

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
1. PROPERTY, PLANT AND EQUIPMENT				
<i>Cost</i>				
Broadcast studios, equipment and frequencies	141 448	130 003		
Land and buildings	3 607 457	443 759		
Leasehold improvements	86 629	18 801		
Properties under construction	314 283	-		
Plant and machinery	153 841	145 152		
Buses	362 064	312 631		
Other equipment and vehicles	1 733 812	149 211		
Exploration and evaluation asset	6 007	-		
Gas rights	249 190	-		
	6 654 731	1 199 557		
<i>Accumulated depreciation</i>				
Broadcast studios, equipment and frequencies	96 219	80 111		
Land and buildings	616 973	104 457		
Leasehold improvements	22 921	13 216		
Plant and machinery	68 854	69 864		
Buses	68 054	40 660		
Other equipment and vehicles	929 970	96 119		
Gas rights	4 500	-		
	1 807 491	404 427		
<i>Carrying value</i>				
Broadcast studios, equipment and frequencies	45 229	49 892		
Land and buildings	2 990 484	339 302		
Leasehold improvements	63 708	5 585		
Properties under construction	314 283	-		
Plant and machinery	84 987	75 288		
Buses	294 010	271 971		
Other equipment and vehicles	803 842	53 092		
Exploration and evaluation asset	6 007	-		
Gas rights	244 690	-		
	4 847 240	795 130		
<i>Movements in property, plant and equipment</i>				
Balance at beginning of year				
Broadcast studios, equipment and frequencies	49 892	46 385		
Land and buildings	339 482	118 687		
Leasehold improvements	5 708	2 335		
Plant and machinery	73 616	59 863		
Buses	271 971	204 250		
Other equipment and vehicles	54 461	27 781		
	795 130	459 301		
<i>Additions</i>				
Broadcast studios, equipment and frequencies	11 444	17 353		
Land and buildings	46 094	53 814		
Leasehold improvements	3 193	3 173		
Properties under construction	127 960	-		
Plant and machinery	41 257	30 267		
Buses	51 600	94 120		
Other equipment and vehicles	122 793	32 586		
Exploration and evaluation asset	6 007	-		
	410 348	231 313		

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	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
<i>Business combinations</i>				
Broadcast studios, equipment and frequencies	-	138		
Land and buildings	2 563 937	167 500		
Leasehold improvements	59 327	2 900		
Properties under construction	323 391	-		
Plant and machinery	-	65		
Other equipment and vehicles	677 868	11 864		
Gas rights	249 190	-		
	3 873 713	182 467		
<i>Disposals</i>				
Broadcast studios, equipment and frequencies	-	(98)		
Land and buildings	(14 605)	-		
Leasehold improvements	(511)	(651)		
Buses	(2 225)	(2 885)		
Plant and machinery	(14 947)	(848)		
Other equipment and vehicles	(6 045)	(6 265)		
	(38 333)	(10 747)		
<i>Depreciation</i>				
Broadcast studios, equipment and frequencies	(16 107)	(13 962)		
Land and buildings	(30 013)	(699)		
Leasehold improvements	(4 009)	(2 172)		
Plant and machinery	(14 939)	(14 059)		
Buses	(27 336)	(23 514)		
Other equipment and vehicles	(65 246)	(12 798)		
Gas rights	(4 500)	-		
	(162 150)	(67 204)		
<i>Revaluations</i>				
Land and buildings	9 390	-		
<i>Currency translation</i>				
Land and buildings	5 198	-		
Other equipment and vehicles	545	-		
	5 743	-		
<i>Realloactions and transfers</i>				
Land and buildings	71 001	-		
Properties under construction	(137 068)	-		
Other equipment and vehicles	19 466	-		
	(46 601)	-		
<i>Balances at end of year</i>				
Broadcast studios, equipment and frequencies	45 229	49 892		
Land and buildings	2 990 484	339 302		
Leasehold improvements	63 708	5 585		
Properties under construction	314 283	-		
Plant and machinery	84 987	75 288		
Buses	294 010	271 971		
Other equipment and vehicles	803 842	53 092		
Exploration and evaluation asset	6 007	-		
Gas rights	244 690	-		
	4 847 240	795 130		

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 borrowings and finance leases. Refer notes 21 and 22. The carrying values of assets encumbered is R1 056,5 million (2006: R298,2 million).

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for the year ended 31 March 2007

	Group		Company	
	2007	2006	2007	2006
	R'000	R'000	R'000	R'000
2. INVESTMENT PROPERTIES				
<i>Investment properties consist of:</i>				
Bare dominiums	24 459	25 235		
Other investment properties	173 840	129 000		
	198 299	154 235		
Investment properties are stated at fair value. The latest external valuations, of the bare dominiums, were at 31 January 2006. Bonds are registered over the bare dominiums. The fair value of the other investment properties at 31 March 2007 has been arrived at on the basis of a valuation carried out on 2 March 2006 by Mr Conrad Penny, an independent valuer not connected to the Group. This valuation was arrived at by reference to market evidence of transaction prices for similar properties. The property rental income earned by the Group from its investment property, all of which leased out under operating leases, amounted to R20,2 million. Direct operating expenses arising on the investment property in the period amounted to R0,7million.				
Details of investment properties are available at the registered office of the company.				
<i>Reconciliation of carrying value</i>				
At beginning of year	154 235	13 729		
Fair value adjustments	464	11 506		
Transfer from property, plant and equipment	43 700	-		
Disposals	(100)	-		
Business combinations	-	129 000		
At end of year	198 299	154 235		
3. GOODWILL				
Arising on acquisition of shares in subsidiaries	908 642	82 683		
<i>Reconciliation of carrying value</i>				
At beginning of year	82 683	-		
Business combinations	830 837	82 683		
Derecognised	(1 190)	-		
Impairment	(4 488)	-		
Effects of foreign exchange currency differences	800	-		
At end of year	908 642	82 683		

Goodwill relates primarily to the Group's casino and hotel interests. The Group performs an annual group valuation for purposes of valuing the shares that form part of the long term incentive plans (note 24). This valuation method is the basis for valuing the Group's cash-generating units to which goodwill is allocated. This valuation represents the recoverable amounts for these groups. The carrying values of these groups are then deducted from their respective recoverable amounts to determine whether the allocated goodwill is impaired or not.

The annual valuation is based on an "Earning Before Interest, Tax, Depreciation and Amortisation" approach which utilises a multiple determined by two independent audit firms ("the experts") to determine the Group's enterprise value. This enterprise value is adjusted to equity value through adding the market value of cash less the market value of interest bearing debt. The multiple determined by the experts is based on comparative companies' trading on the JSE Limited, and is considered to represent a fair multiple that the Group would achieve were it to list.

The value of other CGU's to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. The net present value has been calculated to be in excess of the current carrying value and therefore no impairment is required.

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4. INTANGIBLE ASSETS

	Bid costs R'000	Management contract R'000	Computer software R'000	Trademark R'000	Tax credits R'000	Customer contracts R'000	Total R'000
<i>Group 2007</i>							
Carrying value at beginning of year	-	-	1 876	-	-	-	1 876
Additions	-	-	8 267	-	-	-	8 267
Business Combinations	88 508	32 404	28 401	11 136	37 050	116 240	313 739
Transfers	-	-	3 128	-	-	-	3 128
Amortisation	(4 939)	(25 742)	(6 458)	(152)	(10 900)	(2 100)	(50 291)
Carrying value at end of year	83 569	6 662	35 214	10 984	26 150	114 140	276 719
Cost	159 803	273 833	99 077	11 402	37 050	116 240	697 405
Accumulated amortisation	(76 234)	(267 171)	(63 863)	(418)	(10 900)	(2 100)	(420 686)
	83 569	6 662	35 214	10 984	26 150	114 140	276 719
<i>Group 2006</i>							
Carrying value at beginning of year	-	-	865	-	-	-	865
Additions	-	-	1 753	-	-	-	1 753
Business Combinations	-	-	62	-	-	-	62
Amortisation	-	-	(804)	-	-	-	(804)
Carrying value at end of year	-	-	1 876	-	-	-	1 876
Cost	-	-	2 636	-	-	-	2 636
Accumulated amortisation	-	-	(760)	-	-	-	(760)
	-	-	1 876	-	-	-	1 876

The amortisation expense has been included in the line item depreciation and amortisation in the income statement.

