



UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023



Hosken Consolidated Investments Limited

2023

CORPORATE ADMINISTRATION

HOSKEN CONSOLIDATED INVESTMENTS LIMITED

Incorporated in the Republic of South Africa

Registration number: 1973/007111/06

Share code: HCI

ISIN: ZAE000003257

("HCI" or "the Company" or "the Group")

Directors:

JA Copelyn (Chief Executive Officer)

JR Nicoletta (Financial Director)

TG Govender

Y Shaik

MH Ahmed*

MF Magugu*

L McDonald**

SNN Mkhwanazi-Sigege*

VE Mphande* (Chair)

JG Ngcobo*

RD Watson*

* Independent non-executive ** Non-executive

Company secretary:

HCI Managerial Services Proprietary Limited

Registered office:

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Auditors:

Mazars

Mazars House, Rialto Road

Grand Moorings Precinct, Century City, 7441

PO Box 134, Century City, 7446

Docex 9 Century City

Transfer secretaries:

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132

Sponsor:

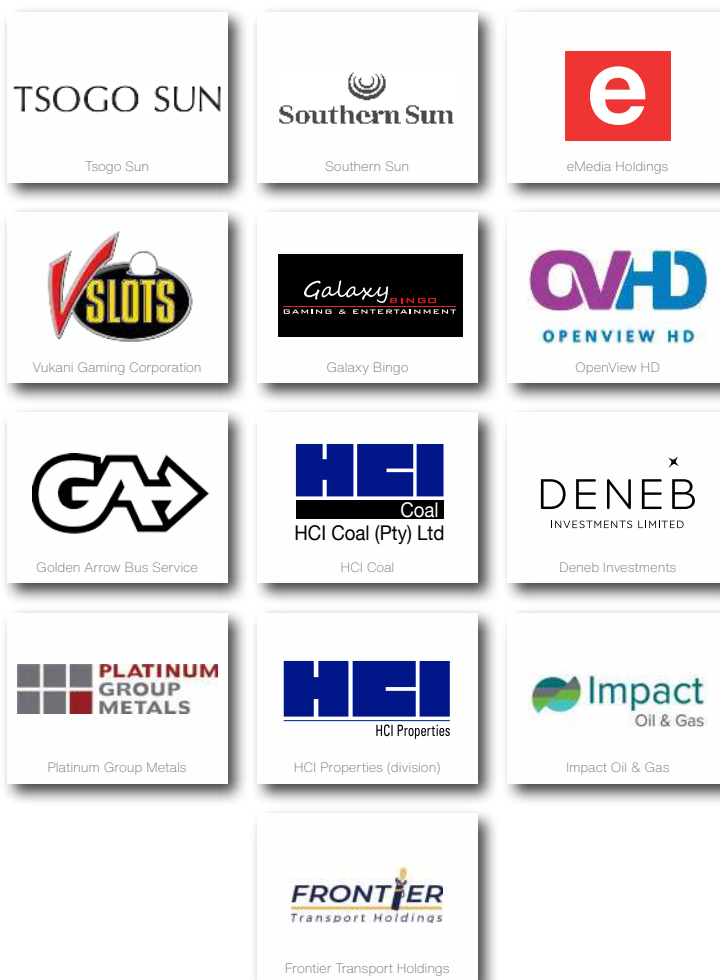
Investec Bank Limited

100 Grayston Drive, Sandton, Sandown, 2196

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INVESTMENTS



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
ASSETS			
<i>Non-current assets</i>	47 420 791	42 455 396	45 666 976
Property, plant and equipment	16 489 107	16 196 054	16 324 722
Right-of-use assets	272 078	296 860	299 782
Investment properties	5 024 354	5 125 118	5 052 816
Goodwill	3 824 589	3 868 505	3 824 589
Investments in associates and joint arrangements	7 584 799	5 558 803	6 465 307
Other financial assets	2 014 778	1 476 270	1 487 781
Intangible assets	11 909 797	9 613 070	11 886 839
Deferred taxation	245 424	241 136	261 307
Other	55 865	79 580	63 833
<i>Current assets</i>	6 388 590	6 546 535	6 025 551
Inventories	907 056	1 085 993	1 020 986
Programme rights	1 069 540	970 440	945 387
Other financial assets	37 530	6 929	–
Trade and other receivables	2 208 837	2 035 964	1 883 759
Taxation	100 318	113 579	83 541
Bank balances and deposits	2 065 309	2 333 630	2 091 878
Disposal group assets held for sale	236 299	211 002	170 396
Total assets	54 045 680	49 212 933	51 862 923
EQUITY AND LIABILITIES			
<i>Equity</i>	29 527 547	24 993 359	28 164 962
Equity attributable to equity holders of the parent	19 400 907	16 021 076	18 168 070
Non-controlling interest	10 126 640	8 972 283	9 996 892
<i>Non-current liabilities</i>	19 504 747	17 990 182	19 785 601
Deferred taxation	5 391 589	4 667 364	5 375 895
Borrowings	13 389 818	12 500 458	13 681 541
Lease liabilities	353 969	379 762	381 383
Provisions	55 933	71 400	80 135
Other	313 438	371 198	266 647
<i>Current liabilities</i>	5 011 621	6 205 927	3 910 595
Trade and other payables	2 596 727	2 687 587	2 494 662
Current portion of borrowings	1 511 773	2 686 798	804 071
Taxation	122 853	68 651	47 929
