TISO BLACKSTAR

Tiso Blackstar Group SE
Annual Report and Accounts 2016

Contents

Annual report and accounts 2016

Highlights for the year ended 30 June 2016

- Group EBITDA R522 million (£24 million) over the period
- Core asset TMG EBITDA up 15% to R358 million (£17 million) (2015 – R310 million, £17 million)
- Underlying earnings showed growth in tough markets
- Reduced acquisition debt from R500 million (£26 million) to R414 million (£21 million)
- TMG debt reduced from R800 million (£42 million) to R730 million (£37 million)
- Final dividend per share 4.47 cents (0.25 pence) (interim 3.74 cents (0.17 pence))
- Change in status – investments will now be consolidated and no longer fair valued providing more meaningful reporting on the Group's trading performance
- R1,987 million (£102 million) of non-core assets earmarked for disposal

Director's statement

Executive summary

Overview

In March 2016, Tiso Blackstar Group SE ("Tiso Blackstar" or the "Company" or the "Group") announced its intention to become a single sector investment holding company with a focus on media and related industries in a more focused approach. With its media expertise, intellectual capital and operational ability, Tiso Blackstar is ideally positioned to focus its resources on developing its existing brands and media businesses as well as seeking media related opportunities, on the African continent.

This shift in focus means that Tiso Blackstar will dispose of all non-core assets carried at a fair value of R1,987 million (£102 million) at 30 June 2016 which have been identified as:

- Robor Proprietary Limited ("Robor")
- Consolidated Steel Industries Proprietary Limited ("CSI")
- Kagiso Tiso Holdings Proprietary Limited ("KTH")

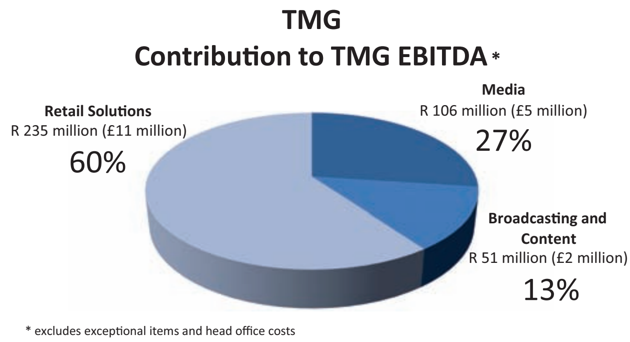
The exit process will be conducted in a measured and orderly manner with the objective to ensure that not only optimal exit values are achieved for the benefit of our shareholders but also to take into account our responsibilities to other key stakeholders within these businesses. The Tiso Blackstar Board stresses that achieving optimum value for these assets is paramount and to this end will be patient in concluding the sale.

Once Tiso Blackstar progresses in the disposal of its non-core investments to move towards being a single sector investment holding company, it is expected to cease to be regarded as an Investment Entity under the accounting standards. Consequently, investments in subsidiaries and associates will no longer be fair valued but rather consolidated and equity accounted, and the Group's performance will no longer be assessed on a net asset value ("NAV") basis but rather on earnings. This is expected to take effect for the first time in the Group's interim results for the period ending 31 December 2016. For reference, had the Group consolidated its investments in this current reporting period, it is estimated that it would have reported Group Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") amounting to approximately R522 million (£24 million) of which Times Media Group Limited ("TMG") contributed 69% with EBITDA of R358 million (£17 million) (excluding African investments). Non-core assets CSI and Robor contributed EBITDA of R66 million (£3 million) (13%) and R105 million (£5 million) (annualised, 20%) respectively. A dividend of R30 million (£1 million) from KTH represented 6% of EBITDA and the balance (-8%) comprised mainly of Tiso Blackstar head office running costs.

In difficult markets and a challenging South African economy, Tiso Blackstar has been able to grow earnings in both its core and non-core investments. This has been achieved by closely monitoring and assessing the performance of each underlying business, streamlining workflows where necessary, concentrating on managing the cost base relative to changes in revenue, increased focus and efforts to growing revenue, investing in new markets within Africa and adding additional revenue streams.

TMG has developed into a wide-ranging media player in the South African and East and West African marketplace, having restructured and diversified over recent years. Originally as a newspaper heritage, the business is often perceived as a newsprint media-only business, but in fact the traditional print and digital Media segment of TMG contributes only 27% of its overall EBITDA.