The following useful lives were used in the calculation of amortisation:

Bid costs	10 to 12.5 years
Management contract	5 years
Computer software	1 to 3 years
Trademark	25 years
Tax credits	1 year
Customer contracts	15 years

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5. INVESTMENTS IN ASSOCIATES

Unlisted	Principal activity	Group's interest		Group Carrying value		Company Carrying value	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
The following are the group's principal associates:							
Business Systems Group (Proprietary) Limited	Information technology	40%	40%	9 299	6 918	3 000	3 000
Clover Industries Limited	Dairy & allied	45%	42%	169 341	132 693	-	-
Johnson Crane Hire (Proprietary) Limited	Crane hire	50%	50%	44 164	26 716	-	-
Tsogo Investment Holding Company (Proprietary) Limited *	Gaming & hotels	-	51%	-	640 924	-	-
Tsogo Sun KwaZulu-Natal (Proprietary) Limited *	Gaming & hotels	-	29%	-	66 300	-	-
Hotel Formula 1 (Proprietary) Limited	Hotel operator	47%	-	19 740	-	-	-
Malelane Lodge (Pty) Ltd	Hotel operator	49%	-	4 361	-	-	-
Noah Financial Innovation (Proprietary) Limited	Brokerage	49%	49%	24 086	6 979	-	-
Magellan-Montauk LFS LLC #	Energy	50%	-	79 558	-	-	-
Apollo Energy III LLC #	Energy	50%	-	15 976	-	-	-
Other associates**				41 832	24 239	6 256	7 367
				408 357	904 769	9 256	10 367
Directors valuation				461 081	2 145 529		

* Now subsidiaries

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

*** Economic interest

incorporated in the United States

The summarised financial information in respect of the Group's principal associates is set out below:

	Information Technology	Food & Beverages*	Industrial**	Financial Services	Energy	Hotels & casino gaming
Total assets	27 776	2 559 455	251 876	65 051	94 000	135 740
Total liabilities	6 759	1 841 792	171 756	12 652	9 700	89 830
Net assets	21 017	717 663	80 120	52 399	84 300	45 910
Revenue	41 818	2 354 635	188 268	42 849	3 800	135 153
Attributable profit	7 642	43 488	17 577	3 502	(300)	33 822

* Based on the interim results of Clover Industries Limited, for the six months ended 31 December 2006.

** Based on annual financial statements of Johnson Crane Hire (Pty) Limited for the year ended 30 June 2006.

The following associates do not have 31 March year ends:

Name of associate	Year end
Johnson Crane Hire (Proprietary) Limited	June
Hotel Formula 1 (Proprietary) Limited	December
Magellan-Montauk LFS LLC	December
Apollo Energy III LLC	December
Clover Industries Limited	December

The results of these associates are equity accounted using management prepared information on a basis coterminous with the Group's accounting reference date.

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6. INVESTMENT IN JOINT VENTURES

Unlisted

Name of joint ventures	Principal activity	Group's interest		Group Carrying value	
		2007	2006	2007 R'000	2006 R'000
<i>The following are the group's principal joint ventures:</i>					
The Cullinan Hotel (Proprietary) Limited	Hotel operator	50%	-	80 621	-
Southern Sun Middle East LLC *	Hotel operator	49%	-	241	-
United Resorts & Hotels Limited **	Hotel operator	50%	-	103 241	-
				184 103	-
Directors valuation					
* Incorporated in Dubai					
* Incorporated in Seychelles					
<i>The following amounts are not included in the Group's financial statements as the Group accounts for its investment in joint ventures on an equity basis:</i>					
Current assets				69 675	
Non-current assets				304 030	
Current liabilities				(72 788)	
Non-current liabilities				(133 329)	
Income				94 551	
Expenses				92 297	
Net				2 254	
Group's share of joint ventures capital commitments*				40 372	

* of which R24,8 million is subject to contractual negotiations

	Group	
	2007 R'000	2006 R'000
7. OTHER FINANCIAL ASSETS		
<i>Derivatives designated and effective as hedging instruments carried at fair value</i>		
Interest rate swap	2 575	-
<i>Financial assets carried at fair value through profit or loss</i>		
Natural gas put options	75 740	-
<i>Available for sale investments held at fair value *</i>		
Redeemable preference shares**	110 045	85 213
Sinking fund insurance policies	30 060	24 000
Other	24 109	11 057
	164 214	120 270
Total	242 529	120 270
Current portion	15 945	-
Non-current portion	226 584	120 270
	242 529	120 270

* These investments are included under this specific IFRS category by default as they do not qualify for inclusion under alternative financial asset categories in terms of IFRS principles. The investments are not intended to be sold or realised in the near future.

** Redeemable preference shares comprise investments in unlisted companies of which R 5 million is redeemable in 2008, R85,2 million is redeemable by December 2009 and R19,8 million is redeemable by 2012 and attract dividends at rates linked to prime rate.

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	Group		Company	
	2007	2006	2007	2006
	R'000	R'000	R'000	R'000
8. SUBSIDIARY COMPANIES				
Shares at cost less impairment			1 145 097	579 088
Amounts owing by subsidiary companies			368 120	755 244
			1 513 217	1 334 332
Amounts owing to subsidiary companies			(75 050)	(16 906)
			1 438 167	1 317 426
Full details of subsidiary companies are provided on pages 72 and 73				
9. DEFERRED TAX				
<i>Movements in deferred taxation</i>				
At beginning of year	303 927	380 614		
Business combination	(12 734)	22 683		
Asset revaluations	(2 685)	(16 169)		
Accelerated tax allowances	(32 492)	(2 451)		
Provisions and accruals	51 385	570		
Assessed losses	(67 437)	(40 047)		
Other	16 991	1 863		
Application of AC 501	(32 515)	(43 136)		
At end of year	224 440	303 927		
<i>Analysis of deferred taxation</i>				
Application of AC 501	15 007	71 414		
Accelerated tax allowances	(232 596)	(43 910)		
Provisions and accruals	201 230	24 828		
Deferred revenue	11 434	-		
Asset revaluations	(20 685)	(20 569)		
Assessed losses	240 327	280 589		
Other	9 723	(8 425)		
	224 440	303 927		
Composition of deferred taxation				
Deferred taxation assets	345 783	357 664		
Deferred taxation liabilities	(121 343)	(53 737)		
	224 440	303 927		
10. OPERATING LEASE EQUALISATION				
Straight-lining of operating leases				
Assets	5 000	3 400		
Liabilities	(266 457)	(22 300)		
	(261 457)	(18 900)		

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for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
11. FINANCE LEASE RECEIVABLES				
<i>Finance lease receivables</i>	299 725	47 625	-	-
Details of finance lease receivables				
Gross investment in leases	550 658	79 106	-	-
Initial direct costs to be amortised	13 084	-	-	-
Unearned finance income	(133 537)	(18 565)	-	-
Net investment in leases	430 205	60 541	-	-
Provision for impairment of finance lease receivables	(42 908)	(1 816)	-	-
Additional amortisation of indirect costs due to provision for impairment	(2 476)	-	-	-
Present value of minimum lease payments	384 821	58 725	-	-
Less: short term portion	(85 096)	(11 100)	-	-
	299 725	47 625	-	-

Reconciliation of total minimum lease payments at 31 March 2007 and their present value:

	Up to 1 year	2 to 5 Years	More than 5 years	Total
Minimum lease payments	134 353	373 397	-	507 750
Initial direct costs to be amortised	4 491	6 117	-	10 608
Unearned finance charges	(53 749)	(79 788)	-	(133 537)
	85 095	299 726	-	384 821

The finance lease receivables comprise debt purchased from third parties. The average term of these loans is 54 months and the average interest rate is 2.45% above prime. These receivables are secured by means of the motor vehicles that are financed. The provision for impairment of finance lease receivables is estimated after evaluating the finance lease receivables and after taking securities into account.

