214)
Investment properties		
– Additions	**(309 297)**	(520 667)
– Disposals	**–**	26 900
Property, plant and equipment		
– Additions	**(1 206 324)**	(878 906)
– Disposals	**32 819**	10 801
Cash flows from financing activities	**208 269**	881 406
Ordinary shares issued and treasury shares released	**–**	26 591
Other liabilities raised	**632**	–
Transactions with non-controlling shareholders	**(62 700)**	980 979
Net funding raised/(repaid)	**270 337**	(126 164)
Decrease in cash and cash equivalents	**(848 896)**	(461 073)
Cash and cash equivalents		
At the beginning of the period	**1 721 499**	1 673 363
Foreign exchange differences	**33 727**	3 358
At the end of the period	**906 330**	1 215 648
Bank balances and deposits	**4 366 403**	4 286 403
Bank overdrafts	**(3 465 120)**	(3 070 755)
Cash in disposal groups held for sale	**5 047**	–
Cash and cash equivalents	**906 330**	1 215 648

SEGMENTAL ANALYSIS

	Unaudited six months ended 30 September 2018		Unaudited six months ended 30 September 2017*	
	Revenue R'000	**Net gaming win R'000**	Revenue R'000	Net gaming win R'000
Media and broadcasting	**1 247 598**	**–**	1 184 936	–
Gaming and hotels**	**2 895 865**	**4 828 538**	2 837 656	4 513 033
Transport	**816 072**	**–**	849 640	–
Properties	**288 212**	**–**	241 688	–
Mining	**733 290**	**–**	610 552	–
Branded products and manufacturing	**1 595 751**	**–**	1 513 314	–
Other	**11 173**	**–**	8 759	–
Total	**7 587 961**	**4 828 538**	7 246 545	4 513 033

	EBITDA Unaudited six months ended 30 September		**Profit before tax Unaudited six months ended 30 September**	
	2018 R'000	2017* R'000	**2018 R'000**	2017* R'000
Media and broadcasting	**173 033**	136 973	**104 984**	58 373
Gaming and hotels**	**2 286 834**	2 265 083	**1 094 408**	1 216 927
Transport	**168 246**	194 043	**119 179**	129 076
Properties	**130 600**	102 154	**46 322**	36 611
Mining	**237 759**	150 797	**194 630**	110 373
Branded products and manufacturing	**92 359**	60 200	**8 558**	(8 645)
Other	**(66 072)**	(50 121)	**(171 235)**	(60 463)
Total	**3 022 759**	2 859 129	**1 396 846**	1 482 252

	Headline earnings Unaudited six months ended 30 September	
	2018 R'000	2017 R'000
Media and broadcasting	**23 156**	12 486
Gaming and hotels**	**391 552**	496 068
Transport	**57 605**	84 623
Properties	**31 922**	26 944
Mining	**141 470**	79 884
Branded products and manufacturing	**9 297**	(5 586)
Other	**(155 883)**	(144 253)
Total	**499 119**	550 166

* *Restated*

** *Non-casino gaming operations' results reclassified to the gaming and hotels segment in the current and prior period*

NOTES AND COMMENTARY

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2018 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 Companies Act of South Africa, No. 71 of 2008, and the Listings Requirements of the JSE Limited (JSE).

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 for the year ended 31 March 2018, except for the adoption of IFRS 9 and IFRS 15 in the current period, which did not have a material impact on the results of the company. Opening retained earnings and opening non-controlling interest in the current period were decreased by R14.7 million and R2.9 million, respectively, in respect of the adoption of IFRS 9: Financial Instruments. This adjustment was made in accordance with the transitional provisions of IFRS 9 in terms of which comparative results do not need to be restated. As required by the JSE Listings Requirements, the company reports headline earnings in accordance with Circular 4/2018: 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) and have neither been audited nor independently reviewed by the group's auditors.

RESTATEMENT OF PRIOR PERIOD RESULTS

Gaming and hotels

The group has established during the period under review that it had treated the share of net gaming win paid to site owners in its limited payout operations incorrectly in prior periods. Net gaming win was previously recognised net of payments made to site owners in respect of their share of net gaming win and certain costs recovered reflected in revenue. In accordance with advice received from its auditors, the group wishes to restate its prior period results to correctly reflect the nature of the net gaming win share paid to site owners and certain costs recovered from these parties. The following restatement to the prior comparative period results has been recognised:

Decrease in revenue	R4.5 million
Increase in net gaming win	R234.2 million
Increase in expenses	R229.7 million

The restatement does not affect earnings per share or headline earnings per share and no restatement to equity opening balances is required.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of Silverline Three Sixty and certain non-core offshore operations are included in the media and broadcasting segment and are included in discontinued operations in the current and prior periods respectively. Disposal group assets of R20 million and liabilities of R5 million relate to these operations.

Branded products and manufacturing

The board of Deneb Investments resolved during the prior comparative period to significantly rationalise its Wineland Textiles division, as well as its Seartec digital and electronic equipment division. The results of the discontinued operations of these divisions are included in discontinued operations in the statement of profit and loss in the current and prior periods.