TMG's earnings base is diverse and covers many media segments and related revenue streams as indicated in the EBITDA analysis provided below.



Retail Solutions operates in selected operating niches primarily within the retail and FMCG sectors providing a range of media services critical to the marketing functions of each client. This operation is more resilient to economic conditions and changing media consumption patterns than traditional media. Retail Solutions represents a significant proportion of the TMG earnings base (60%), and has successfully grown and continues to grow earnings in difficult markets.

Broadcasting and Content comprises TMG's local broadcast and entertainment assets which have performed increasingly well in recent years. Between TV, Films and Music, these businesses contributed R72 million (£3 million) in EBITDA. TMG is investing in two local start up radio stations, Vuma FM and Rise FM, which generated a R21 million (£1 million) combined EBITDA loss for the current year. The Broadcasting and Content division has exciting long term growth prospects in its radio and TV investments in East and West Africa.

Although successful in terms of diversifying revenues, TMG is highly conscious of the need to adapt its traditional newspaper business to the changing media consumption habits. The Media division has invested in various new and complimenting revenue streams such as digital, eventing and native advertising whilst at the same time resetting its cost base to operate sustainably in the future.

As evident in more developed media markets worldwide, newspapers will remain a relevant and important part of the media mix for many years to come, not only as a highly relevant medium for premium loyal readers but also as an important advertising tool for marketers and media planners.

The non-core assets performed well in challenging markets. Further detail around realisations of these assets will be provided as they develop. The steel sector is currently experiencing tough conditions and is out of favour so patience is required with respect to the realisation of assets in this sector.

Investment performance

Times Media Group

Media Division

The Media business continues to be the premier news group in South Africa, accounting for the highest market share in advertising and circulation in the English language newspaper market as well as a significant portion of the digital news landscape. Although the industry is facing structural challenges in the short term it is expected to find a sustainable base from which to operate and even grow, as has already happened in many developed markets.

This division reflected the weak macro-economic environment as well as a structural decline in print consumption and advertising in the financial year. As a result the division produced lower revenue and profits, although the positive impact of reduced publishing costs and a more integrated management structure emerged in the second half of the year.

Despite the decline in revenues, the bulk of the group's newspapers remain profitable. Particular highlights include the Business Day and Financial Mail posting EBITDA growth in the full year as a result of rightsizing in the prior two years after several years of negative operational performance. The Eastern Cape unit – comprising The Herald, Daily Dispatch, Weekend Post and community newspapers posted growth in profitability despite continued revenue pressures. National titles The Sunday Times and The Sowetan were affected by a decline in government advertising, particularly tenders and careers advertising, and are being managed to reduce any over-reliance on government advertising.

The magazines business continued to show profit growth as a result of strong management and its niche positioning in key markets.

TMG recognises that although the Media division continues to trade profitably, it needs to be flexible to market conditions in view of the changes to both the media industry and the economy. Several initiatives and strategies were implemented during the current financial year details of which are provided below:

- The business embarked on a fixed cost reduction exercise that unfortunately will include retrenchments. The cost reduction programmes are currently underway and are expected to be implemented fully in the first half of the new financial year following which, the business is expected to stabilise and continue to produce solid cash flow;
- The intended and managed reduction in unprofitable and low-yielding circulation as well as a significant reduction in management costs resulted in close to a 10% reduction in overall costs, although an almost 12% decline in revenues saw a reduction in earnings from existing operations;
- New revenue areas such as Eventing, Digital and Surveys continue to be pursued as they not only offer growth prospects but also an opportunity to offset traditional revenue declines;
- An innovation programme which includes redesigns for all newspapers and an integrated digital workflow process is progressing well with redesigns of Business Day, Financial Mail and Sunday Times expected to be launched by October 2016, and the balance of titles launched early in 2017;
- Following a period of intense focus and investment in talent and technology, the group's digital properties showed exceptional growth, with TimesLive, BDLive and SowetanLive posting year on year audience growth of between 35% and 55%;
- Monetising audience in a digital world remains a challenge, but a revamped BusinessLive site, which will include a paywall, with exceptional content

from our own writers as well as exclusive Wall Street Journal and Financial Times content amongst others, will be launched in the second quarter of the financial year and offers further revenue growth opportunities;