12. NON-CURRENT RECEIVABLES				
Loans to minority shareholders				
These loans are repayable on the earlier of 31 May 2011 or as agreed to by all shareholders of Tsogo Sun KwaZulu-Natal (Pty) Ltd, a subsidiary of the Group. Interest is charged at rates linked to the three month Johannesburg Inter-Bank Agreed Rate (JIBAR) and settlement occurs bi-annually on the last day of March and September. These loans are secured by a cession of claims by these minority shareholders of loan accounts in Ripple Effect 31 (Pty) Ltd, a subsidiary of the Group.	99 000	-	-	-
Loans to development trusts				
These unsecured loans are interest free	11 500	-	-	-
Loan to HCI Employee Share Trust (2001)	-	-	9 536	10 066
Other loans				
These loans are due within 1 to 6 years and bear interest at rates ranging from 0% to 5% per annum.	16 496	8 895	-	-
	126 996	8 895	9 536	10 066

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	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
13. FINANCIAL ASSETS				
Financial assets	5 475 922	6 191 493		
Short term portion of financial assets	(1 489 061)	(1 568 572)		
	3 986 861	4622 921		
<i>Financial assets consist of:</i>				
Loans and receivables	3 811 647	4 001 420		
Held-to-maturity investments (preference shares)	1 664 275	2 190 073		
	5 475 922	6 191 493		

Detailed records of the shares are maintained at the subsidiary companies' registered office and will be made available upon written request.

Group 2007

Maturity dates for each class of financial asset:

	Loans and receivables	Held-to-maturity investments	Total
< 1 year	1 489 061	-	1 489 061
1 - 2 years	2 148 916	1 664 275	3 813 191
2 - 3 years	117 007	-	117 007
3 - 4 years	-	-	-
4 - 5 years	16 646	-	16 646
> 5 years	40 017	-	40 017
Total	3 811 647	1 664 275	5 475 922

Aggregate carrying value of fixed rate and floating interest and dividend rate financial assets:

	Floating rate	Fixed rate	Total
Loans and receivables	222 523	3 589 124	3 811 647
Held-to-maturity investments	-	1 664 275	1 664 275
	222 523	5 253 399	5 475 922

Range of effective rates for each class of financial assets:

	Low	High
Loans and receivables (interest rate)	7.69%	18.65%
Held-to-maturity investments (dividend rate)	7.61%	18.51%

Loans and receivables have been ceded as security for the obligation to redeem preference shares. R7 622 099 is denominated in US Dollars, secured, with interest at 12,5% p.a. and repayable within one year.

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13. FINANCIAL ASSETS CONT.

Group 2006

Maturity dates for each class of financial asset:

	Loans and receivables	Held-to-maturity investments	Total
< 1 year	809 929	758 643	1 568 572
1 - 2 years	1 090 246	-	1 090 246
2 - 3 years	1 928 483	1 386 601	3 315 084
3 - 4 years	111 559	-	111 559
4 - 5 years	61 203	44 829	106 032
> 5 years	-	-	-
Total	4 001 420	2 190 073	6 191 493

Aggregate carrying value of fixed rate and floating interest and dividend rate financial assets:

	Floating rate	Fixed rate	Total
Loans and receivables	388 218	3 613 203	4 001 421
Held-to-maturity investments	-	2 190 072	2 190 072
	388 218	5 803 275	6 191 493

Range of effective rates for each class of financial assets:

	Low	High
Loans and receivables (interest rate)	7.82%	18.65%
Held-to-maturity investments (dividend rate)	7.73%	23.82%

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
14. INVENTORIES				
Raw materials	33 613	28 074		
Work in progress	7 560	13 585		
Finished goods	17 358	12 464		
Consumables and spares	24 830	16 965		
Merchandise	31 858	-		
Operating equipment	69 024	-		
Provision for obsolete inventory	(3 763)	(1 173)		
	180 480	69 915		
No inventory is held at net realisable value.				
<i>Encumbrances</i>				
Certain inventories have been ceded as security for loans due. Refer note 21.				
15. PROGRAMME RIGHTS				
Television programmes				
- International	153 825	191 173		
- Local	32 489	39 392		
	186 314	230 565		
Reconciliation of carrying value				
At beginning of year	230 565	263 536		
Additions	84 328	117 395		
Amortised through cost of sales	(128 579)	(150 366)		
At end of year	186 314	230 565		
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	650 433	360 293	-	-
Other receivables	263 370	19 216	15 935	2 739
Short term loans	-	393 097	-	-
	913 803	772 606	15 935	2 739
<i>Encumbrances</i>				
Certain trade receivables have been ceded as security for amounts owing by the Group. Refer notes 21 & 29				

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17. PLEDGED DEPOSITS

Bank deposits of R2,01 million (2006 : R2,01 million) have been pledged to support guarantees of R2 million (R2006 : R2 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.

18. ORDINARY SHARE CAPITAL

	2007 Number of shares '000	2006 Number of shares '000	2007 R'000	2006 R'000
<i>Authorised</i>				
Ordinary shares of 25 cents each	450 000	450 000	112 500	112 500
<i>Issued</i>				
In issue in company	126 209	124 723	31 552	31 181
Treasury shares held by subsidiary and employee share trust	(2 313)	(1 841)	(561)	(460)
	123 896	122 882	30 991	30 721

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

	Number of shares '000	Share capital R'000	Share premium R'000
In issue at 31 March 2005	119 472	29 868	545 630
Issued for cash	200	50	5 050
Issued to fund acquisition of Johnnic Holdings Ltd	4 627	1 157	127 025
Issued to employee share trust	2 424	606	17 820
Shares repurchased	(2 000)	(500)	(53 500)
Share issue expenses	-	-	(379)
	124 723	31 181	641 645
Treasury shares held by subsidiary and employee share trust	(1 841)	(460)	(12 694)
In issue at 31 March 2006	122 882	30 721	628 951
In issue at 31 March 2006	124 723	31 181	641 646
Issued for cash and vendor consideration placings	1 786	446	66 504
Shares repurchased	(300)	(75)	(11 625)
	126 209	31 552	696 524
Treasury shares held by subsidiary and employee share trust	(2 313)	(561)	(33 368)
In issue at 31 March 2007	123 896	30 991	663 156

Details of options over shares are set out in note 40.

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

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19. OTHER RESERVES

	Foreign Currency Translation Reserve R'000	Share based payments R'000	Hedging R'000	Revaluation R'000	Non Distributable Reserve R'000	Total R'000
Group 2007						
At beginning of year	2 066	4 007	-	-	(4 268)	1 805
Exchange differences on translation of foreign subsidiaries	9 144	-	-	-	-	9 144
Equity-settle share based payments	-	3	-	-	-	3
Fair value gains	-	-	111	-	-	111
Current revaluations	-	-	-	26 303	-	26 303
Transfer of revaluation to profit or loss	-	-	-	(10 519)	-	(10 519)
At end of year	11 210	4 010	111	15 784	(4 268)	26 847
Group 2006						
At beginning of year	4 071	1 476	-	-	(4 268)	1 279
Exchange differences on translation of foreign subsidiaries	(2 005)	-	-	-	-	(2 005)
Equity-settle share based payments	-	2 531	-	-	-	2 531
At end of year	2 066	4 007	-	-	(4 268)	1 805

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
20. FINANCIAL LIABILITIES				
Financial liabilities	5 529 631	6 237 976		
Short term portion of financial liabilities	(1 485 276)	(1 571 325)		
	4 044 355	4 666 651		
Financial liabilities consist of:				
Loans due to third parties	1 888 307	2 397 935		
Preference share liabilities	3 641 324	3 840 041		
	5 529 631	6 237 976		

Group 2007

Maturity date for each class of financial liabilities:

	Loans due to third parties	Preference share liabilities	Total
< 1 year	220 057	1 265 219	1 485 276
1 - 2 years	1 668 250	2 199 610	3 867 860
2 - 3 years	-	117 771	117 771
3 - 4 years	-	-	-
4 - 5 years	-	18 683	18 683
> 5 years	-	40 041	40 041
Total	1 888 307	3 641 324	5 529 631

Aggregate carrying value of fixed rate and floating interest and dividend rate financial liabilities:

	Floating rate	Fixed rate	Total
Loans due to third parties	199 091	1 689 216	1 888 307
Held-to-maturity investments	24 752	3 616 572	3 641 324
	223 843	5 305 788	5 529 631

Range of effective rates for each class of financial assets:

	Low	High
Loans due to to third parties (interest rate)	7.11%	16.10%
Preference share liabilities (dividend rate)	7.72%	18.51%

The obligation to redeem preference shares is secured by loans and receivables - refer to note 8

Notes to the Annual Financial Statements

for the year ended 31 March 2007

20. FINANCIAL LIABILITIES CONT.

Group 2006

Maturity date for each class of financial liabilities:

	Loans due to third parties	Preference share liabilities	Total
< 1 year	936 786	634 539	1 571 325
1 - 2 years	7 424	1 087 388	1 094 812
2 - 3 years	1 392 012	1 956 143	3 348 155
3 - 4 years	5 631	107 889	113 520
4 - 5 years	56 081	54 083	110 164
> 5 years	-	-	-
Total	2 397 934	3 840 042	6 237 976

Aggregate carrying value of fixed rate and floating interest and dividend rate financial liabilities:

	Floating rate	Fixed rate	Total
Loans due to third parties	172 661	2 225 273	2 397 934
Held-to-maturity investments	214 475	3 625 567	3 840 042
	387 136	5 850 840	6 237 976

Range of effective rates for each class of financial assets:

	Low	High
Loans due to third parties (interest rate)	7.85%	23.82%
Preference share liabilities (dividend rate)	7.72%	14.90%

The obligation to redeem preference shares is secured by loans and receivables - refer to note 11

21. BORROWINGS

	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Bank borrowings	1 880 806	762 692		
Other borrowings	579 095	179 982		
Redeemable preference shares	113 583	-		
Loans to minority shareholders	108 578	42 884		
	2 682 062	985 558		
Current portion of borrowings	(795 035)	(316 474)		
	1 887 027	669 084		
Secured	2 205 516	840 787		
Unsecured	476 546	144 771		
	2 682 062	985 558		
<i>The following represents the book value of the security for these borrowings:</i>				
Property, plant and equipment	948 130	298 169		
Inventory	5 406	6 752		
Trade receivables	56 700	12 636		
Finance lease receivables	134 040	-		
Bank balances	6 049	-		
Guarantees	780 726	-		
	1 931 051	317 557		
Fixed rates	763 784	130 262		
Floating rates	1 918 278	855 296		
	2 682 062	985 558		
<i>Maturity of these borrowings is as follows:</i>				
Due within 1 year	795 035	316 474		
Due within 2 - 5 years	1 578 117	669 084		
Due after 5 years	308 910	-		
	2 682 062	985 558		
<i>Analysis by currency</i>				
United States Dollar	419 580	-		
South African Rand	2 262 482	985 558		
	2 682 062	985 558		

At 31 March 2007, the carrying value of borrowings approximates their fair value.

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	2007 R'000	2006 R'000	2007 R'000	2006 R'000
22 FINANCE LEASE LIABILITIES				
Due within 1 year	23 110	8 315		
Due within 2 to 5 years	71 584	12 955		
Due after 5 years	59 921	-		
Less future finance charges	154 615	21 270		
Present value of finance lease liabilities	(51 523)	(1 665)		
	103 092	19 605		
Due within 1 year	19 446	8 209		
Due within 2 to 5 years	59 518	11 396		
Due after 5 years	24 128	-		
	103 092	19 605		
Included in financial statements as:				
Current	11 955	8 209		
Non-current	91 137	11 396		
	103 092	19 605		
The following represents the carrying value of security for these liabilities:				
Property, plant and equipment	98 430	22 238		

23. RETIREMENT BENEFIT INFORMATION

23.1 Pension

Certain subsidiaries of the Group operate pension funds. These are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

23.2 Medical aid

23.2.1 A subsidiary operates a defined benefit plan for a portion of its medical aid members. The assets of the funded plans are held independently of the Group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

Present value of funded obligations	38 042	-
Fair value of plan assets	(18 286)	-
	19 756	-
Unrecognised actuarial gains	3 446	-
Unrecognised past service costs	(1 448)	-
Liability per the balance sheet	21 754	-

Group
2007
%

The principal actuarial assumptions used for the valuation were:

Discount rate	7.75
Health care cost inflation	6.75
Expected return on plan assets	8.75
Remuneration inflation	6.25

Notes to the Annual Financial Statements

for the year ended 31 March 2007

23.2.2 A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF or "the Fund"). The Fund uses the grant to cover the outgoings not financed from member contributions. The administrators of MBF are the Metropolitan Health Group. The subsidiary also makes contributions to Discovery Health.

	Group	
	2007 R'000	2006 R'000
<i>The amounts recognised in the income statement are as follows:</i>		
Current service cost	1 535	1 519
Interest cost	2 365	2 618
Net actuarial loss / (gain)	1 244	(97)
Total included in employee costs	5 144	4 040
<i>Movements in the net liability recognised in the balance sheet are as follows:</i>		
Balance at beginning of year	30 823	28 350
Net expense recognised in the income statement	5 144	4 040
Benefit payments	(1 656)	(1 567)
Balance at end of year	34 311	30 823

The calculation of accrued service liability in respect of post-retirement healthcare was performed by Fifth Quadrant Actuaries and Consultants as at 31 March 2007.

	Group	
	2007	2006
<i>The principal actuarial assumptions used for the valuation were:</i>		
Discount rate	8.5%	7.5%
Medical aid subsidy increase rate	5.5% to 7%	4.5% to 6%
Normal retirement age	65 years	65 years
Continuation of membership at retirement	55%	55%

Notes to the Annual Financial Statements

for the year ended 31 March 2007

24. LONG TERM INCENTIVE LIABILITIES

Certain subsidiaries of the Group operate cash settled long term incentive plans. Liabilities equal to the current fair values are recognised at each balance sheet date. The movements in the fair value of these liabilities are expensed.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the application of an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) based formula as described in note 3 above.

The Group has two long term cash settled incentive payment plans:

24.1 The Tsogo Sun Group Share Incentive Plan is a long term incentive plan whereby participants receive a cash settlement on exercise and delivery of options. Share options were granted at the fair value price of the shares on the date of the grant less a discount of 2%, and are exercisable at that price. Options only begin to vest from three years after they were allocated. After three years 25% vest, an additional 25% vest after four years, and after five years the remaining options fully vest. Options expire after a maximum period of eight years. The charge is not reversed if the options are exercised where the market value of the shares is lower than the option price at the date of the grant. When an option is exercised the option holder receives the differential between the strike/grant price and the fair value of the underlying shares in cash which fair value is determined by reference to a pre-determined formula, as noted in 24 above.

At 31 March 2007 the Group has recorded liabilities of R326 million in respect of this long term incentive plan. The current portion of this liability is R125,4 million.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Group

Outstanding at year end

Exercisable at year end

2007

Number of
shares

7 491 762

2 497 254

24.2 The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the notional growth in the Group's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. 25% of the bonus appreciation plan vests from three years after date of allocation, an additional 25% vests after four years, and the balance after five years.

The Group has recorded liabilities of R13,9 million in respect of this plan. The current portion of this liability is R nil (2006: R nil).

