

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
1. PROPERTY, PLANT AND EQUIPMENT				
<i>Cost</i>				
Broadcast and studio equipment and frequencies	111 582	86 999		
Land and buildings	120 304	37 828		
Plant and machinery	84 817	19 996		
Buses	332 992	-		
Video and studio equipment	-	107		
Computer equipment	40 675	29 987		
Furniture and fittings	18 104	9 507		
Leasehold improvements	16 681	17 245		
Motor vehicles	21 259	3 542		
Access platforms	25 036	16 988		
Gaming machines	8 061	2 972		
	779 511	225 171		
<i>Accumulated depreciation</i>				
Broadcast and studio equipment and frequencies	65 197	53 881		
Land and buildings	1 617	1 536		
Plant and machinery	41 487	8 086		
Buses	128 742	-		
Video and studio equipment	-	10		
Computer equipment	32 814	24 494		
Furniture and fittings	12 066	5 770		
Leasehold improvements	14 807	13 494		
Motor vehicles	13 446	2 478		
Access platforms	8 503	4 718		
Gaming machines	1 127	353		
	319 806	114 820		
<i>Book value</i>				
Broadcast and studio equipment and frequencies	46 385	33 118		
Land and buildings	118 687	36 292		
Plant and machinery	43 330	11 910		
Buses	204 250	-		
Video and studio equipment	-	97		
Computer equipment	7 861	5 493		
Furniture and fittings	6 038	3 737		
Leasehold improvements	1 874	3 751		
Motor vehicles	7 813	1 064		
Access platform	16 533	12 270		
Gaming machines	6 934	2 619		
	459 705	110 351		

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Movements in property, plant and equipment				
<i>Balances 31 March 2004</i>				
Broadcast and studio equipment and frequencies	33 118	19 002		
Land and buildings	36 292	22 478		
Plant and machinery	11 910	-		
Video and studio equipment	97	7 825		
Computer equipment	5 493	3 385		
Furniture and fittings	3 737	3 505		
Leasehold improvements	3 751	2 089		
Motor vehicles	1 064	1 173		
Access platforms	12 270	-		
Gaming machines	2 619	593		
	110 351	60 050		
<i>Additions</i>				
Broadcast and studio equipment and frequencies	24 583	27 192		
Land and buildings	1 641	6 792		
Plant and machinery	41 774	212		
Buses	45 871	-		
Video and studio equipment	-	115		
Computer equipment	4 312	5 656		
Furniture and fittings	4 473	2 357		
Leasehold improvements	9 917	260		
Motor vehicles	3 434	432		
Access platforms	11 007	4 192		
Gaming machines	5 089	2 428		
	152 101	49 636		
<i>Business combinations</i>				
Land and buildings	81 402	8 530		
Plant and machinery	1 832	14 432		
Buses	174 145	-		
Video and studio equipment	-	(6 980)		
Computer equipment	1 233	4 710		
Furniture and fittings	813	211		
Leasehold improvements	-	6 990		
Motor vehicles	6 189	184		
Access platforms	-	11 309		
	265 614	39 386		
<i>Disposals</i>				
Plant and machinery	(2)	-		
Buses	(152)	-		
Video and studio equipment	-	(390)		
Computer equipment	(70)	(4 258)		
Furniture and fittings	(41)	(538)		
Leasehold improvements	(8 121)	(1 523)		
Motor vehicles	(477)	(53)		
Access platforms	(91)	(80)		
Gaming machines	-	(67)		
	(8 954)	(6 909)		

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
<i>Depreciation</i>				
Broadcast and studio equipment and frequencies	11 316	13 076		
Land and buildings	648	1 508		
Plant and machinery	13 195	2 734		
Buses	14 603	-		
Video and studio equipment	97	473		
Computer equipment	3 107	4 000		
Furniture and fittings	2 944	1 798		
Leasehold improvements	3 673	4 065		
Motor vehicles	2 397	672		
Access platforms	6 653	3 151		
Gaming machines	774	335		
	59 407	31 812		
<i>Balances at 31 March 2005</i>				
Broadcast and studio equipment and frequencies	46 385	33 118		
Land and buildings	118 687	36 292		
Plant and machinery	42 319	11 910		
Buses	205 261	-		
Video and studio equipment	-	97		
Computer equipment	7 861	5 493		
Furniture and fittings	6 038	3 737		
Leasehold improvements	1 874	3 751		
Motor vehicles	7 813	1 064		
Access platforms	16 533	12 270		
Gaming machines	6 934	2 619		
	459 705	110 351		
<i>Land and buildings</i>				
Head office and Johannesburg studios for e.tv	26 231	24 682		
Manufacturing	7 456	11 610		
Transport	85 000	-		
	118 687	36 292		

A register of land and buildings is available for inspection at the registered office of the company.

Encumbrances

Mortgages are registered over access platforms, certain plant and machinery and certain land and buildings as security for the loans detailed in note 16.

The net book value of assets encumbered is R177,9 million (2004 : R51,7 million).

