UNAUDITED CONDENSED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Hosken Consolidated Investments Limited

CORPORATE ADMINISTRATION

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")

Directors:
JA Copelyn (Chief Executive Officer)
JR Nicolella (Financial Director)
TG Govender
Y Shaik
MH Ahmed*
MF Magugu*
L McDonald**
SNN Mkhwanazi-Sigege**
VE Mphande* (Chairman)
JG Ngcobo*
R Watson*

* Independent non-executive **Non-executive

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

Auditors:
BDO South Africa Incorporated
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
Private Bag X9000, Saxonwold, 2132

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

Website address:
www.hci.co.za

INVESTMENTS

Tsogo Sun Gaming

Tsogo Sun Hotels

eMedia Holdings

Vukani Gaming Corporation

Galaxy Bingo

OpenView HD

Golden Arrow Bus Service

HCI Coal

Karoshoek

Deneb Investments

Platinum Group Metals

HCI Properties (division)

Impact Oil & Gas

Frontier Transport Holdings

Business Systems Group (Africa)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
ASSETS			
Non-current assets	**39 800 850**	53 452 696	40 424 198
Property, plant and equipment	**16 279 574**	25 258 332	16 610 166
Right-of-use assets	**324 073**	1 361 456	353 250
Investment properties	**5 066 800**	9 063 349	5 381 333
Goodwill	**3 871 864**	3 952 321	3 872 534
Investments in associates and joint arrangements	**3 566 797**	2 633 108	3 573 978
Other financial assets	**1 108 791**	993 098	1 031 565
Intangible assets	**9 151 270**	9 383 927	9 177 953
Deferred taxation	**350 944**	729 882	340 893
Other	**80 737**	77 223	82 526
Current assets	**5 587 301**	8 425 022	5 340 741
Inventories	**686 560**	1 030 123	620 913
Programme rights	**982 686**	1 049 152	1 074 631
Other financial assets	**5 565**	1 789	–
Trade and other receivables	**1 868 545**	2 264 543	1 765 538
Taxation	**65 174**	353 940	117 778
Bank balances and deposits	**1 978 771**	3 725 475	1 761 881
Disposal group assets held for sale	**541 246**	438 182	188 221
Total assets	**45 929 397**	62 315 900	45 953 160
EQUITY AND LIABILITIES			
Equity	**20 118 831**	25 356 614	19 524 296
Equity attributable to equity holders of the parent	**12 519 311**	11 782 725	12 126 312
Non-controlling interest	**7 599 520**	13 573 889	7 397 984
Non-current liabilities	**19 145 871**	26 227 245	19 242 636
Deferred taxation	**4 637 702**	5 155 471	4 578 055
Borrowings	**13 557 285**	18 354 956	13 665 381
Lease liabilities	**362 520**	1 684 159	410 047
Provisions	**87 126**	291 035	70 604
Other	**501 238**	741 624	518 549
Current liabilities	**6 402 435**	10 621 979	7 168 563
Trade and other payables	**2 434 680**	3 080 367	2 520 716
Current portion of borrowings	**3 077 599**	4 798 855	3 919 533
Taxation	**65 430**	98 083	50 374
Provisions	**177 345**	209 259	169 539
Bank overdrafts	**608 909**	2 171 950	420 611
Other	**38 472**	263 465	87 790
Disposal group liabilities held for sale	**262 260**	110 062	17 665
Total equity and liabilities	**45 929 397**	62 315 900	45 953 160
Net asset carrying value per share (cents)	**15 481**	14 570	14 995

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	% change	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020* R'000
Revenue		5 000 888	3 542 278
Net gaming win		3 331 613	1 486 567
Property rental income		320 889	290 134
Income	62.7%	8 653 390	5 318 979
Expenses		(6 514 893)	(4 683 721)
EBITDA	236.6%	2 138 497	635 258
Depreciation and amortisation		(587 019)	(650 646)
Operating profit/(loss)		1 551 478	(15 388)
Investment income		45 341	59 709
Finance costs		(704 175)	(794 115)
Share of losses of associates and joint arrangements		(120 929)	(50 848)
Investment surplus		33 500	219 130
Asset impairments		(10 060)	(15 981)
Fair value adjustments on financial instruments		9 059	16 266
Profit/(loss) before taxation	238.4%	804 214	(581 227)
Taxation		(304 407)	91 665
Profit/(loss) for the period from continuing operations		499 807	(489 562)
Discontinued operations		(7 640)	(270 131)
Profit/(loss) for the period		492 167	(759 693)
Attributable to:			
Equity holders of the parent		244 475	(285 560)
Non-controlling interest		247 692	(474 133)
		492 167	(759 693)