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	R'000
25. PROVISIONS	
Group 2007	
<i>Frequent guest</i>	
Balance at beginning of year	-
On acquisition of subsidiary	38 675
Raised during the year	15 545
Utilise	(22 575)
Balance at end of year	31 645
<i>Incentives</i>	
Balance at beginning of year	-
On acquisition of subsidiary	46 087
Raised during the year	32 246
Utilised	(16 100)
Balance at end of year	62 233
<i>Jackpot provisions</i>	
Balance at beginning of year	-
On acquisition of subsidiary	14 149
Raised during the year	19 612
Utilised	(15 869)
Balance at end of year	17 892
<i>Envirogas preferred stock</i>	
Balance at beginning of year	-
On acquisition of subsidiary	7 300
Balance at end of year	7 300
<i>Asset retirement obligation</i>	
Balance at beginning of year	-
On acquisition of subsidiary	11 800
Raised during the year	200
Balance at end of year	12 000
<i>Leave pay</i>	
Balance at beginning of year	14 112
On acquisition of subsidiary	100
Raised during the year	14 709
Unused amounts reversed	(3)
Utilised	(11 800)
Balance at end of year	17 118
<i>Staff bonuses</i>	
Balance at beginning of year	10 053
On acquisition of subsidiary	5 300
Raised during the year	31 198
Unused amounts reversed	(7 600)
Utilised	(13 527)
Balance at end of year	25 424
<i>Repurchase of service</i>	
Balance at beginning of year	30 246
Raised during year	3 419
Balance at end of year	33 665
<i>Third party claims</i>	
Balance at beginning of year	8 919
Raised during the year	5 944
Utilised	(5 682)
Balance at end of year	9 181
<i>Provision in respect of guarantees given</i>	
Balance at beginning of year	-
Raised during the year	20 000
Balance at end of year	20 000

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	R'000
25. PROVISIONS CONT.	
<i>Other</i>	
Balance at beginning of year	5 782
On acquisition of subsidiary	8 000
Raised during the year	13 155
Unused amounts reversed	(2 097)
Utilised	(2 751)
Other	8 950
Balance at end of year	31 039
Total provisions	267 497
Non-current	35 530
Current	231 967
	267 497

Envirogas preferred stock

The Envirogas provision relates to preferred stock in Envirogas Recovery Incorporated, one of the subsidiaries of the Montauk Group. The preferred stock comprises 10 shares at R726 490 (US\$100 000) per share. Currently there are no operations or assets in this entity and these shares may be redeemed at any time after 2018 at par value.

Repurchase of service

This is a 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.

Third party claims

Third party claims are legal claims resulting from traffic accidents. Claims that are insured are excluded from this provision.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
26. TRADE AND OTHER PAYABLES				
Trade payables	423 012	460 898	43 129	35 040
Other payables	660 819	1 475	-	-
	1 083 831	462 373	43 129	35 040

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group	
	2007 R'000	2006 R'000
27. SHORT TERM LOANS		
Loan structured as 90 day unsecured non amortising debentures. Interest payments are due quarterly in arrears. The rate on the facility is priced quarterly at the 3 month JIBAR rate plus 80 basis points. The security for these debts are managed in terms of the Trust Deed under the Mettle Motor Loans Debenture Holders Trust.	388 821	-
Loan secured by a debtors book bearing interest at 1.5% per month	27 817	-
Loan secured by a residual cession of a debtors book bearing interest at the prime rate plus 3%	15 057	-
Other secured short term loans bearing interest at varying rates.	-	24 446
Unsecured short term loans bearing interest at varying rates.	8 658	1 230
	434 353	25 676

28. BANK OVERDRAFTS

Trade receivables totalling R60,8 million have been ceded as security for debtor's factoring facility. The balance of the facility at year end was R31,4 million.

29. COMMITMENTS

Operating lease arrangements where the Group is a lessee:

Future leasing charges for premises:

Payable within one year	144 809	3 305
Payable within two to five years	611 300	6 436
Payable after five years	835 110	-
	1 591 219	9 741

Future leasing charges for equipment:

Payable within one year	259	-
Payable within two to five years	44	-
Payable after five years	-	-
	303	-

Operating lease arrangements where the Group is a lessor:

Future leasing charges for premises:

Payable within one year	15 012	-
Payable within two to five years	25 463	-
Payable after five years	2 411	-
	42 886	9 741

Capital expenditure

Authorised by directors but not yet contracted for:

Property, plant and equipment	848 467	-
Intangible assets - software	53 800	-
	902 267	-

Authorised by directors and contracted to be expended:

Property, plant and equipment	252 737	20 000
Intangible assets - software	1 800	-

It is intended that this expenditure will be funded from bank finance.

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
30. GROUP REVENUE				
Media & broadcasting	903 252	669 786		
Financial services	199 447	143 741		
Limited payout gaming	121 325	89 854		
Casino gaming	1 198 984	-		
Hotels	478 798	-		
Information technology	120 799	56 842		
Transport	738 809	664 238		
Industrial	442 400	431 592		
Energy	44 000	-		
Exhibition and properties	118 000	67 000		
Other	17 046	3 010		
	4 382 860	2 126 063		
31. INVESTMENT INCOME				
<i>Dividends</i>				
Listed investments	-	31	-	30
Unlisted investments	34 558	7 705	-	-
Associates	-	-	4 275	-
Subsidiaries	-	-	106 578	108 469
	34 558	7 736	110 853	108 499
<i>Interest</i>				
Investments	-	770	-	-
Bank	102 676	12 867	530	2 054
Other	1 394	85 581	-	-
	104 070	99 218	530	2 054
32. INVESTMENT SURPLUS				
On realisation of investments	57 647	3 177	4 022	7 218
33. RECOUPMENT/(IMPAIRMENT) OF GOODWILL AND INVESTMENTS				
Impairment of goodwill and investments	3 112	(225)	-	-
Impairment of investments in subsidiaries	-	-	(33 284)	(67 946)
	3 112	(225)	(33 284)	(67 946)
34. FINANCE COSTS				
Interest	165 593	118 210	100	717
Preference dividends	10 069	-	-	-
Raising fees	-	53 500	-	-
	175 662	171 710	100	717
35. PROFIT BEFORE TAXATION				
Auditors remuneration				
- Audit fees - current year	6 617	4 958	542	745
- prior year	561	328	-	-
- Other services	1 598	1 085	187	40
Consultancy fees	51 770	19 705	297	707
Listing fees	225	368	225	368
Operating lease charges				
- Premises	85 846	23 740	-	-
- Plant and equipment	11 964	878	-	-
Foreign exchange (profit) / loss	7 547	(3 453)	-	-
Loss / (profit) on disposal of fixed assets	(1 746)	704	-	-
Gaming levies	110 325	8 294	-	-
VAT	139 871	10 200	-	-

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
36. TAXATION				
<i>South African taxes</i>				
Current normal tax	270 389	108 167	-	582
Prior year normal tax	(5)	(4 793)	-	-
Deferred normal tax	46 306	(25 977)	-	-
Capital gains tax	504	681	-	-
Secondary tax on companies	20 284	55 941	-	-
Application of AC 501	32 515	67 028	-	-
<i>Foreign taxes</i>				
Current normal tax	86	(158)	-	-
	370 079	200 889	-	582
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 tax losses can be utilised. Losses for tax purposes available for set off against future taxable income and which deferred tax assets have not been raised are estimated at:				
- Normal tax	445 273	616 405		
- Capital gains tax	362 500	362 500		
- Secondary tax on companies	373 857	167 045		
Tax relief at current rates:				
- Normal tax	129 129	178 757		
- Capital gains tax	52 563	52 563		
- Secondary tax on companies	46 732	20 881		
<i>Reconciliation of tax rate</i>	%	%		
Normal tax rate	29	29		
Deferred tax not raised on losses	2	12		
Capital losses and non-deductible expenses	3	-		
Non-taxable income including share of associates income	(4)	(13)		
Raising of deferred tax assets	(7)	-		
Differential tax rates - CGT and foreign	1	-		
Secondary tax on companies	4	(7)		
Effective rate	28	21		
37. DISCONTINUED OPERATION				
Discontinued operations relate to interests that a subsidiary of Blue Wolf Energy Holdings LLC has in certain passive landfill sites. A decision has been taken to dispose of these sites in the next 12 months.				
Profit from discontinued operations				
Revenue	5 500	-		
Operating costs	(10 400)	-		
Ammortisation of intangibles	(4 700)	-		
Loss before taxation	(9 600)	-		
Taxation	13 200	-		
	3 600	-		
Cash flows from discontinued operations				
Cash flows from operating activities	(4 800)	-		
Cash flows from investing activities	(12 700)	-		
	(17 500)	-		