- In August 2016, Business Day's highly popular and high-end luxury magazine Wanted also launched a digital version, Wantedonline, and has already attracted significant advertiser and user interest;
- The Media business will move into modern new premises by the end of the financial year ended 30 June 2017, enabling a more integrated approach to news gathering and production across platforms as well as producing bottom line savings in rental and facilities costs;
- The company continues to invest in quality journalism across its platforms as borne out by the exceptional performance by its reporting teams at all of the key national journalism awards in 2016; and
- Distribution network: Significant progress has been made in reducing inefficiencies in the distribution and logistics network, but this remains an area for further improvement with industry cooperation.

Broadcasting and Content

In Broadcasting and Content, Television once again performed well with both Ochre (TV production) and One Africa (TV Channels) posting double digit earnings growth. Radio remains in an early investment stage but reined in losses relative to prior year. Both TV and Radio are well positioned to continue to produce solid improvement going forward.

Times Media Films remains the continent's leading all-rights distributor of local and international films business, but had a difficult year as a result of changing market conditions and the industry business model.

Gallo, the music business, produced further growth in earnings and revenue as it continues to build a 360 degree offering including events and artist management with a broad market-wide offering. From being a loss maker three years ago, the combined music business produced an EBITDA of almost R10 million (£0.5 million).

Retail Solutions

Hirt & Carter ("H&C")

Despite certain customers reducing spend as a result of the tough macro-economic environment, H&C was able to achieve growth in EBITDA of 5.8%. The continued focus on efficiencies and cost savings assisted in streamlining the business and improving the gross margin for the year. H&C also made the decision to exit certain sectors of the market that were not generating the required returns.

The retail software footprint of the business continues to grow with the addition of new customers in this space during the current year and leads to win attractive new clients in the near future.

Focus on the Omni-Channel retail environment has opened up opportunities to extend software and data services with e-commerce projects having commenced and a number of new clients being won.

H&C is investing in a single centre of excellence and as a result closed the Gauteng production facility in June 2016 and will be relocating to a new facility in Durban in July 2018. The design of the new facility will lead to better efficiencies, a reduced footprint and an inherent overall operating cost reduction. In line with global trends, H&C has also invested in cutting edge digital technology for its Durban facility which should be fully operational from November 2016 and will completely refresh the factory. Customers will have access to a greater range of solutions for their marketing spend.

Uniprint

Despite a challenging economy and a volatile South African currency, Uniprint increased its turnover by 9.6% and operating profit by 28%. This was largely as a result of increased election work in Africa. The labels and forms division performed well, and Uniprint recently concluded a transaction to acquire a substantial niche packing business which will provide necessary economies of scale to its existing packaging business.

African Media investments

Tiso Blackstar's expansion into other African territories offers strong upside potential. The 49% interest in Radio Africa Limited ("RAG") in Kenya and 32% interest in Multimedia Group Limited ("MGG") in Ghana represent substantial growth opportunities over the longer term, as do early stage investments in Nigeria and potentially Uganda. Most media markets across the continent are small relative to more developed markets and are expected to expand with their fast growing consumer markets.

Radio in these countries has large, engaged audiences and is a large advertising medium. Tiso Blackstar's radio assets are well positioned in these markets. Furthermore they have invested in television, which is still in its infancy of developing audience and advertising market share.

In Kenya, RAG's top three radio brands (Jambo, Classic and Kiss) have a cumulative national audience of almost 18 million in a population of 44.4 million and represent three of the top five most listened to radio stations. RAG has also invested in an early stage Digital Terrestrial Television ("DTT") television business called Bamba TV. RAG has a five year trend of strong revenue and earnings growth (up 125%), with earnings up six fold over the period in local currency. Recent profits have been slowed by its TV investment, but this investment is expected to deliver significant growth in the future.

In Rand terms the core Kenyan radio business generated EBITDA of R47 million (£2 million). After accounting for early stage investment in DTT business Bamba TV, and certain start up radio stations, RAG produced EBITDA of R29 million (£1 million).