* *Restated for reclassification of discontinued operations*

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
Profit/(loss) for the period	492 167	(759 693)
Other comprehensive income/(loss) net of tax:		
Items that will subsequently be reclassified to profit or loss		
Foreign currency translation differences	41 965	(234 510)
Cash flow hedge reserve	69 625	(232 303)
Share of other comprehensive income/(losses) of equity-accounted investments	31 504	(20 106)
Reclassification of equity-accounted foreign currency translation differences on partial disposal of associate	344	–
Items that will not subsequently be reclassified to profit or loss		
Revaluation of owner-occupied land and buildings on transfer to investment properties	–	26 497
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	63 712	(38 078)
Total comprehensive income/(loss)	699 317	(1 258 193)
Attributable to:		
Equity holders of the parent	384 534	(600 318)
Non-controlling interest	314 783	(657 875)
	699 317	(1 258 193)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
Balance at the beginning of the period	19 524 296	26 651 453
Current operations		
Total comprehensive income/(loss)	699 317	(1 258 193)
Equity-settled share-based payments	14 232	10 657
Share of equity of equity-accounted investments	7 378	–
Disposal of subsidiaries	1 237	–
Effects of changes in holding	(80 852)	(18 476)
Dividends to non-controlling shareholders	(46 777)	(28 827)
Balance at the end of the period	20 118 831	25 356 614

RECONCILIATION OF HEADLINE EARNINGS

	% change	Unaudited 30 September 2021 Gross R'000	Unaudited 30 September 2021 Net R'000	Unaudited 30 September 2020 Gross R'000	Unaudited 30 September 2020 Net R'000
Earnings/(losses) attributable to equity holders of the parent	185.6%		244 475		(285 560)
Gains on disposal of property		(1 101)	(481)	–	–
Gains on disposal of plant and equipment		(3 329)	(1 486)	(4 868)	(3 081)
Impairment of property, plant and equipment		11 215	9 004	18 490	8 452
Losses from disposal of subsidiaries		1 467	1 253	–	–
Gains on disposal and dilution of interests in associates and joint arrangements		(27 630)	(27 630)	(355 382)	(170 121)
Impairment of intangible assets		6 197	2 425	3 572	2 514
Gains on disposal of investment properties		(6 712)	(4 764)	–	–
Insurance claims for capital assets		(917)	(543)	(3 758)	(2 223)
Remeasurements included in equity-accounted earnings of associates and joint arrangements		285	255	89 700	42 940
Headline earnings/(losses)	154.7%		222 508		(407 079)
Basic earnings/(losses) per share (cents)*					
Earnings/(losses)	185.6%		302.31		(353.11)
Continuing operations			309.26		(222.68)
Discontinued operations			(6.95)		(130.43)
Headline earnings/(losses) per share (cents)*	154.7%		275.14		(503.37)
Continuing operations			273.55		(216.46)
Discontinued operations			1.59		(286.91)
Weighted average number of shares in issue ('000)			80 870		80 870
Actual number of shares in issue at the end of the period (net of treasury shares) ('000)			80 870		80 870
Diluted earnings/(losses) per share (cents)*					
Earnings/(losses)	185.6%		302.31		(353.11)
Continuing operations			309.26		(222.68)
Discontinued operations			(6.95)		(130.43)
Headline earnings/(losses) per share (cents)*	154.7%		275.14		(503.37)
Continuing operations			273.55		(216.46)
Discontinued operations			1.59		(286.91)
Weighted average number of shares in issue ('000)			80 870		80 870