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
2. INVESTMENT PROPERTIES				
At beginning of year	11 620	8 990	-	-
Fair value adjustments	2 109	2 630	-	-
At end of year	13 729	11 620	-	-
<p>The investment properties consist of bare dominiums, which were valued by an independent valuer. Mortgages are registered on these properties. Details of investment properties are available for inspection at the registered office of the company.</p>				
3. INVESTMENTS				
3.1 ASSOCIATED COMPANIES				
<i>Unlisted</i>				
Africa on Air (Pty) Ltd				
50% financial interest				
Shares at net asset value on acquisition	-	1	-	-
Goodwill on acquisition	-	753	-	-
Cost	-	754	-	-
Equity accounted earnings	-	34 862	-	-
Amortisation of goodwill	-	(225)	-	-
Revaluation	-	109 308	-	-
Dividends received	-	(51 906)	-	-
	-	92 793	-	-
Johnson Crane Hire (Pty) Ltd				
445 shares at cost - 44,5% interest				
Equity accounted earnings	15 487	-	-	-
Loan receivable	2 812	-	-	-
	4 242	-	-	-
	22 541	-	-	-
International Payment Systems (Pty) Ltd				
6 000 shares at cost - 50% interest				
Loan receivable	-	2 084	-	2 084
Equity accounted earnings	-	1 733	-	1 733
	-	6 717	-	-
	-	10 534	-	3 817
Sukyae-Land (Pty) Ltd				
425 shares at cost - 42,5% interest				
Equity accounted earnings	36 232	-	-	-
	(5 703)	-	-	-
	30 529	-	-	-

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Tsogo Investment Holding Company (Pty) Ltd 481 (2004 : 415) shares at cost - 32,1% (2004 : 27,7%) interest Equity accounted earnings	152 609 76 882	106 700 -	- -	- -
	229 491	106 700	-	-
Minor associates *	46 436	15 486	19 965	3 000
Total associated companies	328 997	225 513	19 965	6 817
Directors' valuation of associates	1 160 506	358 186		
3.2 LISTED COMPANIES				
Shares at market value Johnnic Holdings Ltd - 34 500 623 shares Other *	311 217 4 361	- 3 200	- 1 862	- 1 605
	315 578	3 200	1 862	1 605
3.3 OTHER INVESTMENTS				
The IQ Business Group (Pty) Ltd (now an associate) Clover Industries Ltd 10 248 848 cumulative preference shares Move on Up 289 (Pty) Ltd 100 cumulative preference shares HCI Employee Share Trust loan Sundry loans and investments *	- 28 162 85 213 -	15 559 - - -	- - - 7 600	15 559 - - 23 340 19 584
Total other investments	131 552	50 450	16 779	58 483

* A list of these investments is available for inspection at the company's registered office.

3.4 SUMMARISED FINANCIAL INFORMATION OF SIGNIFICANT ASSOCIATES

	Johnson Crane Hire (Pty) Ltd R'000	Sukyae-Land (Pty) Ltd R'000	Tsogo Investment Holding Company (Pty) Ltd R'000
Balance sheet information			
<i>Non-current assets</i>	124 795	79 164	3 884 777
Property, plant and equipment	121 280	567	3 055 945
Intangible assets	-	-	590 584
Investment property	-	183	-
Land and mineral rights	-	10 006	-
Townships and developments in progress	-	73 863	-
Negative goodwill	-	(36 635)	-
Investments	-	12 849	199 848
Deferred tax	3 515	18 331	16 873
Long term receivables	-	-	21 527
<i>Current assets</i>	59 501	73 100	1 315 973
Inventories	-	-	14 551
Township land stock	-	21 463	-
Trade and other receivables	30 029	29 997	224 313
Taxation	39	-	2 242
Cash and cash equivalents	29 433	21 640	1 074 867
Total assets	184 296	152 264	5 200 750
<i>Capital and reserves</i>	41 122	35 198	1 878 882
<i>Non-current liabilities</i>	81 298	77 217	1 714 750
Shareholders' loans	8 408	-	-
Interest-bearing loans	72 890	-	1 661 711
Provision for environmental rehabilitation	-	67 271	-
Post retirement medical benefit obligation	-	9 946	33 457
Deferred tax	-	-	19 582
<i>Current liabilities</i>	61 876	39 849	1 607 118
Trade and other payables	28 964	11 266	529 772
Short term borrowings	-	-	777 212
Current portion of interest-bearing loans	32 912	-	-
Provision for liabilities and charges	-	27 364	136 656
Taxation	-	1 219	163 478
Total equity and liabilities	184 296	152 264	5 200 750
Income statement information			
Share of earnings (loss)	2 812	(5 703)	76 989

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
4. SUBSIDIARY COMPANIES				
Shares at cost less impairment			521 034	92 101
Amounts owing by subsidiary companies			598 650	335 952
			1 119 684	428 053
Full details of subsidiary companies are provided on pages 61 and 62				
5. GOODWILL				
Arising on acquisition of subsidiaries	12 186	12 186	-	-
Accumulated amortisation brought forward	(2 207)	-	-	-
Amortised during the year	-	(2 207)	-	-
Impaired	(9 979)	-	-	-
	-	9 979	-	-
6. NEGATIVE GOODWILL				
Arising on acquisition of subsidiary	(1 597)	(1 597)	-	-
Accumulated release brought forward	105	-	-	-
Released during the year	1 492	105	-	-
	-	(1 492)	-	-
7. INVENTORIES				
Raw materials	23 341	4 396	-	-
Work in progress	11 646	3 534	-	-
Finished goods	11 833	7 726	-	-
Merchandise	-	1 545	-	-
Consumables and spares	11 485	-	-	-
Provision for obsolete inventory	(1 821)	(1 627)	-	-
	56 484	15 574	-	-
No inventory is held at net realisable value.				
8. PROGRAMME RIGHTS				
Television programmes				
• International	239 308	199 858	-	-
• Local	24 228	16 390	-	-
	263 536	216 248	-	-
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	189 785	119 207	-	1 661
Other receivables	61 597	95 769	13 367	22 420
Current portion of long term receivables	5 591	-	-	-
Prepayments	10 247	1 974	-	-
	267 220	216 950	13 367	24 081
A cession of debtors to the value of R35.975 million (2004 : R2,232 million) is registered.				