MGG is the leading independent media player in Ghana and holds three of the top six radio stations in the country with significant advertising market share. Its radio earnings quadrupled in five years, despite significant economic challenges in the country and region, off the back of a threefold revenue growth over the period in local currency. The TV investment, Multi TV, has shown some benefit following restructuring, achieving a 32% market share for the three operating channels and reducing losses at the same time.

MGG's full year earnings in 2015 from radio were R30 million (£2 million), but after accounting for the investment in developing Multi TV amounted to R6 million (£0.3 million). In the first seven months of the year radio was trading 8% better at a profitability level and TV had reduced losses by 44%.

The group acquired an effective 36.5% interest in start-up Lagos Talk station in Nigeria with an option into the broader Megalectrics business which holds Beat, Classic and Naija and has an option to purchase leading Ugandan stations Capital and Beat in Kampala.

Non-core assets

Tiso Blackstar holds a 22.9% interest in KTH, a leading black owned diversified investment holding company with investments in a broad range of sectors including media, financial services, resources, industrial and healthcare. In line with its intention to dispose of its non-core assets, Tiso Blackstar is in the early stages of negotiating a disposal of its interest in KTH which is expected to be completed within the next financial year. KTH is carried at its estimated fair value less cost to sell of R1.5 billion (£78 million) and separately disclosed as a non-current asset held for sale.

Revenue at CSI, comprising the Stalcor and Global Roofing Solutions businesses, was flat and normalised earnings were down by 9% due to the trading impact of the location move in Gauteng, set-up costs relating to the expansion of its South African branch network and a highly competitive economic environment. CSI achieved an EBITDA of R66 million (£3 million) for the current financial year. The business is well positioned for growth next year with its established African footprint, additional branches, product lines and improved banking facilities.

Robor had a good nine month financial year to 30 June 2016 generating an EBITDA of R79 million (£4 million) and has traded well in a very difficult environment. The company remains well positioned in the renewable energy, water, transmission and cellular tower markets, and has chosen to pursue margin preservation over volume in the year ahead, focusing on value added products. Robor is in the process of securing larger working capital facilities to ensure that it has sufficient head room when larger projects commence.

Financial review

Tiso Blackstar is an Investment Entity and therefore measured its investments, including certain subsidiaries and associates, at fair value though profit and loss as opposed to consolidating and equity accounting. The following subsidiaries, which provide services that relate to the Company's own investment activities, continue to be consolidated: Tiso Blackstar (Cyprus) Public Limited ("Tiso Blackstar Cyprus"); Tiso Blackstar Group Proprietary Limited ("Tiso Blackstar SA"); Tiso Blackstar Holdings Plc ("TBH UK") and Tiso Blackstar Limited ("TBL"). TBH UK and TBL are new companies incorporated during the current reporting year, as part of the Company's planned migration to the United Kingdom ("UK").

As a result of this accounting treatment, the Tiso Blackstar consolidated statement of financial position is more closely aligned with the Intrinsic NAV of the Group than it would be under the traditional equity accounting model.

Subsequent to year end, Tiso Blackstar's status as an Investment Entity is expected to change as a result of its revised strategy and thus going forward, Tiso Blackstar will no longer account for its net investments in subsidiaries and associates as investments held at fair value through profit and loss but rather consolidate its subsidiaries and equity account for its investments in associates. The interim results for the period ended 31 December 2016 are expected to be prepared on this basis.

On completion of the TMG and KTH acquisitions during June 2015, Tiso Blackstar changed its financial year end from 31 December to 30 June. The comparative reporting period is therefore provided for a six month period ended 30 June 2015.

Investment-related income for the year ended 30 June 2016 amounted to R423.0 million (£19.7 million) which comprises of income generated from investments in the form of support, guarantee and directors fees, and dividends and interest income. The majority of the dividend income consists of the investments in RAG and MGG received as a dividend in specie of R339.5 million (£15.8 million).

The investments held by Tiso Blackstar have performed well operationally in the current financial period and both core and non-core businesses are well positioned to deliver value going forward. Tiso Blackstar has decided to take a conservative approach in valuing its investments resulting in a reduced NAV, which shall be used as the starting point of its consolidated financial statements going forward.

Net fair value and foreign exchange losses for the year ended 30 June 2016 amounted to R1,036.3 million (£48.3 million) which mainly comprises of net losses on investments of R1,035.4 million (£48.2 million).