** Restated for reclassification of discontinued operations*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
Cash flows from operating activities	727 112	(368 745)
Cash generated by operations	2 216 191	444 360
Net finance costs	(1 058 639)	(764 951)
Changes in working capital	(185 517)	176 215
Taxation paid	(202 674)	(195 542)
Dividends paid	(42 249)	(28 827)
Cash flows from investing activities	(233 059)	548 461
Business combinations and disposals	(73)	–
Net investments (acquired)/disposed of	(14 325)	351 934
Dividends received	15 329	28 210
Loans and receivables (advanced)/repaid	(981)	386 068
Intangible assets acquired	(602)	(7 086)
Investment properties		
– Additions	(65 759)	(16 250)
– Disposals	27 884	52 000
Property, plant and equipment		
– Additions	(228 510)	(260 514)
– Disposals	33 978	14 099
Cash flows from financing activities	(441 128)	(320 772)
Other liabilities repaid	(2)	–
Transactions with non-controlling shareholders	(88 594)	(20 026)
Principal paid on lease liabilities	(34 681)	(19 424)
Net funding repaid	(317 851)	(281 322)
Increase/(decrease) in cash and cash equivalents	52 925	(141 056)
Cash and cash equivalents		
At the beginning of the period	1 341 695	1 740 249
Foreign exchange differences	1 063	(28 309)
At the end of the period	1 395 683	1 570 884
Bank balances and deposits	1 978 771	3 725 475
Bank overdrafts	(608 909)	(2 171 950)
Cash in disposal groups held for sale	25 821	17 359
Cash and cash equivalents	1 395 683	1 570 884

SEGMENTAL ANALYSIS

	Revenue Unaudited six months ended 30 September		Net gaming win Unaudited six months ended 30 September	
	2021 R'000	2020* R'000	2021 R'000	2020 R'000
Media and broadcasting	1 511 527	1 054 416	–	–
Gaming	359 362	78 886	3 331 613	1 486 567
Transport	1 013 049	749 200	–	–
Properties	84 930	62 933	–	–
Coal mining	717 967	625 034	–	–
Branded products and manufacturing	1 306 632	960 897	–	–
Other	7 421	10 912	–	–
Total	5 000 888	3 542 278	3 331 613	1 486 567

	Property rental income Unaudited six months ended 30 September		EBITDA Unaudited six months ended 30 September	
	2021 R'000	2020* R'000	2021 R'000	2020* R'000
Media and broadcasting	8 142	8 509	329 411	75 852
Gaming	51 517	41 410	1 293 286	199 871
Transport	–	–	214 653	164 425
Properties	190 457	160 474	141 207	103 942
Coal mining	–	–	133 859	103 634
Branded products and manufacturing	66 571	74 021	127 032	75 803
Other	4 202	5 720	(100 951)	(88 269)
Total	320 889	290 134	2 138 497	635 258

	Profit/(loss) before tax Unaudited six months ended 30 September		Headline earnings/(loss) Unaudited six months ended 30 September	
	2021 R'000	2020* R'000	2021 R'000	2020 R'000
Media and broadcasting	266 917	33 493	117 947	14 376
Gaming	453 652	(810 465)	157 562	(281 830)
Hotels**	(66 687)	–	(59 416)	(205 583)
Transport	161 823	102 559	94 664	58 769
Properties	26 888	27 468	13 297	19 759
Coal mining	117 688	86 352	85 233	42 795
Branded products and manufacturing	60 606	4 193	38 561	4 864
Oil and gas prospecting	(16 044)	(19 733)	(16 044)	(19 733)
Palladium prospecting	(26 665)	(25 166)	(26 665)	(25 166)
Other	(173 964)	20 072	(182 631)	(15 330)
Total	804 214	(581 227)	222 508	(407 079)

* *Restated for reclassification of discontinued operations*

** *Results were consolidated and included in discontinued operations in the prior period and equity accounted in the current period*

SEGMENTAL ANALYSIS (CONTINUED)

The group's revenue disaggregated by primary geographical markets is as follows:

	South Africa R'000	Other African countries and Middle East R'000	Europe and United Kingdom R'000	Total R'000
30 September 2021				
Media and broadcasting	1 511 527	–	–	1 511 527
Gaming	359 362	–	–	359 362
Transport	1 013 049	–	–	1 013 049
Properties	84 930	–	–	84 930
Coal mining	717 967	–	–	717 967
Branded products and manufacturing	1 256 395	20 339	29 898	1 306 632
Other	7 421	–	–	7 421
Total	4 950 651	20 339	29 898	5 000 888
30 September 2020*				
Media and broadcasting	1 054 416	–	–	1 054 416
Gaming	78 886	–	–	78 886
Transport	749 200	–	–	749 200
Properties	62 933	–	–	62 933
Coal mining	625 034	–	–	625 034
Branded products and manufacturing	893 948	24 867	42 082	960 897
Other	10 912	–	–	10 912
Total	3 475 329	24 867	42 082	3 542 278