Gaming and hotels

The assets acquired by Tsogo Sun Holdings upon the acquisition of Hospitality Property Fund included properties held for sale and are consequently included in disposal group assets held for sale. The carrying value of these properties totalled R65 million at 30 September 2018.

The results of discontinued operations were as follows (R'million):

	Media and broadcasting non-core operations	Branded products and manufacturing textiles and electronic equipment divisions	Gaming non-core operations
(Loss)/profit after tax	(29)	1	–
Profit on disposal	–	–	2

BUSINESS COMBINATIONS

Gaming and hotels

Vukani Gaming Corporation concluded agreements with TAB-Austria (TAB) to acquire the intellectual property rights to the Golden Island Casino Limited payout machines for Africa, which include the processes, formulae, methods and information controlled and owned by TAB, currently being manufactured by TAB. The effective date was 21 September 2018. The acquired business contributed no revenue or earnings to the group for the period to 30 September 2018. The provisional fair value of net assets acquired is as follows:

	R'million
Intangible assets	49
Net assets acquired	49
Deferred cash purchase consideration	(36)
Cash outflow on acquisition of business	13

No provisional goodwill arose on the acquisition.

RESULTS

GROUP STATEMENT OF PROFIT AND LOSS AND SEGMENTAL ANALYSIS

Media and broadcasting

eMedia recorded an increase in revenue of 5%. A 6% increase in advertising revenue was recorded in a difficult television advertising environment. Licence fee revenue increased by 5% due to the annual contractual increase. Property and facility and content revenue remained stable. EBITDA increased by 26%, assisted by a decrease of 13% and 4% in signal distribution and employee costs, respectively, and general cost control. EBITDA includes losses of R84 million in respect of the multi-channel and OVHD businesses, which increased revenue from R22 million to R58 million in the current period, but remain in a start-up phase. To be noted is that active set top boxes have increased from 1 008 114 in the prior comparative period to 1 432 521 at this period-end. Profit before tax increased by R47 million (80%) and headline earnings increased by a similar margin. Discontinued operations, consisting significantly of Silverline Three Sixty, incurred losses of R29 million, including the impairment of goodwill of R17 million.

Gaming and hotels

The alternative gaming operations of Niveus Investments were acquired by Tsogo Sun effective end of November 2017. Due to this amalgamation of the group's gaming operations the results of Niveus Investments' previously held alternative gaming operations have been incorporated into those of Tsogo Sun in the gaming and hotels segment for the current and prior periods.

Revenue in respect of gaming and hotels increased by 2%. Overall net gaming win increased by 7%, with casino gaming win increasing by 3%. Alternative gaming net gaming win increased by 19%. SA hotel revenue was stagnant, significantly affected by the Western Cape drought. Offshore hotel revenue increased by 10% following the opening of the StayEasy Maputo. EBITDA increased by 1%, with casino gaming and hotels largely stagnant. Profit before tax decreased by 10%. A net downward revaluation of investment properties in the amount of R119 million was recognised by HPF in respect of two hotel properties in Cape Town and one in Gauteng following a reassessment of expected future trading and is included in profit before tax. Contribution to headline earnings decreased by 21% to R392 million. The prior period included an effective share of R133 million of a deferred tax liability reversal following the sale of certain hotel properties to HPF. Excluding the effect of this reversal results in an increase in contribution to headline earnings of approximately 8%.

The number of active machines in Vukani has increased by 2% to 6 033 during the current period. The number of electronic bingo terminals increased by 18% to 3 410 during the current period.

Transport

Transport revenue decreased by 4%, following a prolonged bus driver strike during April and May 2018. EBITDA decreased by 13%. Above inflation wage increases at 8.5% and significantly increased fuel costs outweighed savings in supplies and maintenance costs, resulting in a R26 million decrease in EBITDA. Profit before tax reduced by only 8% following an increase of R19 million in interest income as a result of the promissory notes held. Headline earnings was affected by the group's reduced effective interest in HPL&R of 74%, the dilution resulting in a loss of approximately R20 million in headline earnings.

Properties

Properties' revenue increased by 19% due to new development revenue of R15 million from Whale Coast Village Mall and R10 million from Shell House, with annual escalations and tenanting efficiencies in the rest of the portfolio responsible for the remaining increase. EBITDA increased by 28%, with EBITDA margin increasing slightly to 45% following further tenanting in the Westlake and Monte Circle precincts in the current year. EBITDA gains were somewhat off-set by an increase in finance charges, originating from the launch of Shell House and Whale Coast Village Mall only in the second half of the previous year.

Mining

Increased revenue was recorded at the Palesa and Mbali Collieries. However, sales volumes at Palesa decreased by 46 000 tons (4%), mainly attributable to mining contractor inefficiencies. Revenue increased by 49% and sales volumes by 9% to 502 000 tons at the Mbali Colliery. In addition, export sales prices achieved at the Mbali Colliery were 30% higher than the prior comparative period. EBITDA increased by 58%, mainly as a result of the increase in sale volumes and the increase in the price of export coal achieved at the Mbali Colliery. EBITDA margins at the Palesa Colliery increased from 18% to 19% and at the Mbali Colliery from 34% to 47% compared to the prior comparative period. Headline earnings increased in line with the profit before tax increase, adjusting for income tax.