Net losses on investments includes R2.1 million (£0.1 million) of realised losses on disposal of its smaller investments and R1,033.3 million (£48.1 million) of unrealised net fair value losses. The majority of the unrealised net fair value losses consists of: a R1,091.7 million (£50.8 million) loss on TMG; a R85.1 million (£4.0 million) loss on CSI; a R109.8 million (£5.1 million) gain on Robor; and a R14.5 million (£0.7 million) loss on Tiso Blackstar Real Estate Proprietary Limited ("TBRE") and the property subsidiaries.

Operating expenses of R63.9 million (£3.0 million) mainly include the day-to-day operational expenses of R40.7 million (£1.9 million) incurred to run Tiso Blackstar and its consolidated subsidiaries, and transaction related costs of R16.9 million (£0.8 million) the majority of which are costs arising on the shareholder approved migration to the UK. Operational expenses for the reporting period amount to 1.2% of the Intrinsic NAV as at 30 June 2016 and transaction related costs incurred amounted to 0.5% of the value of the investments acquired. Costs are closely monitored and action is taken wherever possible to cut any excess expenditure in order to improve the profitability of the Group.

Total equity attributable to equity holders of Tiso Blackstar decreased from R4.4 billion (£230.4 million) at 30 June 2015 to R3.5 billion (£179.2 million) at 30 June 2016 as a result of the net losses on investments recognised in profit and loss.

Total assets decreased from R4.9 billion (£254.9 million) as at 30 June 2015 to R3.9 billion (£200.8 million) as at 30 June 2016 as a result of the decline in the fair value of investments held at fair value though profit and loss.

At 30 June 2016, the investment in KTH met the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, and has been separately classified and disclosed from other investments held at fair value through profit and loss, as a non-current asset held for sale and a discontinued operation.

Changes in the fair value, dividends and fees earned, and relating tax charges, attributable to KTH have been disclosed separately from continuing operations as a discontinued operation. The loss from the discontinued operation of R179.9 million (£8.4 million) includes R209.5 million (£9.8 million) net loss recognised on the investment in KTH; R29.5 million (£1.4 million) dividend received; and R1.0 million (£0.05 million) in directors' fees earned.

On implementation of the TMG and KTH acquisitions during June 2015, Tiso Blackstar raised debt of R534.0 million (£28.0 million) which was used to settle the existing facility held, transaction related costs and the cash consideration of the KTH purchase price. This debt was reduced to R413.8 million (£21.2 million) by 30 June 2016 utilising proceeds from disposals of smaller investments and free cash.

Cash and cash equivalents declined by R6.6 million (£0.3 million) during the current financial year to an amount of R13.1 million (£0.7 million). Significant cash flow movements during the year include a R76.4 million (£3.6 million) cash outflow on repayment of borrowings and related finance costs; a R11.1 million (£0.5 million) cash outflow on purchase of treasury shares off the open market; a R10.0 million (£0.5 million) cash outflow of dividends paid to shareholders; a R16.9 million (£0.8 million) cash outflow on acquisition of investments; a R99.5 million (£4.6 million) cash inflow in respect of dividends and interest income; a R55.8 million (£2.6 million) cash inflow on realisation of investments.

Share buy-backs, share issues and treasury shares

During the current financial year, the Company repurchased a total of 1,182,310 Tiso Blackstar shares in the open market at an average price per share of R9.38 (£0.44) per share and a total cost of R11.1 million (£0.5 million). At 30 June 2016, Tiso Blackstar held 1,067,925 treasury shares, representing 0.4% of the issued share capital. As long as the Tiso Blackstar share price trades at a significant discount to its Intrinsic NAV, the Company will continue with further share buy-backs.

During October 2015, Tiso Blackstar increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares, thereby increasing the issued share capital of the Company to 268,291,260 shares.

Other matters

Tiso Blackstar anticipates that with time its share price will be evaluated more by underlying earnings than NAV due to the afore-mentioned shift in focus to investing in a media related businesses.

As a result of this, the Tiso Blackstar Board has taken the view that there will be a change in the Group's status as an Investment Entity as defined in IFRS 10 Consolidated Financial Statements. In the future, Tiso Blackstar will no longer account for its net investments in subsidiaries and associates as investments held at fair value through profit and loss but rather consolidate its subsidiaries and equity account for its investments in associates. It is currently expected that the Group's interim results for the period ended 31 December 2016 and annual/interim results thereafter will be prepared on a consolidated basis.