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
10. TRADING ASSETS AND LIABILITIES				
<i>Trading assets</i>				
Trading long positions	-	436 711	-	-
Derivative assets	-	5 565	-	-
Repo assets	-	446 848	-	-
	-	889 124	-	-
Repo assets refer to bond repurchase agreements. The loan agreements are recorded at the same value as the underlying asset and no sale of scrip is recorded.				
<i>Trading liabilities</i>				
Derivative liabilities	-	5 565	-	-
Repo liabilities	-	440 127	-	-
Other trading liabilities	-	443 556	-	-
	-	889 248	-	-

11. PLEDGED DEPOSITS

Bank deposits of R12,956 million (2004 : R22,056 million) have been pledged to support guarantees of R12,586 million (2004 : R21,946 million) issued by the company's bankers in favour of certain South African Provincial Gaming Boards for the due and punctual fulfilment of the licence obligations under which certain group subsidiaries operate.

	2005 Number of shares	2004 Number of shares	2005 R'000	2004 R'000
12. ORDINARY SHARE CAPITAL				
<i>Authorised</i>				
Ordinary shares of 25 cents each	450 000	450 000	112 500	112 500
<i>Issued</i>				
In issue in company	119 472	111 258	29 868	27 814
Treasury shares held by subsidiary and employee share trust	(1 475)	(8 236)	(369)	(2 059)
	117 997	103 022	29 499	25 755

Details of the issued share capital and share premium and changes during the year are as follows:

	Number of shares '000	Share capital R'000	Share premium R'000
In issue at 31 March 2004	111 258	27 814	507 395
Issued for cash	2 300	575	21 275
Issued to employee share trust	5 914	1 479	17 061
Share issue expenses	-	-	(101)
	119 472	29 868	545 630
Treasury shares held by subsidiary and employee share trust	(1 475)	(369)	(10 945)
	117 997	29 499	534 685
In issue at 31 March 2003	108 258	27 064	497 645
Issued to fund acquisition of HJS Advisory Services (Pty) Ltd	3 000	750	9 750
	111 258	27 814	507 395
Treasury shares held by subsidiary and employee share trust	(8 236)	(2 059)	(22 902)
	103 022	25 755	484 493

Details of options granted over shares are set out in note 31.

The unissued shares are under the control of the directors until the next annual general meeting.

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
13. NON-DISTRIBUTABLE RESERVES				
Revaluation surplus	-	84 295	-	-
Foreign currency translation reserve	-	(224)	-	-
	-	84 071	-	-
Movements are shown in the statement of changes in equity.				

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
14. MINORITY INTEREST				
Share of equity of subsidiaries	127 723	132 867	-	-
Equity loans owing by subsidiaries to minority shareholders	149 336	149 997	-	-
	277 059	282 864	-	-

The loans are in proportion to shareholdings. They are interest free at present and are only repayable if loan repayments are made to all shareholders in the subsidiaries. No repayment terms have been fixed.

15. NET FINANCIAL LIABILITIES				
Net financial liabilities	62 018	50 923	-	-

The net financial liabilities are the result of the set off of financial liabilities and directly linked investments. In respect of each transaction entered into, both the investment and the liability are redeemable at the same future value and date. The risks associated with these transactions have been addressed as set out in note 37.

16. LONG-TERM LOANS				
<i>Secured</i>				
Suspensive sale payable in monthly instalments of R1 842 000 inclusive of interest varying with prime.	75 763	-	-	-
Finance leases payable in monthly instalments of R456 000 (2004 : R399 000) inclusive of interest varying with prime.	16 618	12 228	-	-
Loan payable in monthly instalments of R438 000 (2004 : R173 000) inclusive of interest varying with prime.	17 070	23 819	-	-
Loan payable in monthly instalments of R307 000 inclusive of interest at 6,5%.	12 800	-	-	-
Loan secured by mortgage payable in monthly instalments of R153 000 inclusive of interest at prime.	4 833	5 981	-	-
<i>Unsecured</i>				
Loan bearing interest at 11%. Capital due on 15 December 2009. Interest payable quarterly in arrear	85 000	-	-	-
Loan payable in monthly instalments of R612 000 inclusive of interest at 14,66%.	14 462	-	-	-
Interest free liabilities due by 30 June 2006	13 010	-	-	-
Other	-	3 375	-	-
	239 556	45 403	-	-
Current portion	(43 503)	(6 784)	-	-
	196 053	38 619	-	-
Carrying value of assets encumbered as security				
Fixed property	33 687	24 682	-	-
Platforms	16 533	12 270	-	-
Buses	90 970	-	-	-
Inventory	6 771	-	-	-
Plant, equipment and vehicles	29 973	14 730	-	-
	177 934	51 682	-	-