Branded products and manufacturing

Branded products and manufacturing increased revenue by 5%, with growth attributable mostly to their industrial operations. Revenue in Formex increased by R111 million, off-set to some extent by a reduction in the textile division. EBITDA increased by 53%. Foreign exchange gains improved by R17 million compared to the prior comparative period, however most manufacturing businesses faced reduced gross margins. In addition to factors mentioned under EBITDA, an increase in finance costs and depreciation reduced profit before tax. R2 million in impairments included in profit before tax were reversed to arrive at headline earnings.

Other

Losses before tax increased by R111 million compared to the prior comparative period. The increase in losses is partly attributable to equity earnings in respect of Impact Oil and Gas in the prior comparative period being R43 million, as compared to a loss of R5 million in the current period, the prior period including an effective R53 million profit on part disposal of an exploration licence. In addition, interest earned by La Concorde reduced by R45 million following its distribution of cash and transfer of promissory notes during the group's restructure of its interest in HPL&R. Included in the current period's losses before tax and headline loss is R111 million head office finance costs, R13 million in costs relating to the group's newly established internal audit function and the remainder head office and other overheads of the company, Niveus and La Concorde.

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

Consolidated investment income decreased by R28 million as a result of the distribution of cash by La Concorde during the restructure of the group's interest in HPL&R and reduced interest earned on promissory notes recognised in respect of the sale of La Concorde's operational assets in October 2016. R34 million less interest was earned by Tsogo Sun during the period following reduced average cash balances.

Finance costs increased only marginally, with increased finance costs in properties off-setting savings in gaming and hotels.

Profit from associates and joint arrangements includes R3 million profit from BSG Africa, R25 million profit from International Hotel Properties and Redefine BDL, R6 million profit from Sibanye in HPL&R and R5 million in losses from IOG.

Investment surplus consists of a profit on disposal of associate Da Vinci Media by eMedia.

The downward fair value adjustments of investment properties of R119 million are all in respect of properties held by HPF.

Fair value adjustments of financial instruments consist of ineffective portions of foreign exchange and interest rate hedges at Tsogo Sun and head office.

The average taxation rate, including once-off items, equalled 6.5% in the prior comparative period due to the reversal of R307 million in deferred tax liabilities in Tsogo Sun upon the sale of certain hotel properties to HPF. The average taxation has normalised in the current period.

Headline earnings decreased by 9.3%; however, excluding the impact of the favourable deferred tax reversal in the prior comparative period, headline earnings would have shown an increase of approximately 19%. Headline earnings per share decreased by 6.7%. The weighted average number of shares in issue in the prior period of 88 330 000 was reduced to 85 882 000 in the current period due to the conclusion of a repurchase of 2.7 million shares during March 2018, which resulted in the discrepancy between the gross and per share profit increase.

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Group long-term borrowings at 30 September 2018 comprise central borrowings of R784 million, central investment property-related borrowings of R1 883 million, borrowings in Tsogo Sun of R11 979 million and the remainder in other operating subsidiaries. Included in the current portion of borrowings is R1 923 million central borrowings and R2 219 million in short-term borrowings in Tsogo Sun. Current central borrowings of R1 500 million is due to be refinanced in the first half of the 2020 financial year. Bank overdraft facilities include R2 268 million in Tsogo Sun, R779 million at head office and R367 million in Deneb.

Included in the prior comparative period changes in working capital was R376 million paid in anticipation of the implementation of a repurchase of shares by the group. Included in cash flows from investing activities is net expenditure on investment properties of R309 million and R1 174 million on property, plant and equipment, of which R1 003 million was incurred by Tsogo Sun. Included in cash flows from financing activities is net funding raised during the year of R271 million.

Shareholders are referred to the individually published results of eMedia Holdings Limited, Tsogo Sun Holdings Limited, Niveus Investments Limited, Deneb Investments Limited and Hosken Passenger Logistics and Rail Limited for further commentary on the media and broadcasting; gaming and hotels; branded products and manufacturing; and transport operations.

CHANGES IN DIRECTORATE

There were no changes in directorate during the period under review.

DIVIDEND TO SHAREHOLDERS

The directors of HCI have resolved to declare an interim ordinary dividend number 58 of 55 cents (gross) per HCI share for the six months ended 30 September 2018 from income reserves. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Tuesday, 11 December 2018
Commence trading ex dividend	Wednesday, 12 December 2018
Record date	Friday, 14 December 2018
Payment date	Tuesday, 18 December 2018

No share certificates may be dematerialised or rematerialised between Wednesday, 12 December 2018 and Friday, 14 December 2018, 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 92 814 648.
- The DT amounts to 11 cents per share.
- The net local dividend amount is 44 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 the "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
21 November 2018

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