It is believed that consolidated results will provide investors more meaningful insight into the earnings and trading performance of the Group. This change in approach will also necessitate a change in the long term Management Incentive Scheme which will be presented to shareholders in due course.

The Company continues to work with its advisers on the shareholder approved migration of its registered office from Malta to the UK as well as the migration of the investment holding company Tiso Blackstar Cyprus from Cyprus to the UK. This process is complex and has been frustrated by unavoidable delays in ensuring that the migration of Tiso Blackstar Cyprus complies with the regulatory and administrative requirements of regulators in Cyprus and the UK. Subject to the necessary approvals being obtained, the Company's advisers anticipate that the migration process should be completed in the first half of 2017.

Dividends

Tiso Blackstar views dividends as an important part of shareholder return and value. In determining dividends, the Company considers its current financial flexibility, the expected net cash flows from assets, as well as expected strategic corporate actions. It also considers the current share trading price, and the opportunity to buy back Tiso Blackstar shares to enhance shareholder return. The Company places emphasis on making some dividend payments on an interim and final basis, with a view to growing the dividend over time. The Tiso Blackstar Board has recommended a final dividend of 4.47275 South African cents (0.25 pence) per share, which is subject to shareholder approval at the next annual general meeting. The timetable for the dividend, which includes the record and payment dates, will be released along with the timetable for the annual general meeting in due course.

Black Economic Empowerment

Tiso Blackstar is committed to transformation and the revised Broad-Based Black Economic Empowerment Codes of Good Practice which came into effect on 1 May 2015 ("B-BBEE"). A summary of its key empowerment credentials include:

- Tiso Blackstar has a B-BBEE ownership status of 45.47%;
- TMG achieved a level 3 contributor status on the revised B-BBEE codes;
- TMG has a B-BBEE ownership status of 58.47%; and
- TMG is considered an empowering supplier with a 110% procurement recognition level.

Outlook

The past financial year has been spent not only bedding down the acquisition of the stake in KTH and the remaining shares in TMG, but also reviewing the operations and making necessary adjustments to remain profitable during tough economic conditions. With a solid foundation in place, the change in strategic direction to an exclusive media focus represents exciting times for Tiso Blackstar. TMG continues to be one of the leading media groups in South Africa and now has the ability to adapt to changes in the market. It has invested in new revenue streams, technology, talent and innovative concepts which are expected to enhance earnings in the upcoming year. Media and related industries is an attractive high value sector across the African continent and the Group will continue to consider acquisitions to complement its existing media assets in South Africa, Kenya, Ghana and Nigeria.

Director's statement continued

Tiso Blackstar has identified non-core assets amounting R1,987 million (£102 million) for disposal and has already made good progress in this regard. Negotiations are currently underway for the disposal of the 22.9% interest in KTH, which has a value of R1.5 billion (£78 million). With a completion date expected within the next financial year, this will allow Tiso Blackstar to settle all of its outstanding acquisition debt (amounting to R414 million (£21 million) at 30 June 2016), and the balance of proceeds will provide the Group with the opportunity to invest in existing and or new media-focused investments. The sale of non-core assets not only enhances Tiso Blackstar's cashflow position, but also provides it with more flexibility to invest in exciting growth opportunities.

Tiso Blackstar is intent on becoming a dominant player in the African media sector whilst unlocking value for the benefit of shareholders. With the various initiatives being driven within the Group, significant headway is expected to be achieved in the following year.

AD Bonamour
Non-executive Director
6 October 2016

DKT Adomakoh
Non-executive Chairman

Directors' report

The Directors present their report for Tiso Blackstar Group SE (registered number SE4) together with the audited financial statements for the year ended 30 June 2016. In 2015, Tiso Blackstar changed its financial year end from 31 December to 30 June, thus the prior period financial statements are provided for a six month period ended 30 June 2015.

Results and dividends
The consolidated statement of comprehensive income as set out on page 17 reflects the loss for the year ended 30 June 2016.