Provisions	223 661	175 305	210 406
Bank overdrafts	358 270	530 846	148 033
Other	198 337	56 740	205 494
Disposal group liabilities held for sale	1 765	23 465	1 765
Total equity and liabilities	54 045 680	49 212 933	51 862 923
Net asset carrying value per share (cents)	23 990	19 811	22 466

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Unaudited 30 September 2023 R'000	Unaudited 30 September 2022* R'000
	% change		
Revenue		6 568 960	6 169 985
Net gaming win		4 954 224	4 670 380
Property rental income		368 452	336 523
Income	6.4%	11 891 636	11 176 888
Expenses		(8 932 271)	(8 658 815)
EBITDA	17.5%	2 959 365	2 518 073
Depreciation and amortisation		(571 760)	(587 269)
Operating profit		2 387 605	1 930 804
Investment income		125 576	165 506
Finance costs		(735 094)	(593 647)
Equity-accounted (losses)/earnings of associates and joint arrangements		(131 466)	83 103
Investment surplus		419 687	133 735
Asset impairments		(9 048)	(12 355)
Fair value adjustments on financial instruments		63 034	192 504
Profit before taxation	11.6%	2 120 294	1 899 650
Taxation		(544 286)	(407 233)
Profit for the period from continuing operations		1 576 008	1 492 417
Discontinued operations		-	(2 343)
Profit for the period		1 576 008	1 490 074
Attributable to:			
Equity holders of the parent		988 680	958 567
Non-controlling interest		587 328	531 507
		1 576 008	1 490 074

* Restated.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000
Profit for the period	1 576 008	1 490 074
Other comprehensive income net of tax:		
<i>Items that will subsequently be reclassified to profit or loss</i>		
Foreign currency translation differences	240 518	593 417
Cash flow hedge reserve	(283)	89 474
Share of other comprehensive income of equity-accounted investments	25 432	126 821
Reclassification of equity-accounted foreign currency translation and hedging reserves on disposal and dilution of interests in associates and joint arrangements	8 231	–
<i>Items that will not subsequently be reclassified to profit or loss</i>		
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	(10 325)	374
Total comprehensive income	1 839 581	2 300 160
Attributable to:		
Equity holders of the parent	1 259 356	1 710 998
Non-controlling interest	580 225	589 162
	1 839 581	2 300 160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000
Balance at the beginning of the period	28 164 962	22 827 423
<i>Current operations</i>		
Total comprehensive income	1 839 581	2 300 160
Equity-settled share-based payments	15 812	12 821
Share of direct equity movements of equity-accounted investments	9 583	4 492
Disposal of subsidiaries	10	–
Effects of changes in holding	(100 127)	(28 898)
Dividends to non-controlling shareholders of subsidiaries	(402 274)	(122 639)
Balance at the end of the period	29 527 547	24 993 359