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
38. EARNINGS PER SHARE				
Earnings per share is based on the weighted average number of 123 691 000 ordinary shares in issue (2006 : 119 853 314)				
Diluted earnings per share is based on the weighted average number of 125 647 212 ordinary shares in issue (2006: 122 721 634)				
In order to more accurately reflect the economic reality of the Group's results, adjusted headline profit and earnings per share are also disclosed.				
Adjusted headline earnings exclude all abnormal profits and losses including non-recurring transaction costs and raising fees and the effects of net deferred tax assets raised or expensed in respect of unused tax losses and available STC credits.				
<i>Reconciliation of headline earnings:</i>				
Profit attributable to equity holders of the parent	574 737	231 195		
Adjusted for equity holders of the parent's share of investment surplus	(58 819)	(3 151)		
Goodwill and investments impaired	3 112	-		
Fair value adjustments of investment properties	777	(9 837)		
Negative goodwill on acquisition of subsidiary	-	(8 476)		
Impairment of assets	-	1 673		
Profit on sale of assets	(8 580)	(1 079)		
Headline profit	511 227	210 325		
Deferred tax in respect of losses	(33 421)	(23 891)		
Deferred tax in respect of STC credits	32 515	67 163		
Non-recurring transaction costs and raising fees	-	72 479		
Adjusted headline profit	510 321	326 076		
39. NOTES TO THE CASH FLOW STATEMENTS				
39.1 CASH GENERATED BY OPERATIONS				
Profit before taxation	1 319 198	487 371	103 696	29 098
Profit from discontinued operation	3 630	-	-	-
Depreciation	162 150	67 204	-	-
Amortisation	50 292	804	-	-
Share based payments	3	2 531	-	-
Profit on disposal of property, plant and equipment	(1 746)	-	-	-
Impairment of goodwill and investments	6 400	225	-	67 946
Impairment of receivables	51 943	-	-	-
Equity accounted profits retained	(188 421)	(142 435)	-	-
in subsidiaries	-	(8 968)	-	-
Forex translation	(26 182)	(2 202)	-	-
Fair value adjustments	(454)	(13 099)	-	-
-Dividends	(34 558)	(7 736)	-	-
-Interest	(104 070)	(99 218)	-	-
Preference dividends and interest	175 662	171 710	100	717
Non cash movements in natural gas put options	(76 151)	-	-	-
Investment surplus	(55 208)	6 452	-	(2 718)
Movement in provisions	68 633	1 178	-	-
Post retirement medical retirement benefits	36 462	-	-	-
Operating lease equalisation asset	14 716	(3 400)	-	-
Long term incentive charges	79 301	-	-	-
Other non cash items	(26)	2 325	-	-
	1 481 574	462 742	103 796	95 043

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
39.2 CHANGES IN WORKING CAPITAL				
Inventory	(20 991)	(12 831)	-	-
Programming rights	44 251	32 971	-	-
Trade and other receivables	(542 759)	(31 808)	(13 196)	10 628
Trade and other payables	164 066	37 082	8 089	21 943
Forex contracts	(14 343)	(4 193)	-	-
Net financial liabilities	5 926	(15 535)	-	-
	(363 850)	5 686	(5 107)	32 571
39.3 TAXATION PAID				
Unpaid at beginning of year	(11 223)	(10 139)	483	770
Charged to the income statement	(370 079)	(200 889)	-	(582)
Deferred tax movement	78 248	102 252	-	-
Business combinations	(170 583)	(3 845)	-	-
Unpaid at end of year	153 359	11 223	(703)	(483)
	(320 278)	(101 398)	(220)	(295)
39.4 BUSINESS COMBINATIONS/DISPOSALS				
	2007 Acquisition R'000		2006 Acquisition R'000	2006 Disposal R'000
At acquisition/disposal				
Property, plant and equipment	(3 854 125)		(190 123)	7 656
Investment properties			(129 000)	-
Intangible assets	(307 539)		(62)	-
Investments	(299 695)		(254 000)	4 232
Deferred tax asset	(66 078)		(22 683)	-
Goodwill	(815 519)		(82 683)	-
Derivative financial instruments	(2 164)		-	-
Negative goodwill	-		8 968	-
Long term receivables	(112 876)		(4 507)	-
Inventories	(89 574)		(7 371)	6 771
Trade and other receivables	(378 036)		(87 711)	3 147
Current tax assets	(2 261)		-	-
Deferred tax liability	67 317		-	-
Non-current borrowings including current portion	2 024 035		25 944	(20 060)
Long term incentive plan liability	260 611		-	-
Post retirement medical aid liabilities	19 603		-	-
Operating lease equalisation liability	227 841		22 300	-
Trade and other payables	904 450		75 538	(1 979)
Taxation liability	172 844		3 845	-
Provisions	98 929		10 815	-
Pre effective date income	-		34 904	-
	(2 152 237)		(595 826)	(233)
Bank at date of acquisition/disposal	(206 366)		(776 494)	233
	(2 358 603)		(1 372 320)	-
Minority interest	1 106 930		656 963	-
Issue of shares	32 450		126 945	-
Amounts owing to group offset against purchase price	416 000		-	-
Purchase price remaining unpaid	36 000		-	-
Carrying value of investments at date that it became a subsidiary	546 808		9 179	-
	(220 415)		(579 233)	-

Notes to the Annual Financial Statements

for the year ended 31 March 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
39.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	742 103	782 079	3 540	2 414
Bank overdraft and loans	(31 658)	(13 324)	-	(109)
	710 445	768 755	3 540	2 305

40. HCI EMPLOYEE SHARE OPTION SCHEME

In terms of the option scheme, share 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 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. These vesting periods may be varied by the trustees. Participants have ten years from date of the scheme grant to pay for the shares.

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

	Number of shares	
	2007	2006
Balance at beginning of the year	1 324 474	3 424 474
Options granted and exercised	1 134 460	-
Options vested and paid for	(69 737)	2 100 000
Balance at the end of the year	2 389 197	1 324 474

The options outstanding at 31 March 2007 become unconditional between the following dates:

	Number of share options	Exercise price R
1 September 2005 and 31 August 2007	356 118	8,55
1 September 2007 and 31 August 2008	356 119	8,55
1 September 2009 and 31 August 2011	356 119	8,55
25 July 2006 and 24 July 2007	186 500	40,50
25 July 2007 and 24 July 2009	186 500	40,50
25 July 2009 and 24 July 2011	186 500	40,50
25 July 2011 and 24 July 2007	186 500	40,50
8 September 2006 and 7 September 2007	97 115	40,50
8 September 2007 and 7 September 2009	97 115	40,50
8 September 2009 and 7 September 2011	97 115	40,50
8 September 2011 and 7 September 2013	97 115	40,50
	2 202 816	
Options vested but not yet paid for	186 381	8,55
	2 389 197	

Options granted to executive directors

	2007		2006	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
<i>VE Mphande</i>				
Balance at the beginning of the year	900 000	8,55	1 000 000	8,55
Options granted and exercised	-	-	-	-
Options vested and paid for	(50 000)	8,55	(100 000)	8,55
Balance at the end of the year	850 000	8,55	900 000	8,55
<i>A van der Veen</i>				
Balance at the beginning of the year	250 000	8,55	250 000	8,55
Options granted and exercised	-	-	-	-
Options vested and paid for	-	-	-	-
Balance at the end of the year	250 000	8,55	250 000	8,55

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41. DIRECTORS' SHAREHOLDINGS