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
17. DEFERRED TAXATION				
<i>Movements in deferred taxation</i>				
At beginning of year	150 725	94 823	-	-
Business combination	(32 859)	(26 072)	-	-
Revaluation of buses and land and buildings	11 982	-	-	-
Change in rate to 29%	1 095	-	-	-
Property, plant and equipment	(3 193)	-	-	-
Provisions and inventory	9 005	42 821	-	-
Assessed loss	298 754	-	-	-
Treasury shares revaluation	(1 863)	-	-	-
Application of AC 501	(53 032)	39 153	-	-
At end of year	380 614	150 725	-	-
<i>Analysis of deferred taxation</i>				
Fair value adjustment of investments	(2 984)	1 100	-	-
Unrealised (losses) gains	(6 702)	8 233	-	-
Application of AC 501	114 550	133 868	-	-
Assessed losses	298 754	-	-	-
Foreign differences and other	(3 795)	3 496	-	-
Revaluation of buses	(20 705)	-	-	-
Accelerated depreciation for tax purposes	(21 087)	4 028	-	-
Provisions and inventory	22 583	-	-	-
	380 614	150 725	-	-
<i>Composition of deferred taxation</i>				
Deferred taxation assets	414 521	167 582	-	-
Deferred taxation liabilities	(33 907)	(16 857)	-	-
	380 614	150 725	-	-
18. TRADE AND OTHER PAYABLES				
Trade payables	324 499	183 141	13 097	1 903
Other payables	338 450	20 420	-	-
	662 949	203 561	13 097	1 903
19. PROVISIONS				
Due in terms of guarantees to loan financiers of group companies				
Balance at beginning of year	2 750	22 852	2 750	22 852
Raised during year	-	2 750	-	2 750
Adjustment for exchange difference	-	(885)	-	(885)
Utilised	(2 750)	(21 967)	(2 750)	(21 967)
	-	2 750	-	2 750
Leave pay				
Balance at beginning of year	5 400	3 050	-	-
On acquisition of subsidiary	7 909	1 183	-	-
Raised during the year	2 041	4 217	-	-
Utilised	(3 864)	(3 050)	-	-
	11 486	5 400	-	-

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Staff bonuses				
Balance at beginning of year	10 039	-	-	-
On acquisition of subsidiary	4 281	21 779	-	-
Raised during year	14 202	-	-	-
Utilised	(17 045)	(11 740)	-	-
	11 477	10 039	-	-
Post retirement medical benefits				
On acquisition of subsidiary	27 315	-	-	-
Raised during year	1 035	-	-	-
	28 350	-	-	-
Repurchase of service				
On acquisition of subsidiary	18 537	-	-	-
Raised during year	1 472	-	-	-
Transferred to assets	6 806	-	-	-
	26 815	-	-	-
Third party claims				
On acquisition of subsidiary	7 250	-	-	-
Utilised	(755)	-	-	-
	6 495	-	-	-
Other				
Balance at beginning of year	3 359	-	-	-
On acquisition of subsidiary	345	1 980	-	-
Raised during year	100	1 379	-	-
Utilised	(485)	-	-	-
	3 319	3 359	-	-
Total provisions	87 942	21 548	-	2750

Post-retirement medical aid benefits

A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF) and the fund uses the grant to cover the outgoings not financed from members' contributions. The administrators of MBF are the Metropolitan Health Group.

The subsidiary also makes monthly contributions to certain medical aid funds.

The calculation of accrued service liability in respect of post-retirement health care was performed by independent actuaries at 31 March 2005.

The projected unit credit method has been used to value the post-retirement medical liabilities. Under this method the liability for employee members is allocated based on the service accrued to the date of valuation and the service expected to arise up to retirement age. The principal actuarial assumptions used are a discount rate of 9%, normal retirement age: 65 years and continuation of membership at retirement : 55%. An expected long-term medical aid subsidy increase rate of 7% has been used for medical aid's share and a rate of 5,5% has been used for the medical benefit fund.

	2005 R'000	2004 R'000
Opening balance	27 315	-
Current service cost	498	-
Interest cost	1 956	-
Expected employer benefit payments	(1 419)	-
	28 350	-

Repurchase of service

Provision raised in respect of costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport. The Department of Transport has signed a memorandum of agreement whereby the group will be reimbursed for certain costs incurred in this regard.

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
20. COMMITMENTS				
<i>Operating leases</i>				
Future leasing charges for premises				
Payable within one year	5 080	7 149	-	-
Payable one to five years	6 991	15 559	-	-
	12 071	22 708	-	-
21. TREASURY OPERATIONS (DISCONTINUED)				
Trading losses of treasury operations	-	(15 371)	-	-
Mettle sold the majority of its trading book in December 2003. The trading losses recognised are at the market value on the day of sale, as well as subsequent losses on the remaining trading assets and liabilities.				
The discontinuation resulted in the following losses :				
Trading system expensed	-	(3 430)	-	-
Loan impairment	-	(10 401)	-	-
Total loss on discontinuations (note 24)	-	(13 831)	-	-
Operating loss attributable to discontinued operations	-	(35 813)	-	-
Refer note 10 for trading assets and liabilities.				
22. TRADING EXPENSES				
Expenses include the following :				
Auditors' remuneration				
• Audit fees - current year	4 477	2 644	563	299
• Prior year	135	277	-	-
• Other services	1 540	884	2	-
Cost of sales	736 047	495 903	-	-
Consultancy fees	10 128	7 585	-	-
Depreciation	59 947	31 812	-	-
Foreign exchange loss / (gain)	8 806	12 172	-	(885)
Goodwill				
• Amortisation	-	(1 871)	-	-
• Impairment	9 979	-	-	-
Listing fees	224	60	224	60
Operating lease charges				
• Premises	5 567	23 956	-	-
• Plant and equipment	1 009	1 724	-	-
(Profit) / loss on disposal of fixed assets	(24 869)	112	-	-
Staff costs	196 467	133 868	-	-
Average number of employees 3126 (2004 : 830).				