RECONCILIATION OF HEADLINE EARNINGS

	% change	Unaudited 30 September 2023		Unaudited 30 September 2022	
		Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings attributable to equity holders of the parent	3.1%		988 680		958 567
Losses/(gains) on disposal of property		-	-	16 020	(1 925)
Gains on disposal of plant and equipment		(4 660)	(2 809)	(73)	(498)
Impairment of property, plant and equipment		9 048	4 887	12 355	6 727
Gains on disposal and dilution of interests in associates and joint arrangements		(290 731)	(286 568)	(39 854)	(39 854)
Gains on changes in holdings of equity-accounted investments		(137 072)	(125 941)	-	-
Foreign currency translation/cash flow hedging reserves recycled on disposal and dilution of interests in associates		8 231	8 231	-	-
Gains on disposal of investment properties		(44)	(30)	(13 881)	(10 878)
Insurance claims for capital assets		(7 238)	(3 779)	(17 981)	(11 441)
Remeasurements included in equity-accounted earnings of associates and joint arrangements		202 710	202 706	(38)	1 301
(Profit)/loss on disposal of plant and equipment		(83)	(76)	1 625	1 495
Impairment of intangible assets		-	-	1 893	1 741
Impairment of associates and joint arrangements		202 647	202 647	-	-
Other		146	135	(3 556)	(1 935)
Headline earnings	(12.9%)		785 377		901 999
Basic earnings per share (cents)					
Earnings	3.1%		1 222.55		1 185.32
Continuing operations			1 222.55		1 185.80
Discontinued operations			-		(0.48)
Headline earnings per share (cents)	(12.9%)		971.16		1 115.37
Continuing operations			971.16		1 115.85
Discontinued operations			-		(0.48)
Weighted average number of shares in issue ('000)			80 870		80 870
Actual number of shares in issue at the end of the period (net of treasury shares) ('000)			80 870		80 870
Diluted earnings per share (cents)					
Earnings	3.0%		1 197.05		1 161.91
Continuing operations			1 197.05		1 162.38
Discontinued operations			-		(0.47)
Headline earnings per share (cents)	(13.0%)		950.90		1 093.34
Continuing operations			950.90		1 093.81
Discontinued operations			-		(0.47)
Weighted average number of shares in issue ('000)			82 593		82 499

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000
<i>Cash flows from operating activities</i>	1 280 852	1 188 292
Cash generated by operations	3 122 549	2 711 212
Net finance costs	(651 063)	(469 781)
Changes in working capital	(345 035)	(534 517)
Taxation paid	(456 575)	(401 811)
Dividends paid to non-controlling shareholders of subsidiaries	(389 024)	(116 811)
<i>Cash flows from investing activities</i>	(1 707 553)	(932 785)
Business combinations and disposals	-	(316 652)
Net investments acquired	(1 061 975)	(313 615)
Dividends received	13 022	56 371
Loans and receivables repaid	1 089	78 904
Proceeds from insurance claims for capital assets	7 238	5 042
Intangible assets		
– Additions	(47 211)	(55 876)
Investment properties		
– Additions	(43 045)	(108 441)
– Disposals	417	35 152
Property, plant and equipment		
– Additions	(595 964)	(482 094)
– Disposals	18 876	168 424
<i>Cash flows from financing activities</i>	187 048	(464 011)
Other liabilities paid	-	553
Transactions with non-controlling shareholders	(101 986)	(28 171)
Principal paid on lease liabilities	(35 958)	(32 607)
Net funding repaid	324 992	(403 786)
Decrease in cash and cash equivalents	(239 653)	(208 504)
Cash and cash equivalents		
At the beginning of the period	1 944 134	2 036 768
Foreign exchange differences	2 847	1 561
At the end of the period	1 707 328	1 829 825
Bank balances and deposits	2 065 309	2 333 630
Bank overdrafts	(358 270)	(530 846)
Cash in disposal groups held for sale	289	27 041
Cash and cash equivalents	1 707 328	1 829 825