31 March 2007	Direct Beneficial		Indirect Beneficial	
	Number	Percentage holding	Number	Percentage holding
<i>Executive directors</i>				
JA Copelyn	5 549 931	4.4	7 047 587	5.6
MJA Golding	7 541 109	6.0	1 480 733	1.2
VE Mphande	-	-	-	-
A van der Veen	600 000	0.5	-	-
JA Mabuza	455 555	0.4	-	-
<i>Non-executive directors</i>				
VM Engel	-	-	-	-
MF Magugu	-	-	-	-
ML Molefi	-	-	-	-
JG Ngcobo	6 995	-	-	-
AM Ntuli	3 358	-	-	-
Y Shaik	-	-	-	-
Total	14 156 948	11.3	8 528 320	6.8

31 March 2006

<i>Executive directors</i>				
JA Copelyn	5 549 931	4,5	7 047 587	5,7
MJA Golding	7 541 109	6,0	1 480 733	1,2
VE Mphande	-	-	-	-
A van der Veen	-	-	-	-
<i>Non-executive directors</i>				
VM Engel	-	-	-	-
MF Magugu	-	-	-	-
JG Ngcobo	6 995	-	-	-
AM Ntuli	3 358	-	-	-
Y Shaik	-	-	-	-
Total	13 101 393	10,5	8 528 320	6,9

None of the directors have any non-beneficial interest in the share capital of the company except for:

- JA Copelyn who is non-beneficially indirectly interested in 549 638 (2006 : 549 638) shares (0,4% of the shares in issue)
- The HCI Foundation holds 4 500 000 shares in HCI. The trustees of the foundation include Messrs JA Copelyn, VE Mphande, MJA Golding and VM Engel. To this extent they are indirectly non-beneficially interested in these shares.

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42. DIRECTORS EMOLUMENTS

Year ended 31 March 2007

	Board fees	Salary	Other	Gains from	Bonus	Total
	R'000	R'000	benefits	share options,	R'000	R'000
Executive directors			R'000	share appreciation		
				and bonus plans		
				R'000		
JA Copelyn	-	1 866	-	-	5 487 ##	7 353
MJA Golding	-	1 866	-	-	5 487 ##	7 353
VE Mphande	-	832	-	41	2 173 ##	3 046
A van der Veen	-	1 109	-	164	2 498 ##	3 771
JA Mabuza*	-	1 033	25	7 172	-	8 230 #
Non-executive directors						
VM Engel	120	-	-	-	-	120
MF Magugu	120	-	-	-	-	120
ML Molefi **	30	-	-	-	-	30
JG Ngcobo	120	-	-	-	-	120
AM Ntuli	120	-	-	-	-	120
Y Shaik	120	-	-	-	-	120
	630	6 706	25	7 377	15 645	30 383

* Appointed 26 June 2006

** Appointed 11 January 2007

These amounts were paid by a Tsogo Sun Holdings (Pty) Ltd (Tsogo), a subsidiary of HCI and have been apportioned to include only those emoluments since Tsogo became a subsidiary on 1 December 2006.

These amounts represent bonuses paid in respect of the 2007 and 2006 financial years.

	Board fees	Salary	Bonus	Gains from	Total
	R'000	R'000	R'000	share options,	R'000
Executive directors				share appreciation	
				and bonus plans	
				R'000	
JA Copelyn	-	1 794	2 331 ##	-	4 125
MJA Golding	-	1 794	2 331 ##	-	4 125
VE Mphande	-	799	540 ##	164	1 503
A van der Veen*	-	-	-	-	-
Non-executive directors					
VM Engel	110	-	-	-	110
MF Magugu	110	-	-	-	110
JG Ngcobo	110	-	-	-	110
AM Ntuli	110	-	-	-	110
Y Shaik	73	-	-	-	73
	513	4 387	5 202	164	10 266

* appointed 30 March 2006

these amounts represent bonuses paid in respect of the 2005 financial year

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43. SEGMENT REPORT

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

	Revenue R'000	Results R'000	Assets R'000	Liabilities R'000	Fixed asset additions R'000	Depreciation R'000
2007						
Media & broadcasting	903 252	346 871	527 040	186 382	16 320	21 372
Financial services	199 447	14 492	6 231 276	6 103 688	2 554	907
Limited payout gaming	121 325	8 000	93 103	33 805	45 722	8 677
Casino gaming	1 198 984	575 778	3 728 481	1 791 425	163 256	51 892
Hotels	478 798	111 563	1 802 290	706 078	47 504	18 232
Information technology	120 799	28 631	90 015	45 218	11 908	4 613
Transport	738 809	120 911	518 318	377 704	59 439	31 582
Industrial	442 400	53 718	314 310	181 214	35 108	13 206
Food & beverage	-	28 796	172 639	-	-	-
Energy	44 000	(66 000)	931 767	481 223	24 459	7 966
Exhibition and properties	118 000	36 000	375 900	65 100	1 500	3 600
Other	17 046	60 438	645 670	1 109 084	2 578	103
	4 382 860	1 319 198	15 430 809	11 080 921	410 348	162 150

Taxation is included in other as follows:

Assets R349,5 million and liabilities R138,4 million

2006

Media & broadcasting	669 786	178 245	544 196	250 836	68 194	17 263
Financial services	143 741	69 368	6 479 582	6 381 247	1 618	1 602
Limited payout gaming	89 854	(13 555)	32 965	6 380	22 525	5 137
Casino gaming and hotels	-	117 318	721 500	-	-	-
Information technology	56 842	13 444	73 827	35 199	5 626	2 437
Transport	664 238	107 018	491 736	352 599	100 045	27 481
Industrial	431 592	36 781	251 379	155 536	29 043	13 284
Food & beverage	-	15 525	137 768	24 446	-	-
Gallagher Estate and Properties	67 000	22 000	266 000	51 000	4 200	-
Other	3 010	(58 773)	1 541 756	698 175	62	-
	2 126 063	487 371	10 540 709	7 955 418	231 313	67 204

Taxation is included in other as follows:

Assets R363,17 million and liabilities R70,6 million

Amounts applicable to associates and joint ventures included above :

	2007		2006	
	Results R'000	Investment in associates and joint ventures R'000	Results R'000	Investment in associates and joint ventures R'000
Media & broadcasting	(2 756)	5 817	(914)	2 435
Financial services	16 482	33 858	4 617	17 834
Casino gaming and hotels	140 732	221 747	114 926	707 224
Information technology	3 187	9 638	2 784	8 868
Transport	7 494	9 891	5 432	7 733
Industrial	18 414	44 164	-	-
Food & beverage	31 474	169 341	6 527	26 716
Energy	(348)	95 536	17 652	132 693
Other	728	2 468	1 075	1 266
	215 407	592 460	152 099	904 769

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44. RELATED PARTY TRANSACTIONS

Related parties include:

44.1 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 4 and annexure A.

44.2 The Company repurchased three hundred thousand shares from The Bevin Trust for an aggregate purchase consideration of eleven million seven hundred thousand rand. A former director of a subsidiary, Gavin Chamberlain, is a beneficiary of The Bevin Trust.

44.3 The Company acquired a 15% interest in Catwalk Investments 167 (Pty) Ltd (Catwalk), which company holds a 4.6% interest in Tsogo Investment Holding Company (Pty) Ltd, for an aggregate consideration of twenty six million five hundred thousand rand from Mr JA Mabuza, a director of the Company.

44.4 Key management compensation was paid as follows:

	2007	2006
	R'000	R'000
Salaries and other short-term employees benefits	28 213	21 299

Details of directors' remuneration are disclosed in note 41 to the financial statements.

45. CONTINGENT LIABILITIES

Group

As part of its provision of funding and investment services, FI Funding and Investments Holdco (Pty) Ltd subsidiaries 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.

There are existing claims of R181million against certain FI Funding and Investments Holdco (Pty) Ltd subsidiaries. The directors of these companies are confident that the claims will be successfully defended.