The Tiso Blackstar Board declared an interim gross dividend of 3.74 South African cents (0.21 cents in Euros and 0.17 pence in Pounds Sterling) per ordinary share which was paid on 13 June 2016. A final gross dividend of 4.47 South African cents (0.28 cents in Euros and 0.25 pence in Pounds Sterling) per ordinary share was recommended on 6 October 2016.

Principal activities, business review and future developments
The Company was incorporated in England and Wales and has its registered office and principal place of business at 3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta.

Through two capital raisings in 2006, the Company successfully raised an aggregate of £80 million (before expenses) on the London Stock Exchange (AIM) to pursue its investing strategy and objectives and engaged BML Limited ("BML"), an offshore management company, to assist with sourcing, evaluating and assessing potential investment opportunities.

In June 2009, the Company concluded the internalisation of its investment advisory arrangements with BML, including the acquisition of Blackstar Fund Managers Proprietary Limited, which subsequently changed its name to Tiso Blackstar Group Proprietary Limited ("Tiso Blackstar SA"). In acquiring Tiso Blackstar SA, the Company secured the services and the intellectual capital of the Tiso Blackstar SA team and the ability of the business to generate value for the Group.

In June 2011, the Company converted into a Societas Europaea or European public limited liability company.

In August 2011, the Company completed a secondary listing on the Altx of the JSE Limited. The Company raised R100 million through the issue of new shares to South African investors as part of the secondary listing process.

In February 2012, Shareholders approved the transfer of the Company's registered office from the United Kingdom to Malta. The transfer was effective by the second quarter of 2012.

The Company is an investment company, and its principal activities during the year (as well as its wholly owned subsidiary Tiso Blackstar (Cyprus) Public Limited ("Tiso Blackstar Cyprus")) were to participate in investment opportunities with a particular focus on media and related industries.

The Group has a 100.0% interest in Times Media Group Proprietary Limited ("TMG") which is a South African based media company.

The Group has a 100.0% interest in Tiso Blackstar Real Estate Proprietary Limited ("TBRE"), a property company, which explores opportunities in the property sector.

The Group has a 100.0% interest in Consolidated Steel Industries Proprietary Limited ("CSI") which comprises of Stalcor, a processor, distributor and stockist of stainless steel and aluminium, and its wholly owned subsidiary Global Roofing Solutions Proprietary Limited ("GRS"), a manufacturer and supplier of steel roofing and cladding.

The Group has a 51.0% interest in Robor Proprietary Limited ("Robor") which is a South African manufacturer and supplier of welded steel tube and pipe, cold formed steel profiles and associated value added products.

The Group has a 22.9% interest in an investment holding company Kagiso Tiso Holdings Proprietary Limited ("KTH").

Principal activities, business review and future developments (continued)
The Group holds the following other media interests: a 49.0% interest in Radio Africa Limited ("RAG") in Kenya; a 32.2% interest in Multimedia Group Limited ("MGG") in Ghana; and a 24.5% interest in Cooper Communications Limited ("Coopers") in Nigeria.

The requirements of the business review have been included in the Director's statement as set out on pages 3 to 9.

Principal risks and uncertainties
The key principal risks and uncertainties of the Group going forward are described below by segment, including details on the manner in which these risks are monitored and managed. Note 26 to the consolidated financial statements also provide a detailed analysis of the financial risks affecting the Group and the management thereof.

Investee companies are run on a decentralised manner with management of the underlying businesses maintaining an entrepreneurial focus. The risks within the underlying trading businesses are managed by their local management teams who are responsible for their own operations.

The Tiso Blackstar Board aim to ensure that the investee companies in which the Company has a controlling or significant interest (i.e. subsidiaries and associates) are well staffed with strong and experienced management teams who are responsible for designing, implementing and monitoring the process of risk management. These management teams are remunerated based on operational performance and are incentivised appropriately. In most cases, for all investments, Tiso Blackstar will have one or more Directors appointed to the investee company's Board thereby assisting in monitoring the investment performance.

Foreign exchange risk arises because the Group makes investments in currencies which differ from its functional currency (Rands) and presentational currencies (Pounds Sterling and Rands). The Tiso Blackstar Board meet at least on a quarterly basis to review the investment portfolio and consequently monitors currency risk on an on-going basis. To mitigate this risk, the Group may hedge its currency exposure from time to time.