* *Restated for reclassification of discontinued operations*

SEGMENTAL ANALYSIS (CONTINUED)

The group's revenue disaggregated by pattern of revenue recognition is as follows:

	Revenue recognised over time R'000	Revenue recognised at a point in time R'000	Total R'000
30 September 2021			
Provision of services			
Media and broadcasting	1 413 906	9 157	1 423 063
Gaming	223 637	135 725	359 362
Transport	841 537	150 902	992 439
Properties	71 370	13 560	84 930
Other	7 421	–	7 421
Sale of goods			
Media and broadcasting	–	88 464	88 464
Transport	–	20 610	20 610
Coal mining	–	717 967	717 967
Branded products and manufacturing	25 603	1 281 029	1 306 632
Total	2 583 474	2 417 414	5 000 888
30 September 2020*			
Provision of services			
Media and broadcasting	964 482	19 267	983 749
Gaming	58 435	20 451	78 886
Transport	693 675	55 424	749 099
Properties	59 812	3 121	62 933
Other	10 912	–	10 912
Sale of goods			
Media and broadcasting	–	70 667	70 667
Transport	–	101	101
Coal mining	–	625 034	625 034
Branded products and manufacturing	17 975	942 922	960 897
Total	1 805 291	1 736 987	3 542 278

* *Restated for reclassification of discontinued operations*

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited.

As required by the JSE Limited Listings Requirements, the Company reports headline earnings in accordance with Circular 1/2021: 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 JR Nicolella CA(SA), and have neither been audited nor independently reviewed by the group's auditors.

The accounting policies applied by the group in the preparation of these condensed consolidated financial statements are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2021.

GOING CONCERN AND IMPACT OF COVID-19 PANDEMIC

The national lockdown during the first months of the previous financial year and subsequent COVID-19-related restrictive measures have had a severe impact on the economy. The operations of the group worst affected have been its gaming and hotel operations, which have been unable to trade for extended periods of time due to government-enforced restrictions. The group's properties division has, to a lesser extent, also been impacted by the reduced ability of its tenant base to comply with its rent obligations, the asset worst affected being the Gallagher exhibition and conference facilities.

The company is currently in compliance with its interim debt covenants in respect of central borrowings. Forecast dividends from the group's gaming and hotel operations have been severely curtailed, however management expects debt service obligations on central borrowings to be complied with for the foreseeable future.

The group's funders at the centre and at the relevant subsidiaries have remained supportive and have, *inter alia*, agreed to the following measures:

- The waiver of hotel operations' covenant requirements for the measurement periods ending 30 September 2021 and 31 March 2022, subject to revised interim covenant measurements. Interim covenants measured at 30 June 2021 and 30 September 2021 were both complied with.
- In respect of gaming operations, the amendment of the net leverage covenant for 30 September 2021 and 31 December 2021, subject to certain additional interim covenants. The amended covenants for the period ended 30 September 2021 were met.
- In respect of the company's central borrowings, the permanent reconstitution of certain security cover ratios and mutually agreed interim security cover ratios for the period ending 31 December 2021 as they relate to the share prices of Tsogo Sun Gaming and Tsogo Sun Hotels. In respect of the period thereafter, sustainable prospective security cover ratios are in the process of being agreed at the date of this report. During the period to 31 December 2021, the debt service cover ratio has been waived with ratcheted levels thereafter, subject to achieving certain agreed cash flows and borrowings levels.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the group's operations and liquidity was considered to the extent reasonably possible. The company has assessed the cash flow forecasts together with the other actions taken or proposed and is of the view that the group has sufficient liquidity to meet its obligations as currently foreseen in the foreseeable future.

As the situation continues to evolve with changes in governmental regulations and evolving business and consumer reactions thereto, as at the date of these results, the directors of the company considered that the further future financial effects of COVID-19 on the group's consolidated financial statements cannot be reasonably estimated.

FAIR VALUE MEASUREMENT

Financial asset at fair value through other comprehensive income

The group's 20% equity interests in SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester") are classified as level 3 fair value instruments and have been accounted for as financial assets at fair value through other comprehensive income. At the end of each reporting period each investment is remeasured and the increase or decrease recognised in other comprehensive income.