SEGMENTAL ANALYSIS

	Revenue		Net gaming win	
	Unaudited six months ended 30 September		Unaudited six months ended 30 September	
	2023 R'000	2022* R'000	2023 R'000	2022 R'000
Media and broadcasting	1 511 013	1 522 727	-	-
Gaming	826 210	713 363	4 954 224	4 670 380
Transport	1 246 665	1 165 770	-	-
Properties	166 495	113 332	-	-
Coal mining	1 160 125	1 141 108	-	-
Branded products and manufacturing	1 634 028	1 496 856	-	-
Other	24 424	16 829	-	-
Total	6 568 960	6 169 985	4 954 224	4 670 380

	Property rental income		EBITDA	
	Unaudited six months ended 30 September		Unaudited six months ended 30 September	
	2023 R'000	2022 R'000	2023 R'000	2022* R'000
Media and broadcasting	9 472	7 753	266 879	281 742
Gaming	81 043	71 577	1 948 176	1 503 245
Transport	-	-	273 112	192 524
Properties	192 699	182 239	165 296	145 344
Coal mining	-	-	241 166	300 457
Branded products and manufacturing	77 148	67 383	162 392	186 564
Other	8 090	7 571	(97 656)	(91 803)
Total	368 452	336 523	2 959 365	2 518 073

	Profit/(loss) before tax		Headline earnings/(loss)	
	Unaudited six months ended 30 September		Unaudited six months ended 30 September	
	2023 R'000	2022* R'000	2023 R'000	2022 R'000
Media and broadcasting	204 177	222 330	87 829	92 708
Gaming	1 218 224	802 542	446 229	304 060
Hotels	106 581	130 855	98 066	123 563
Transport	234 743	144 815	140 403	85 684
Properties	70 065	81 529	43 373	39 876
Coal mining	199 115	282 632	133 502	224 512
Branded products and manufacturing	57 418	108 170	39 274	61 022
Oil and gas prospecting	(234 080)	(21 481)	(31 433)	(21 481)
Palladium prospecting	(13 046)	(9 432)	(13 046)	(9 432)
Other	277 097	157 690	(158 820)	1 487
Total	2 120 294	1 899 650	785 377	901 999

* Restated.

SEGMENTAL ANALYSIS (CONTINUED)

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

	South Africa R'000	Other African countries and Middle East R'000	Europe and United Kingdom R'000	Total R'000
30 September 2023				
Media and broadcasting	1 511 013	–	–	1 511 013
Gaming	826 210	–	–	826 210
Transport	1 246 665	–	–	1 246 665
Properties	71 765	–	–	71 765
Coal mining	1 160 125	–	–	1 160 125
Branded products and manufacturing	1 591 739	39 161	3 128	1 634 028
Other	119 154	–	–	119 154
Total	6 526 671	39 161	3 128	6 568 960
30 September 2022*				
Media and broadcasting	1 522 727	–	–	1 522 727
Gaming	713 363	–	–	713 363
Transport	1 165 770	–	–	1 165 770
Properties	113 332	–	–	113 332
Coal mining	1 141 108	–	–	1 141 108
Branded products and manufacturing	1 454 093	32 061	10 702	1 496 856
Other	16 829	–	–	16 829
Total	6 127 222	32 061	10 702	6 169 985

* Restated.