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
23. INVESTMENT INCOME				
<i>Dividends</i>				
Listed investments	1 511	2 249	498	-
Unlisted investments	3 858	255	-	-
Associates	-	-	800	1 711
Subsidiaries	-	-	153 660	1 249
	5 369	2 504	154 958	2 960
<i>Interest</i>				
Investments	319	327	-	327
Bank	34 470	47 231	-	10 553
Other	10 469	-	-	-
Subsidiaries	-	-	5173	686
	45 258	47 558	5173	11 566
24. EXCEPTIONAL ITEMS				
On realisation of investments	138 903	25 122	185 397	33 321
Loss on discontinued operations	-	(13 831)	-	-
Recovery of impairment of strategic investment	-	4 931	-	-
	138 903	16 222	185 397	33 321
25. NEGATIVE GOODWILL RELEASED				
Negative goodwill in excess of the fair value of acquired assets	102 470	31 981	-	-
26. RECOUPMENT OF IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Recoupment on realisation of investments	-	76 251	-	-
Fair value adjustment of listed investments	-	851	255	851
Amortisation of goodwill of subsidiaries	-	(2 102)	-	-
Impairment of goodwill	(9 606)	-	-	-
Decrease in impairment of investment in subsidiaries	-	-	361 928	-
	(9 606)	75 000	362 183	851

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
27. PREFERENCE DIVIDENDS AND INTEREST PAYABLE				
Preference dividends	-	1 872	-	-
Interest	11 760	20 749	17	723
	11 760	22 621	17	723
28. TAXATION				
<i>South African taxes</i>				
Current normal tax	29 674	7 833	910	3 361
Prior year normal tax	(1)	-	-	-
Deferred normal tax	(305 348)	41 771	24	-
Deferred tax rate change	(1 095)	-	-	-
Capital gains tax	474	1 338	-	-
Secondary tax on companies	495	(5 605)	-	-
Application of AC501	53 032	(39 152)	-	-
<i>Foreign taxes</i>				
Current normal tax	1 707	201	-	-
Deferred normal tax	396	(1 989)	-	-
	(220 666)	4 397	934	3 361
Continuing operations	(220 666)	(31 416)	934	3 361
Discontinued operations	-	35 813	-	-
	(220 666)	4 397	934	3 361
Various subsidiaries have incurred operating losses which result in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused taxlosses can be utilised.				
Losses for tax purposes available for set off against future taxable income and for which deferred tax assets have not been raised are estimated at				
• Normal tax	460 000	1 010 000	-	-
• Capital gains tax	420 000	420 000	-	-
Tax relief at current rates at				
• Normal tax	138 000	303 000	-	-
• Capital gains tax	63 000	63 000	-	-
	%	%	%	%
<i>Reconciliation of tax rate</i>				
Normal tax rate	30,0	30,0	30,0	30,0
Deferred tax not raised on losses	19,5	30,8	-	-
Capital losses and non-deductible expenses	0,3	6,2	0,4	-
Non-taxable income including share of associates income	(32,1)	(74,4)	(13,7)	(21,8)
(Raising) reversal of deferred tax asset	(49,9)	34,9	-	-
Differential tax rates				
- capital gains and foreign	(7,4)	1,8	(16,4)	-
Secondary tax on companies	(3,3)	(3,3)	-	-
Effective rate	(42,9)	26,0	0,3	8,2

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
29. EARNINGS PER SHARE				
Earnings per share is based on the weighted average number of 105 703 554 ordinary shares in issue (2004 : 100 581 194).				
Diluted earnings per share is based on the weighted average number of 118 299 169 ordinary shares in issue (2004 : 112 361 193)				
In order to eliminate the distortion as a result of the recognition this year of deferred tax asset arising in respect of losses and the application of AC 501 in respect of STC credits, adjusted headline profit and earnings per share are also disclosed as well as on a diluted basis.				
<i>Reconciliation of headline earnings:</i>				
Profit attributable to ordinary shareholders	622 664	158 856		
Exceptional items	(134 456)	(19 041)		
Amortisation of goodwill	-	(2 328)		
(Profit) loss on sale of property, plant and equipment	(24 869)	112		
Impairment of assets	1 740	-		
Negative goodwill released	(102 470)	(31 981)		
Impairment (recoupment) of goodwill and investments	12 874	(74 188)		
Fair value adjustment of investment properties	(2 109)	(1 617)		
Headline profit	373 374	29 813		
Deferred taxation in respect of losses	(198 014)	-		
Deferred taxation in respect of STC credits	39 774	(26 834)		
Adjusted headline profit	215 134	2 979		

Amounts are stated net of minority interest.