The assets have been remeasured to R738 million at 30 September 2021, a R63 million increase. Discounted cash flow valuations were used to estimate the fair values. The valuation models considered the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditure. The expected net cash flows were discounted using a risk-adjusted discount rate. The fair value gain is significantly the result of improved forecast cash flows and lower debt levels.

The significant unobservable inputs used in the fair value measurement of the group's investments in SunWest and Worcester as at 30 September 2021 are shown below:

- income increases by 40% in the 2022 financial year and then by 18% in the 2023 financial year, 7% in the 2024 financial year, thereafter 3% over the following years;
- operating expenditure increases by 15% in the 2022 financial year, 6% in the 2023 financial year, 7% in the 2024 financial year, thereafter 4% over the following years;
- risk-adjusted discount rate of 14.7% post-tax; and
- long-term growth rate of 4.7%.

IMPAIRMENTS

Goodwill and casino licences

Casino licences are allocated and monitored on a casino precinct basis as these are the cash-generating units (CGUs) to which they relate. Goodwill relating to the group's gaming operations has been allocated to that group as a whole as the CGU to which it relates. The outbreak of COVID-19 in the prior financial year has significantly affected the South African economy and the gaming and hospitality industry. The closure of all the group's casino precincts at various intervals, together with the uncertain economic outlook until the properties are fully operational again, has had an adverse effect on the group's gaming operations and ability to generate cash flows in line with those generated prior to the outbreak of COVID-19. These factors were considered in determining whether indicators of impairment exist in respect of casino licences, most of which have indefinite useful lives, as well as goodwill.

The recoverable amount of a CGU is determined based on the higher of the fair value less cost of disposal and value in use. These calculations use management-approved pre-tax cash flow projections based on five-year forecasts.

The latest cash flow projections and significant unobservable inputs as at the reporting date were assessed against those used for the year ended 31 March 2021. No indicators of impairment were observed and no impairments recognised.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of certain non-core local and offshore operations in the media and broadcasting segment are included in discontinued operations in the current and prior comparative periods. Disposal group assets of R5 million and liabilities of R2 million relate to these operations.

Gaming

Non-core portions of land and buildings in the amount of R58 million have been classified as disposal group assets held for sale in the current period.

Hotels

On 30 September 2020 the boards of directors of Hospitality Property Fund ("HPF") and TSH approved a transaction by which TSH offered to acquire all of the ordinary shares in the issued share capital of HPF, other than those shares already owned by TSH, its subsidiaries and treasury shares. Following the failure of the proposed scheme of arrangement, a general offer was implemented in December 2020, the consequence of which was that the group was considered to have lost control of TSH during the general offer period. Following the deemed disposal of the interest in TSH, the results of its operations, being prior to deconsolidation, were reclassified to discontinued operations in the prior comparative period and a loss of R236 million was therefore included in discontinued operations in the statement of profit or loss.

Branded products and manufacturing

The board of Deneb Investments has resolved to dispose of its interests in Frame Knitting Manufacturers. The disposal process remains ongoing. The results are included in discontinued operations in the statement of profit or loss in the current and prior comparative periods. A property of R55 million is classified as a disposal group asset held for sale in the current period.

Properties

A process to dispose of the Olympus Village convenience centre and a warehouse precinct in Modderfontein, held by the group as investment properties, was initiated during the current period. These properties, with a combined carrying value of R390 million, and its associated liabilities of R260 million, have been classified as held for sale in the statement of financial position. Further investment properties with a carrying value of R33 million await sale.

The results of discontinued operations were as follows:

	Media and broadcasting non-core operations R'million	Branded products and manufacturing R'million
Loss after tax before disposal gains and losses	(3)	(5)

RESULTS

GROUP STATEMENT OF PROFIT OR LOSS AND SEGMENTAL ANALYSIS

Income increased by 63% to R8 653 million
EBITDA increased by 237% to R2 138 million
Profit before tax R804 million
Headline earnings R223 million
Headline earnings per share 275 cents

Media and broadcasting

The television and radio advertising markets have rebound significantly from activity experienced during 2020, with increases in industry-wide spend estimated at 40% and 10%, respectively. The group's advertising revenue increased by 54%. The group's prime time market share increased from 26% to almost 32%, with increases in both the e.tv channel and the multi-channel operations. The group's licence fee revenue increased by 4% and facility revenue increased by 129%. Active set top boxes have increased to 2 625 000 during the period. EBITDA increased by 334%, assisted by stable programming costs and the containment of all major overheads. Profit before tax and headline earnings increased in line with EBITDA.