SEGMENTAL ANALYSIS (CONTINUED)

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

	2023		2022	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised at a point in time				
Media and broadcasting				
Revenue from the sale of Openview boxes	98 861	–	92 629	–
Content sales	–	7 731	–	7 832
Gaming				
Food and beverage revenue	–	329 584	–	270 859
Transport				
Revenue from the sale of vehicles, spares, tyres and retreads	43 698	–	20 702	–
Single-journey bus ticket revenue	–	173 503	–	167 846
Revenue from charter hire services	–	58 786	–	46 843
Revenue from automotive repair services	–	4 928	–	5 173
Other revenue	380	8 681	221	4 802
Properties				
Convention and exhibition revenue	–	75 331	–	47 844
Other revenue	16 757	–	–	–
Coal mining				
Revenue from the sale of coal	1 160 125	–	1 141 108	–
Branded products and manufacturing				
Revenue from the sale of:				
– Toys, electronic games and sports goods	417 184	–	469 082	–
– Woven, knitted and non-woven products	492 260	–	430 232	–
– Pressed, roll-formed steel products	490 443	–	357 479	–
– Stationery, publishing and office supplies	136 505	–	126 994	–
– Speciality chemicals	68 883	–	75 362	–
Other				
Food and beverage revenue	–	15 614	–	9 044

SEGMENTAL ANALYSIS (CONTINUED)

	2023		2022	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised over time				
Media and broadcasting				
Advertising revenue	-	1 141 576	-	1 116 613
Licence fees	-	184 625	-	175 000
Facility income from broadcasting and production services	-	78 220	-	130 653
Gaming				
Hotel room revenue	-	256 884	-	246 737
Theme Park entrance fees	-	111 953	-	81 653
Tenant recoveries	-	41 002	-	36 509
Cinema revenue	-	26 234	-	22 343
Venue hire revenue	-	15 245	-	8 349
Parking fees	-	9 364	-	4 382
Other revenue*	-	35 944	-	42 531
Transport				
Revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services	-	659 738	-	636 319
Multi-journey bus ticket revenue	-	293 726	-	283 156
Other revenue	-	3 225	-	708
Properties				
Tenant recoveries	-	2 642	-	2 705
Other revenue	-	71 765	-	62 783
Branded products and manufacturing				
Revenue from the sale of pressed, roll-formed steel products	28 753	-	37 707	-
Other				
Internal audit fees	-	8 434	-	7 172
Tenant recoveries	-	-	-	-
Other revenue	-	376	-	613
	2 953 849	3 615 111	2 751 516	3 418 469

* Other revenue recognised at a point in time most significantly includes convention and exhibition revenue, and revenue from charter hire services

NOTES AND COMMENTARY

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited.

As required by the JSE Limited Listings Requirements, the Company reports headline earnings in accordance with Circular 1/2023: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the financial director, Mr JR Nicolella CA(SA), and have neither been audited nor independently reviewed by the Group's auditors.

The accounting policies applied by the Group in the preparation of these condensed consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 March 2023.

GOING CONCERN

The Company is currently in compliance with its debt covenants in respect of central borrowings.

Gaming and Hotel operations were in compliance with their debt covenants as at the reporting date.

The Company has assessed its cash flow forecasts and borrowings profiles and is of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen for the foreseeable future.

FAIR VALUE MEASUREMENT

Financial asset at fair value through other comprehensive income

The Group has a 20% equity interest in each of SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester"). The Group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The Group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements and have been accounted for as financial assets at fair value through other comprehensive income. At the end of each reporting period the investment is remeasured and the increase or decrease recognised in other comprehensive income.

The asset has been remeasured to R941 million at 30 September 2023, an R18 million decrease. A discounted cash flow valuation was used to estimate the fair value. A delayed recovery in income and increased pressure on operating expenditure were the significant drivers of the decrease in fair value.