The South African Revenue Service ("SARS") is challenging the deductibility of pre-opening expenditure incurred prior to the opening of new casinos in the gaming industry. These expenses consist in the main of payroll, training, marketing and other operating costs incurred prior to opening and have historically been allowed as a deduction for income tax purposes. The Group is engaging with SARS on this issue. Based on legal opinion obtained the Group believes that these expenses are deductible. Notwithstanding the opinions it should be noted that the potential exposure could amount to a tax charge of up to R 8 million across the Group.

Certain subsidiaries of the Group have entered into structured finance arrangements in relation to intellectual property sale and lease back transactions with Nedbank. SARS is currently assessing these financial structures, the outcome of which remains uncertain. This could have an adverse effect on the Group. The Group has taken advice on the matter and based on this advice believe that the Group will be able to defend any actions.

Company

The company has issued guarantees and suretyships to Investec Bank Limited and First Rand Bank Limited for the loan facilities and preference share debt granted to HCI Treasury (Pty) Ltd and Mercanto Investments (Pty) Ltd, subsidiaries. At 31 March 2007 the total amount owing in respect of these loans facilities and preference share debt amounted to R616 million (2006: R581 million).

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46 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

46.1 FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Entities in the Group use forward contracts to manage their foreign exchange risk arising from the future commercial transactions for recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

46.2 CASH FLOW AND FAIR VALUE INTEREST RATE RISK MANAGEMENT

The Group's cash flow interest rate risk arises from the trading in and holding of floating rates assets, debt instruments and cash balances.

Interest rate risk exposures are reviewed regularly.

Certain of the Group's debt facilities are linked to the JIBAR rate with the yield on related receivables being linked to the prime rate. Any shift in the JIBAR versus Prime rates will not significantly impact the Group, as there is a high degree of correlation.

Where appropriate the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

46.3 CREDIT RISK MANAGEMENT

Potential concentrations of credit risk include cash balances, loan, trade and other payables and finance lease receivables.

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 and finance lease 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.

46.4 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 qualification of the dealers.

46.5 LIQUIDITY RISK

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

46.6 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.

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	2007 R'000	Group 2006 R'000
46.7 HEDGES OF FOREIGN EXCHANGE RISKS		
Outstanding hedges as at 31 March 2007 for all currencies, by nature are as follows: <i>(In Rands, translated using exchange rates as of 31 March 2007)</i>		
Instruments that hedge operating transactions:		
- Forward sales contracts (total Rand value)	48 178	84 962

Foreign currency cash exposure
- all United States dollars

	US\$'000	Average rate 1\$=	Maturity
2007	6 272	R 7.68	April 2007 to March 2008
2006	13 608	R 6.24	April 2006 to March 2008

47. RECLASSIFICATION OF PRIOR YEAR FIGURES

	Reclassified in current year R'000
<i>Non current assets</i>	
Finance lease receivables	47 625
Non current receivables	(47 625)
<i>Current assets</i>	
Finance lease receivables	11 100
Trade and other receivables	(11 100)
<i>Non current liabilities</i>	
Borrowings	(19 605)
Finance lease liabilities	19 605
<i>Current liabilities</i>	
Current portion of borrowings	(49)
Current portion of finance lease receivables	49

48. BUSINESS COMBINATIONS AND DISPOSALS

48.1 THE ACQUISITION OF AN ADDITIONAL 19% OF TSOGO SUN INVESTMENT HOLDING COMPANY (PROPRIETARY) LIMITED

During the year the group increased its interest in Tsogo Sun Investment Holding Company (Proprietary) Limited from 51% to 74%. The group acquired effective control on 1 December 2006. The acquired business contributed revenues of R1 677 million and profit after tax of R331 million to the group for the period from the date of effective control to 31 March 2007.

If the acquisition had occurred on 1 April 2006 the contribution to group revenue would have been R4 474 million and the contribution to profit after tax would have been R750 million.

At the date of finalisation of these financial statements the necessary market valuation of Tsogo Sun Holdings' identifiable assets, liabilities and contingent liabilities had not been finalised. Accordingly the initial accounting for the acquisition of Tsogo Sun Holdings has only been provisionally determined at balance sheet date.

48.2 THE ACQUISITION OF 100% OF BLUE WOLF ENERGY HOLDINGS

During the year the group acquired a 100 % interest in Blue Energy Holdings LLC (Blue Wolf). The group acquired effective control on 29 December 2006. The acquired business contributed revenues of R43.7 million and a loss after tax of R30.8 million to the group for the period from the date of effective control to 31 March 2007.

Prior to the acquisition the various subsidiaries of Blue Wolf had not operated as a group for financial reporting purposes. Accordingly it is impracticable to disclose what the contribution to revenue and profit after tax would have been, had the

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acquisition occurred on 1 April 2006.

Goodwill included in the cost of the acquisition is primarily attributable to the assembled workforce.

48.3 OTHER BUSINESS COMBINATIONS AND DISPOSALS

Other business combinations and disposals are as follows:

- Acquisition of 100% of C&A Associated Consultants (Pty) Ltd, effective 1 April 2006
- Increasing the groups' interest in 21 Impala Road Properties (Pty) Ltd to 100%, effective 1 April 2006
- Acquisition of a 51% interest Lendcor (Pty) Ltd.

The acquired businesses contributed revenues of R82,7 million and profit after tax of R13,6 million to the group for the period from the dates of effective control to 31 March 2006.

If the acquisitions had occurred on 1 April 2005 the contribution to group revenue would have been R195,9 million and the contribution to profit after tax would have been R31,8 million.

The goodwill is attributable to the underlying business units in each on the investees acquired.

48.4 DETAILS OF THE NET ASSETS ACQUIRED AND GOODWILL AT ACQUISITION ON BUSINESS COMBINATIONS

	Tsogo Sun Holdings R'000	Blue Wolf Energy Holdings R'000	Other combinations R'000	Total R'000
Fair value of net assets acquired	1 238 908	-	12 765	1 251 673
Carrying value of investment at date that it became a subsidiary	(546 808)	-	-	(546 808)
Amounts owing to the group deducted from purchase price	(416 000)	-	-	(416 000)
Purchase price outstanding	(36 000)	-	-	(36 000)
Purchase consideration settled by issue of shares	(32 450)	-	-	(32 450)
Purchase consideration settled by cash per cash flow statement	207 650	-	12 765	220 415
Cash and cash equivalents in subsidiary acquired	(203 508)	(360)	(2 498)	(206 366)
Cash outflow /(inflow) on acquisition	4 142	(360)	10 267	14 049

The assets and liabilities arising from the acquisition are as follows:

Cash and cash equivalents	203 508	360	2 498	206 366
Property, plant and equipment	3 378 152	468 330	7 643	3 854 125
Intangible assets	160 449	147 090	-	307 539
Goodwill and negative goodwill	788 361	18 039	9 119	815 519
Long term receivables	122 355	12 591	(22 070)	112 876
Derivative financial instruments	2 164	-	-	2 164
Inventories	89 574	-	-	89 574
Deferred tax asset	59 749	-	-	59 749
Investments	199 737	92 094	7 864	299 695
Trade and other receivables	309 413	49 826	18 797	378 036
Current tax asset	2 237	-	24	2 261
Operating lease equalisation liability	(227 841)	-	-	(227 841)
Deferred tax liability	(55 783)	(16 656)	(1 131)	(73 570)
Post retirement medical aid liability	(19 603)	-	-	(19 603)
Long term incentive liability	(260 611)	-	-	(260 611)
Borrowings	(1 127 986)	(393 647)	(5 128)	(1 526 761)
Trade payables	(554 424)	(348 753)	(1 273)	(904 450)
Current portion of long term liabilities	(497 274)	-	-	(497 274)
Taxation payable	(158 865)	-	(1 397)	(160 262)
Provisions	(98 911)	-	(18)	(98 929)
Net assets	2 314 401	29 274	14 928	2 358 603
Minority interest	(1 075 493)	(29 274)	(2 163)	(1 106 930)
Net assets acquired	1 238 908	-	12 765	1 251 673