Gaming

The curfew and remaining capacity restrictions imposed by government have still served to limit the recovery of gaming operations during the reporting period; however, trade has responded positively to each drop in restriction level. Casino revenue and net gaming win combined increased by 136%, that of Vukani by 156% and that of Galaxy Bingo's operations by 171%. EBITDA increased by nearly R1.1 billion, with an impressive EBITDA margin of 33% achieved during the period. Profit before tax gains were assisted by a reduction of R85 million in finance costs. No significant headline earnings adjusting items were recorded.

Hotels

The performance of hotel operations during the current period, as included in the group's results, is not comparable to the prior comparative period. Due to the deemed disposal of the group's interest in the prior financial year, these operations' results were consolidated and included in discontinued operations by the group in the prior comparative period and equity accounted in the current period.

Hotel operations continued to be severely impacted by the COVID-19 pandemic and the various forms of restrictions related to it as at the reporting date. The effect of the pandemic was exacerbated by the civil unrest experienced in the KwaZulu-Natal and Gauteng regions during July. Total income increased by 186%, following significant increases in both rooms and food and beverage revenue, albeit from a low base. Internally managed rooms sold increased by 353% compared to the prior comparative period, with average occupancy levels for these 21.9% in the current period, compared to 5.2% in the prior comparative period. South African room sales have increased systematically since July, achieving 59% of October 2019 monthly room sales during October 2021.

TSH entered into a loss agreement with its insurer to settle its business interruption insurance claim in the amount of R27 million. HPF was successful with its stand-alone business interruption claim, amounting to R150 million (R29 million of which has been provided against for third-party operator claims). These claim proceeds were received during the current period.

Equity-accounted losses of R67 million recognised by the group during the current period contain no significant headline earnings adjusting items.

Transport

Transport revenue increased by 35%. The number of Golden Arrow Bus Service's passengers ranged between 65% and 80% of comparative months' numbers prior to the COVID-19 pandemic. EBITDA increased by 31%, tempered by a 10% increase in diesel prices since March 2021. Profit before tax increased by 58% and headline earnings by 61%, assisted by a decrease in finance costs of R6 million, following reduced bus purchases during the period.

Properties

Properties' increase in revenue has significantly been the result of the improvement in trading by Gallagher Estate's convention and conferencing operations, as well as increased recovery income throughout the portfolio. Rental income increased by 19%, the prior comparative period's income affected by the granting of rental relief, the developments most affected being The Point, Kalahari Village Mall and Gallagher Estate. Profit before tax includes a R5 million investment surplus agterskot on the sale of a property during the prior financial year and R36 million in hedge break costs incurred upon the restructuring of certain borrowings facilities. Finance costs increased by R30 million as a result. No revaluations were considered necessary at the reporting date as the current outlook has not changed significantly since 31 March 2021.

Coal mining

Revenue increased by 15% at the Palesa Colliery, consisting of a 17% increase in coal revenue and 11% increase in transport revenue. Sales volumes at Palesa increased by 82 000 tons (7%). EBITDA increased by 29%, with the gross profit margin on coal sales improving slightly in comparison to the prior period. Profit before tax increased in line with EBITDA. Headline earnings improved in excess of profit before tax following the sale of the Mbali Colliery in the latter part of the prior financial year (R21 million loss after tax included in the prior comparative period in respect of that subsidiary).

Branded products and manufacturing

Revenue in respect of branded products and manufacturing increased by 36% and property rental income decreased by 10%. Industrial product manufacturing, branded product distribution and automotive parts manufacturing all recorded significantly increased revenue. Property operations were affected by the sale of one property and the current redevelopment of another. EBITDA increased by 68%, assisted by foreign exchange gains and increases in overheads being lower than revenue gains. Finance costs reduced by R7 million, resulting in improved profit before tax and headline earnings results of R61 million and R39 million, respectively.

Oil and gas prospecting

Equity losses in respect of Impact Oil and Gas ("IOG") includes equity-accounted losses from its investment in Africa Energy Corp. and contain no headline earnings adjusting items.