The significant unobservable inputs used in the fair value measurement of the investment in SunWest and Worcester as at 30 September 2023 are shown below (these entities have a 31 December year-end):

- income increases by 14% in the 2023 financial year, 7% in 2024 and then by 4% over the following years;
- operating expenditure increases by 12% in the 2023 financial year, thereafter by 5% over the following years;
- risk-adjusted discount rate of 15.2% post-tax; and
- long-term growth rate of 5%.

NOTES AND COMMENTARY (CONTINUED)

IMPAIRMENTS

Goodwill and casino licences

Casino licences are allocated and monitored on a casino precinct basis as these are the cash-generating units ("CGUs") to which they relate. Goodwill relating to the Group's gaming operations has been allocated to that group as a whole as the CGU to which it relates.

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

The latest cash flow projections and significant unobservable inputs as at the reporting date were assessed against those used for the year ended 31 March 2023. No indicators of impairment were observed and no impairments recognised.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of certain non-core operations in the media and broadcasting segment are included in discontinued operations in the prior comparative period and consists of a loss after tax of R1 million. Disposal group assets of R4 million and liabilities of R2 million relate to these operations.

Branded products and manufacturing

The results of CLM Home's operations are included in discontinued operations in the prior comparative period and consists of a loss after tax of R2 million. The prior-period results have been restated for these operations. The business was sold on 1 March 2023. Investment properties of R199 million are classified as disposal group assets held for sale at the reporting date.

Properties

Investment property with a carrying value of R33 million awaits sale.

NOTES AND COMMENTARY (CONTINUED)

RESULTS

GROUP STATEMENT OF PROFIT OR LOSS AND SEGMENTAL ANALYSIS

Income increased by 6% to R11 892 million

EBITDA increased by 18% to R2 959 million

Profit before tax R2 120 million

Headline earnings R785 million

Headline earnings per share 971 cents

Media and broadcasting

The television and radio advertising markets have been impacted by persistent load shedding during the current period. The Group's television and radio advertising revenue increased by 1%, while its market share decreased slightly from 36% to 35% during the current period. An increase from 12% to 13% was recorded for the multi-channel operations, while etv maintained its market share at 21%. The Group's licence fee revenue increased by 5%, while property and facility revenue decreased by 37%, as a result of the ongoing Hollywood actor and writer strike, off-setting gains in advertising and licence fee revenue. Active set top boxes have increased to 3 280 000 during the period. The containment of programming and other overhead costs limited the EBITDA decrease to 5%. Profit before tax and headline earnings reduced in line with EBITDA; these were further affected by an increase in finance costs of R12 million during the current period.

Gaming

Total income increased by 7% in relation to the prior comparative period. Casino revenue and net gaming win combined increased by 9%, assisted by strong growth in food and beverage, and rooms revenue. Vukani net gaming win was stagnant as a result of lost income during periods of load shedding. EBITDA increased by 30% to R1 948 million, with an EBITDA margin of 34% maintained during the period. Excluding the hotel management agreement cancellation fee of R399 million paid to Southern Sun ("SSU") in the prior comparative period, EBITDA increased by 1%, significantly affected by diesel costs and lost income due to load shedding. Casino EBITDA increased by 3%, that of Vukani decrease by 3% and that of Galaxy Bingo and online betting operations combined, decreased by 39%. Headline earnings of R446 million is in line with that of the prior comparative period, when adjusted for the R144 million effect of the abovementioned cancellation fee.

Hotels

Trading levels improved significantly at hotel operations, compared to the prior comparative period. Normalised revenue, adjusted for the prior comparative period receipt of the hotel management agreement cancellation fee of R399 million from Tsogo Sun ("TSG"), increased by 34% to R2 790 million, following significant increases in rooms (41%) and food and beverage (29%) revenue and rental income (38%). Internally managed rooms sold increased by 23%, with average occupancy levels for these 56% in the current period, compared to 46%. Average room rates achieved during the period were also 11% higher. While average room rates achieved during the period were 25% higher than for the comparative period immediately before COVID, occupancy levels of 56% remained below the 59% achieved in that period.