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
30. NOTES TO CASH FLOW STATEMENT				
30.1 CASH GENERATED BY OPERATIONS				
Profit before taxation	522 033	168 412	700 333	42 238
Depreciation	59 407	31 812	-	-
Profit on disposal of property, plant and equipment	(23 129)	-	-	-
Amortisation and impairment of goodwill and investments	3 268	(1 871)	(361 785)	(851)
Equity accounted profits retained	(81 535)	(19 074)	-	-
Negative goodwill released on acquisition of interest in subsidiaries	(102 470)	-	-	-
Forex translation	224	(224)	-	-
Fair value adjustments	(5 505)	(2 630)	-	-
Investment income				
- Dividends	(154 958)	(2 504)	(154 957)	(2 960)
- Interest	(5 172)	(47 558)	(5 173)	(11 566)
Preference dividends and interest payable	11 760	22 621	17	723
Trading activities	(124)	77 894	-	-
Trading assets	889 124	2 785 018	-	-
Trading liabilities	(889 248)	(2 707 124)	-	-
Investment surplus	(123 426)	(16 222)	(185 795)	(33 321)
Movement in provisions	757	(29 296)	(2 750)	(20 102)
Other non-cash items	31 631	23 887	-	-
Prior year minority adjustment	(3 596)	-	-	-
Cash generated (utilised) by operations	129 165	205 247	(10 110)	(25 839)
30.2 CHANGES IN WORKING CAPITAL (INCREASE) DECREASE				
Inventory	(30 084)	(13 079)	-	-
Programme rights	(47 288)	100 515	-	-
Trade and other receivables	861	(78 686)	10 714	(9 291)
Prepayments	(4 752)	(1 804)	-	-
Trading securities	-	19 861	-	-
Trade and other payables	408 788	37 693	11 194	1 659
Forex contracts	4 709	15 791	-	-
Net financial liabilities	11 095	(4 446)	-	-
	343 329	75 845	21 908	(7 632)

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
30.3 TAXATION PAID				
Unpaid at beginning of year	(5 862)	(9 703)	1 456	825
Charged to income statement	220 666	(43 549)	(934)	(3 361)
Deferred tax movement	(253 058)	16 749	-	-
Business combinations	(11 201)	21 444	-	-
Unpaid at end of year	10 139	5 862	(770)	(1 456)
	(39 316)	(9 197)	(248)	(3 992)

30.4 BUSINESS COMBINATIONS/DISPOSALS

	2005		2004	
	Acquisition R'000	Disposal R'000	Acquisition R'000	Disposal R'000
At acquisition/disposal				
Property, plant and equipment	(265 614)	-	(50 718)	11 332
Investment properties	-	-	(8 990)	-
Investments	(4 226)	-	(18 340)	-
Deferred tax asset	-	-	(47 037)	-
Negative goodwill (goodwill)	72 795	-	(10 589)	-
Inventories	(10 826)	-	(756)	720
Trade and other receivables	(40 150)	-	(41 458)	6 869
Trading assets	-	-	(3 674 142)	-
Deferred tax liability	32 859	-	16 416	-
Net financial liabilities	-	-	55 369	-
Non-current liabilities including current portion	39 480	-	11 356	(1 997)
Trade and other payables	50 600	-	19 010	(4 080)
Trading liabilities	-	-	3 596 372	-
Taxation liability	12 403	-	9 177	-
Provisions	65 637	-	24 942	-
	(47 042)	-	(119 388)	12 844
Bank at date of acquisition/disposal	(210 378)	-	(209 619)	371
	(257 420)	-	(329 007)	13 215
Carrying value of investment in associate at date it became a subsidiary	-	-	114 926	-
	(257 420)	-	(214 081)	13 215

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
30.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	546 637	404 261	26 532	41 594
Bank overdraft and loans	(2 233)	(179)	-	-
	544 404	404 082	26 532	41 594

31. HCI EMPLOYEE SHARE OPTION SCHEME

In terms of the share option scheme, shares are offered on a combined share option and deferred sale basis. Participants can take up shares in tranches over a period of seven years from the date of the grant at the exercise price, provided that they remain in the group's employ until the options vest.

Options must be exercised within ten years of being granted, whereafter the options lapse. Options vest as follows : 25% after 1 year, 25% after 3 years, 25% after 5 years and 25% after seven years. Participants have ten years from date of grant to pay for the shares.

Share options granted to eligible participants, that have been exercised but have not yet become unconditional :

	2005 Number of shares	2004 Number of shares
Balance at the beginning of the year	11 780 000	12 693 940
Options granted and exercised	3 424 474	-
Options vested and paid for	(11 780 000)	(913 940)
Balance at the end of the year	3 424 474	11 780 000

The options outstanding at 31 March 2005 become unconditional between the following dates :

	Number of share options	Exercise price R
1 September 2004 and 31 August 2005	2 356 118	8,55
1 September 2005 and 31 August 2007	356 118	8,55
1 September 2007 and 31 August 2009	356 119	8,55
1 September 2009 and 31 August 2011	356 119	8,55

Options granted to executive directors

J A Copelyn

	2005 Number of shares	2005 Weighted of shares exercise price R	2004 Number of shares	2004 Weighted average exercise price R
Balance at the beginning of the year	4 890 000	2,71	5 346 970	2,61
Options granted and exercised	-	-	-	-
Options vested and paid for	(4 890 000)	2,71	(456 970)	1,52
Balance at the end of the year	-	-	4 890 000	2,71

M J A Golding

Balance at the beginning of the year	4 890 000	2,71	5 346 970	2,61
Options granted and exercised	-	-	-	-
Options vested and paid for	(4 890 000)	2,71	(456 970)	1,52
Balance at the end of the year	-	-	4 890 000	2,71

VE Mphande

Balance at the beginning of the year	-	-	-	-
Options granted and exercised	1 000 000	8,55	-	-
Options vested and paid for	-	-	-	-
Balance at the end of the year	1 000 000	8,55	-	-

32. DIRECTORS' SHAREHOLDINGS AND EMOLUMENTS

Directors' shareholdings

At 31 March 2005 the directors held 26 637 693 (2004 : 16 168 914) shares, constituting 22,3% (2004 : 14,5%) of the shares in issue. The beneficial direct and indirect interests of the directors in the issued share capital of the company, were as follows:

31 March 2005	Direct beneficial		Indirect beneficial	
	Number	Percentage holding %	Number	Percentage holding %
<i>Executive directors</i>				
J A Copelyn	8 327 709	7,0	8 269 809	6,9
M J A Golding	7 541 109	6,3	2 480 733	2,1
V E Mphande	-	-	-	-
<i>Non-executive directors</i>				
V M Engel	-	-	-	-
M F Magugu	-	-	-	-
J G Ngcobo	14 833	-	-	-
A M Ntuli	3 500	-	-	-
Total	15 887 151	13,3	10 750 542	9,00

31 March 2004	Direct beneficial		Indirect beneficial	
	Number	Percentage holding %	Number	Percentage holding %
<i>Executive directors</i>				
J A Copelyn	3 220 736	2,9	8 269 809	7,4
M J A Golding	2 194 136	2,0	2 480 733	2,2
<i>Non-executive directors</i>				
V M Engel	-	-	-	-
M F Magugu	-	-	-	-
V E Mphande	-	-	-	-
A M Ntuli	3 500	-	-	-
Total	5 418 372	4,9	10 750 542	9,6

None of the directors have any non-beneficial interest in the share capital of the company, except for J A Copelyn who is non-beneficially indirectly interested in 549 638 (2004 : 549 638) shares (0,5% of the share in issue).

On 7 July 2005 MJA Golding and JA Copelyn donated the following ordinary shares in the share capital of HCI to the HCI Foundation, incorporating the Golden Arrow Foundation and the Wheatfield Estate Foundation:

	Direct Beneficial	Indirect Beneficial
MJA Golding	-	1 000 000
JA Copelyn	2 777 778	1 222 222

There were no other material changes in these shareholdings subsequent to 31 March 2005.

DIRECTORS' EMOLUMENTS

The emoluments paid to the directors were as follows :

	Year ended 31 March 2005				Year ended 31 March 2004			
	Board fees R'000	Salary R'000	Bonus R'000	Total R'000	Board fees R'000	Salary R'000	Bonus R'000	Total R'000
<i>Executive directors</i>								
J A Copelyn	-	1 748	2 194	3 942	-	1 611	1 812	3 423
M J A Golding	-	1 748	2 194	3 942	-	1 611	1 812	3 423
V E Mphande	50	400	-	450	100	-	-	100
<i>Non-executive directors</i>								
V M Engel	160	-	-	160	25	-	-	25
M F Magugu	100	-	-	100	100	-	-	100
J C Ngcobo	50	-	-	50	-	-	-	-
A M Ntuli	100	-	-	100	100	-	-	100
	460	3 896	4 388	8 744	325	3 222	3 624	7 171

33. SEGMENT REPORT

The following are the summarised results for various primary group segments :

	Revenues	Results	Assets	Liabilities	Fixed asset additions	Depreciation
	R'000	R'000	R'000	R'000	R'000	R'000
2005						
Media and broadcasting	575 764	130 790	727 930	233 379	28 159	14 272
Financial services	103 775	28 424	151 652	129 760	10 322	11 158
Gaming, hotels and leisure	22 284	56 386	557 565	-	7 855	2 265
Information technology	-	1 938	22 486	-	-	-
Transport	434 131	74 084	376 589	186 156	48 513	18 727
Industrial	276 860	24	187 388	133 326	35 155	12 916
Other	608	451 053	788 983	447 498	32	69
	1 413 422	742 699	2 812 593	1 130 119	130 036	59 407

Taxation is included in Other as follows:

Assets R414,5 million, Liabilities R44,8 million and Results R220,6 million.

2004

Media and broadcasting	520 403	32 279	634 535	156 836	37 004	19 884
Financial services						
-continuing operation	132 911	44 064	237 901	73 698	283	3 626
-discontinued operations	(15 371)	(50 436)	889 123	889 248	-	-
Gaming	16 446	(15 163)	123 269	4 405	6 874	1 449
Information technology	-	3 820	31 186	-	-	-
Industrial	207 448	2 796	86 689	85 666	5 347	6 804
Other	761	146 655	318 255	49 197	128	49
	862 598	164 015	2 320 958	1 259 050	49 636	31 812

Taxation is included in Other as follows:

Assets R167,5 million, Liabilities R24,3 million and Results R4,3 million.

Certain divisions operate in Namibia and the United Kingdom.

No secondary segment report has been included as the group derives substantially all its revenues and income from within the Republic of South Africa.

Amounts applicable to associates included above:

	2005		2004	
	Results	Investment in associates	Results	Investment in associates
	R'000	R'000	R'000	R'000
Media and broadcasting	-	-	14 699	92 793
Financial services	2 004	13 217	(26)	1 447
Gaming, hotels and leisure	76 989	229 491	-	106 700
Information technology	1 938	22 486	5 531	15 628
Transport	3 182	6 384	-	-
Industrial	(2 891)	53 070	2 843	8 945
Other	820	4 349	-	-
	82 042	328 997	23 047	225 513

34. CHANGE IN ACCOUNTING POLICY

The group applied AC501, Accounting for Secondary Tax on Companies (STC), for the first time during the 2005 financial year. As required by the statement prior year numbers were adjusted. The effect on the income statement, balance sheet and retained income are as follows :

		R'000
Balance sheet effect		
Deferred tax asset (STC)		167 582
Retained earnings as previously stated		69 865
Opening retained earnings adjustment		88 026
Adjustment to taxation in the income statement		39 152
Minority interest		(12 318)
Retained earnings restated		184 725
Income statement effect		
Profit before applying AC501 as previously reported		132 022
Loss due to application of AC501		39 152
Minority interest		(12 318)
Adjusted loss		158 856
Headline profit	As previously stated	2 979
	After application of AC501	29 813
Headline profit per share	As previously stated (cents)	2,96
	After application of AC501 (cents)	29,64

The effect on the current year is an increase in the tax charge of R53,032 million and in the deferred tax asset of R114,550 million.