Palladium prospecting

Equity losses of R27 million were recognised in the current period and contained no significant headline earnings adjusting items.

Other

EBITDA losses were on par with the prior comparative period, with no significant non-recurring items, the increase in losses occasioned by inflationary increases and normalisation of salaries in certain businesses since the prior comparative period. Profit before tax decreased by R194 million compared to the prior comparative period. Included in profit before tax in the prior comparative period was R19 million in interest and a R219 million gain on settlement of arbitration proceedings in respect of the finance arrangements with Ithuba Holdings, the current National Lottery operator. Head office finance costs decreased from R131 million to R105 million and an investment surplus on disposal and dilution of the group's interest in Platinum Group Metals ("PGM") of R28 million was recognised. Equity losses in respect of Karoshoek increased by R3 million to R14 million. Included in the current year's headline loss is R105 million head office finance costs, the aforementioned losses from Karoshoek, R8 million in equity-accounted losses from Alphawave Golf, losses of R14 million relating to the group's internal audit function and the remainder being head office and other overheads of the company and La Concorde Holdings.

Notable items on the consolidated income statement include:

Investment income decreased mainly due to the non-recurrence of the Ithuba-related interest income.

Finance costs decreased by R90 million due to reduced borrowings in certain parts of the group, R26 million of the reduction recorded by head office and R85 million by gaming operations. Properties incurred additional finance costs of R30 million.

Losses from associates and joint ventures includes R6 million profit from BSG Africa. Equity losses of R67 million were recognised in respect of TSH (none in the prior comparative period), R16 million in respect of IOG, R27 million in respect of PGM, R14 million in respect of Karoshoek and R8 million relating to Alphawave Golf.

An investment surplus of R28 million was recognised on the part disposal and dilution of the group's interest in PGM and R5 million in respect of an agterskot on the sale of an investment property in the prior financial year.

Intangible assets of R6 million and property, plant and equipment of R4 million were impaired by various operations across the group.

Headline earnings improved by 155%. No shares were repurchased during the current or prior comparative periods.

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Group non-current borrowings at 30 September 2021 comprise central investment property-related borrowings of R1 957 million (March 2021: R2 083 million), borrowings in Tsogo Sun Gaming of R10 300 million (March 2021: R10 300 million) and the remainder in other operating subsidiaries. Following the breach of certain security cover ratios in respect of the company's central borrowings shortly before 31 March 2020, long-term borrowings of R2 306 million have been classified as current at the reporting date. R561 million of this balance is repayable by 30 September 2022. A rectification arrangement in respect of the breached covenants was concluded with funders during October 2020, with a permanent reconstitution of covenants in relation to the central borrowings in the process of being concluded after which borrowings of R1 755 million will be reclassified as non-current. R299 million (March 2021: R949 million) in current borrowings relates to Tsogo Sun Gaming. Bank overdraft facilities include R130 million in Tsogo Sun Gaming, R311 million at head office and R168 million in Deneb (March 2021: R58 million, R328 million and R30 million, respectively).

Included in cash flows from investing activities is investments in associates of R36 million, of which R13 million relates to further investment in Alphawave Golf and R23 million to IOG. R229 million was invested in property, plant and equipment, of which R111 million by Tsogo Sun Gaming, R60 million by Deneb and R43 million by eMedia. Net funding of R250 million was repaid by Tsogo Sun Gaming, R83 million by Frontier, R52 million by Deneb and R45 million in central borrowings. Net funding of R143 million was raised by investment property entities.

Shareholders are referred to the individually published results of eMedia Holdings Limited, Tsogo Sun Gaming Limited, Tsogo Sun Hotels Limited, Deneb Investments Limited and Frontier Transport Holdings Limited for further commentary on the media and broadcasting, gaming, hotels, branded products and manufacturing, and transport operations.

EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any matter or circumstance arising between the reporting date and the date of this report that may affect the financial position as at the reporting date or the results for the period then ended, as contained in these condensed financial statements.

DIVIDEND TO SHAREHOLDERS

Due to the impact of the COVID-19 pandemic on the group's operations and the requirement to preserve cash resources, the directors have resolved not to declare an interim dividend.

For and on behalf of the board of directors

JA Copelyn
Chief Executive Officer

JR Nicolella
Financial Director

Cape Town
25 November 2021

Hosken Consolidated Investments Limited

2021