Headline profit of R98 million recognised by the Group in relation to hotel operations during the current period is a significant improvement on that reported for the prior comparative period, which included an effective R115 million in respect of the hotel management agreement cancellation fee.

Borrowings have increased by R185 million from R1 311 million at 31 March 2023 to R1 496 million, following the repurchase of the Company's shares for R389 million.

Transport

Transport revenue increased by 7% with passenger numbers showing strong growth. EBITDA increased by 42% following near-static operating costs, fuel cost savings during July and August being the main drivers of costs savings. Profit before tax and headline earnings increases were further supported by increased interest income, with no significant non-recurring items recognised.

NOTES AND COMMENTARY (CONTINUED)

Properties

Gallagher Estate's convention and conferencing operations recorded an increase in revenue of R34 million and R17 million in development revenue was recognised in the current period on the sale of a residential property in Steenberg. Rental income increased by 6%, with gains across most of the portfolio. The improvement in EBITDA was mainly owing to the recovery of the Gallagher Estate convention and conferencing operations. Profit before tax in the prior comparative year included a R14 million investment surplus on the sale of land and finance costs in the current period increased by R19 million. Headline earnings increased in line with profit before tax, adjusted for the investment surplus above.

Coal mining

Revenue increased by 2% at the Palesa Colliery, consisting of a 4% decrease in coal revenue and 13% increase in transport revenue. Sales volumes at Palesa decreased by 114 000 tons (6%) as a result of marginally weaker off-take from Eskom. EBITDA decreased by 20%. The sale of an RB1 export quality product during the prior comparative period, albeit in limited volumes, resulted in significantly enhanced margins. Processing efficiencies have limited margin erosion during the current period, resulting in an EBITDA margin of 21%, compared to 26% in the prior comparative period. Profit before tax decreased in line with EBITDA. Prior comparative period headline earnings were aided by a lower effective tax rate due to tax incentive allowances on the FX airplant installation.

Branded products and manufacturing

Revenue in respect of branded products and manufacturing increased by 9% and property rental income by 14%. Automotive parts manufacturing and Industrial product manufacturing recorded increases in revenue of 43% and 8% despite the pressures of load shedding and high energy prices. Branded product distribution, however, recorded a reduction in revenue of 9%. EBITDA decreased by 13%, the prior comparative period's results assisted by net business interruption insurance claim receipts of R60 million. Excluding these, EBITDA would have shown an increase of 28% and profit before tax of 19%. Finance costs increased by R21 million. Headline earnings decreased in line with profit before tax, significantly due to the aforementioned prior-year insurance receipts.

Oil and gas prospecting

Equity losses of R234 million in respect of Impact Oil & Gas ("IOG") includes an effective R203 million expense on the impairment of its investment in Africa Energy Corp. ("AEC"), due to the continued poor performance of its share price. Headline earnings was adjusted for this non-recurring item.

Palladium prospecting

Equity losses of R13 million were recognised in respect of Platinum Group Metals ("PGM") in the current period and contained no significant headline earnings adjusting items. Losses consisted significantly of general and administrative costs and share-based payment expenses, with only interest-related income recognised.

Other

EBITDA losses increased mainly as a result of inflationary cost pressures. Included in profit before tax is a R57 million fair value adjustment on the Group's interest in Montauk Renewables Inc. ("MKR"), R283 million gain on the disposal of the Group's interest in Karoshhoek, head office finance costs of R117 million (increasing from R89 million) and a gain on bargain purchase of R138 million recognised on the increase in the Group's interest in SSU following that company's share repurchases during the period. The prior comparative period included, amongst others, the gross settlement proceeds of R132 million relating to the Jindal Africa dispute, a R193 million fair value adjustment on the Group's interest in MKR and a R25 million gain on the disposal of the Group's interest in BSG Africa. Included in the current period's headline loss is R117 million head office finance costs, the effective R22 million fair value adjustment on the MKR interest and the remainder being head office and other overheads of the Company, the Group's internal audit function and La Concorde Holdings.