Company
2004
R'000

Change in basis of accounting in 2004

Effect on company financial statements

Reversal of revaluation of investments in subsidiaries and associates at 31 March 2002	(22 933)
Reversal of revaluation in year ended 31 March 2002	
Recoupment of impairment of goodwill and investments	
• As previously reported	(52 418)
• Reversal of revaluation during year	(19 390)
As restated	<u>(71 808)</u>
Profit for the year	
• As previously reported	1 075 734
• Reversal of revaluation during year	(19 390)
	<u>1 056 344</u>

Group
2004
R'000

Restatement of investments

Associated companies

• As previously reported	10 795
• Reversal of revaluation during year	(4 991)
As restated	<u>5 804</u>

Subsidiary companies

• As previously reported	563 581
• Reversal of revaluation during year	(37 332)
As restated	<u>526 249</u>

35. RELATED PARTY TRANSACTIONS

Related parties include :

Directors, senior management, subsidiary and associated companies and controlling shareholders in the company.

35.1 The group entered into transactions in the ordinary course of business with various partly owned subsidiaries and associated companies. These transactions are conducted on an arms length basis and relate to funding and administrative services. Details of loans to these entities are set out in note 1 and annexure A.

35.2A director and the secretary of the company have an interest in companies providing accounting and secretarial services to certain subsidiaries. Fees are charged at open market rates.

36. CONTINGENT LIABILITIES

36.1 The company has issued a guarantee for a maximum of R13 million to facilitate the release of IGI Investment Company Limited from curatorship. This guarantee is supported by the assets of IGI Investment Company Limited and reduces as creditors of that company are paid.

36.2As part of its provision of funding and investment services, Mettle Ltd group companies enter into various guarantees, pledges, options and cessions as security arrangements with client companies. These should not result in any net exposure to the group.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts of all financial instruments approximate their fair value.

37.1 FOREIGN EXCHANGE RISK

Certain subsidiaries within the group carry out a significant portion of their inventory purchases in foreign currencies. Hedging instruments are used to reduce the risks arising from foreign currency fluctuations and are designated either to accounts receivable or accounts payable or to anticipated future transactions.

It is the practice of the group to take out partial cover on foreign transactions.

37.2 INTEREST RATE RISK

The group is exposed to interest rate risk as it borrows and places funds. The risk is managed by utilising floating rate borrowings and placing funds on short term deposit.

Interest rate risk also arises from the trading in and holding of floating rate debt instruments, cash and cash equivalents, as well as floating rate derivative instruments such as interest rate swaps and options.

The risks arising from treasury's exposure to interest rates include yield curve risk, basis risk, mismatch risk and volatility risk.

In order to address the daily interest rate risks, techniques such as gap analysis, duration analysis and other statistical analyses are utilised.

37.3 CREDIT RISK

Credit risk is the risk of loss due to borrower or counter-party default. Assets subject to credit risk include cash and cash equivalents, short-term loans, trade and other receivables and trading instruments.

The group maintains cash, cash equivalents and short term investments with various financial institutions. The group's policy is designed to limit exposure with any one financial institution and a high credit standing is necessary for the financial institutions with which transactions are executed.

Trade and other receivables comprise a large number of customers, dispersed across different industries and geographical areas. Senior management conducts ongoing credit evaluations on the financial condition of counter parties within set credit limits. Debtors are presented net of the allowance for doubtful debts.

The group does not consider there to be any significant concentration of credit risk which has not been adequately insured or provided for.

37.4 MARKET / PRICE RISK MANAGEMENT

Market risk arises from the group's trading activities and holding of fixed income securities, derivatives and equity instruments, and the possible adverse price movements thereof. A range of statistical models are utilised in order to address these risks and maintain an acceptable risk profile.

Risk limits are set taking into account the risk characteristics of the instruments and markets, the average risk exposure, volatility, maximum potential changes over a specified period in the underlying price determinants, level of reserves and the experience and qualifications of the dealers.

37.5 LIQUIDITY RISK

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources and unutilised borrowing facilities are maintained.

37.6 LEGAL RISK MANAGEMENT

Legal risk includes the risk of non-compliance with applicable legal and regulatory requirements and the risk that a counterparty's performance obligation will be unenforceable. Risk management procedures ensure compliance with applicable statutory and regulatory requirements.

37.7 HEDGES OF FOREIGN EXCHANGE RISKS

Outstanding hedges as at 31 March 2005 for all currencies, by nature and amount, are as follows :

(In Rands, translated using exchange rates as of 31 March 2005)

Instruments that hedge operating transactions :

- Forward sales contracts (total Rand value)

	Group	
	2005	2004
	R'000	R'000
- Forward sales contracts (total Rand value)	158 170	56 162

Foreign currency cash exposure

- all United States dollars

	US\$'000	Average Rate	Maturity
		\$1=	
2005	20 649	R7,66	April 2005 to March 2008
2004	8 911	R8.16	April 2004 to December 2007