NOTES AND COMMENTARY (CONTINUED)

Notable items on the consolidated income statement include:

Investment income in the prior comparative period included a receipt of R52 million interest in respect of a settlement of dispute with Jindal Africa, which has not recurred. R30 million in dividends was received from the Group's interest in Sunwest and Worcester in the current period (2022: R42 million). Increased interest rates resulted in higher interest income throughout the remainder of the Group.

Finance costs increased by R141 million due to increased borrowings in certain parts of the Group, as well as higher interest rates incurred during the current period. A R28 million increase in interest was recorded by head office, R48 million by gaming operations, R21 million by branded products and manufacturing, R19 million by properties and R12 million by media and broadcasting.

Profits from associates and joint ventures include R107 million in respect of SSU. Equity losses include R234 million that was recognised in respect of IOG, R13 million in respect of PGM and R6 million relating to Alphawave Golf.

An investment surplus of R283 million was recognised on the disposal of the Group's 10% interest in Karoshoeck and a gain on bargain purchase of R138 million on the increase in the Group's interest in SSU following that company's share repurchases during the period.

A fair value adjustment of R57 million was recognised on the Group's interest in MKR, of which R35 million relates to the HCI Foundation and which is not included in headline earnings. The remaining fair value adjustment relates to gains on forward exchange contracts.

Property, plant and equipment of R9 million were impaired by various operations across the Group.

Headline earnings declined by 13%. No shares were repurchased during the current or prior comparative periods.

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Group non-current borrowings at 30 September 2023 comprise central head office borrowings of R2 251 million (March 2023: R2 306 million), central investment property-related borrowings of R1 476 million (March 2023: R1 579 million), borrowings in TSG of R8 380 million (March 2023: R8 380 million), R823 million in Deneb Investments ("Deneb") and the remainder in other operating subsidiaries. R410 million (March 2023: R55 million) in current borrowings relates to central head office borrowings, R160 million (March 2023: R64 million) to TSG, R493 million (March 2023: R419 million) to central investment properties and R321 million (March 2023: R50 million) to eMedia Holdings ("eMedia"). Bank overdraft facilities include R60 million in TSG, Rnil at head office and R298 million in Deneb (March 2023: R50 million, R30 million and R67 million, respectively).

Included in cash flows from investing activities is investments in associates of R906 million, of which R858 million relates to IOG and R48 million to PGM. Further preference shares of R17 million were subscribed for in Alphawave Golf. R351 million was received on the disposal of the Group's interest in Karoshoeck. R181 million was incurred on the acquisition of further shares in City Lodge Hotels. R596 million was invested in property, plant and equipment, of which R427 million by TSG, R21 million by HCI Coal, R27 million by Frontier Transport Holdings Limited ("Frontier"), R64 million by Deneb and R44 million by eMedia. No significant property, plant and equipment disposals occurred during the period. Net funding of R300 million was raised at head office, R92 million was raised by TSG and R47 million repaid by Frontier.

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

NOTES AND COMMENTARY (CONTINUED)

EVENTS SUBSEQUENT TO REPORTING DATE

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

The Group advanced R398 million to IOG during October 2023 through a subscription for shares. These funds were applied for the accelerated appraisal programme in respect of the Venus and Venus West oil prospects offshore Namibia.

DIVIDEND TO SHAREHOLDERS

Due to the Company's ongoing funding commitments in relation to its interest in the oil and gas prospects offshore Namibia, the directors wish to preserve the Company's cash resources and have resolved not to declare an interim dividend.

For and on behalf of the board of directors

JA Copelyn

Chief Executive Officer

JR Nicolella

Financial Director

Cape Town

29 November 2023



UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS
2023