Market price risk arises because the Group's listed and unlisted investments are susceptible to market price risk arising from the performance of the underlying companies, and in the case of listed investments uncertainties about future prices. The Tiso Blackstar Board meet at least quarterly to review the investment portfolio, in particular the underlying performance of the companies in which it has invested and consequently monitors the value of its investments on an on-going basis.

Financial instruments – risk management
Details of the financial risk management objectives and policies of the Company and its subsidiaries are contained in note 26 to the consolidated financial statements.

Investment policy
The investment objective of the Company is to generate shareholder returns through investing in a portfolio of businesses. Whilst not constricted geographically, given the background and experience of management, it is expected that the majority of capital invested will be in businesses operating in Southern Africa, with a particular focus on South Africa. Investments outside Southern Africa will be considered where the Tiso Blackstar Board believes the opportunities are particularly attractive. The Company will look to invest in businesses with the underlying themes of strategic market position and strong cash flows. The Company may invest in the form of either equity or debt and may acquire directly or indirectly controlling or minority holdings in investee companies.

The investee companies are run on a decentralised manner with local management maintaining an entrepreneurial focus and being responsible for their own operations. The Company usually seeks to be actively involved in setting the strategy of the investee companies and acts as an allocator of capital and resources but does not take day to day responsibility for the management of investee companies.

Investment policy (continued)

The Company is a long term investor and the Tiso Blackstar Board places no limit on the length of time that any portfolio investment may be held. The Tiso Blackstar Board considers, on a case by case basis, the optimum exit strategy for each portfolio investment.

The Company expects to only hold a small number of portfolio investments at any one time. However, there is no minimum or maximum number of investments that the Company can hold at any one time, nor are there any maximum exposure limits per portfolio investment.

The Company finances its portfolio investments out of its own cash resources and utilises third party debt funding as appropriate. In addition, investee companies may themselves have gearing. Currently, there is no maximum gearing level for either the Company or on a Group basis. However the Tiso Blackstar Board will review the level of gearing in the Group on a regular basis.

Save as set out above, the Company does not have any investment restrictions.

Corporate Governance

The Tiso Blackstar Board and its committees are responsible for maintaining a high standard of corporate governance and for ensuring that the Group’s business is conducted with integrity and in an ethical manner.

The Tiso Blackstar Board ensures that the Group complies with all relevant laws and regulations and ensures that the Group maintains effective operating systems and controls and a robust and informed investment approval process.

The Tiso Blackstar Board has access to complete, accurate and timeous information in order to fulfil its responsibilities and is assisted by the following committees:

Audit Committee

Marcel Ernzer is the Chairman of the Audit Committee. John Mills and Andrew Bonamour are also members of the Audit Committee. The Audit Committee provides a forum for reporting by the Company’s external auditors and is responsible for reviewing a wide range of matters including interim and annual results and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders.

Remuneration Committee

The Remuneration Committee is chaired by John Mills and comprises David Adomakoh, Andrew Bonamour, Marcel Ernzer and Harish Mehta. The Remuneration Committee will set the remuneration levels for the Directors having regard to market conditions and also ensure appropriate incentive schemes are in place for management.

Nominations Committee

The Nominations Committee is chaired by Marcel Ernzer and comprises John Mills and Andrew Bonamour. The Nominations Committee deals with new appointments to the Tiso Blackstar Board.

All material matters were reported to the Tiso Blackstar Board which had three meetings during the year ended 30 June 2016.

The Tiso Blackstar Board had three meetings during the six months ended 30 June 2015.

Going Concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Director’s statement on pages 3 to 9. In addition, notes 26 and 28 to the consolidated financial statements include the Group’s objectives, policies and processes for managing its capital and its financial risk management objectives and procedures respectively.

The Tiso Blackstar Board believe that the Group is well placed to manage its business risks successfully. The Tiso Blackstar Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Purchase of treasury shares

During the current year, Tiso Blackstar repurchased 1,182,310 ordinary shares on the open market. No shares were repurchased during the prior period. At 30 June 2016, 1,067,925 (2015: nil) treasury shares were held.

Post balance sheet events

These are detailed in note 35 to the consolidated financial statements.

Charitable and political contributions

During 2015, an amount of R126,000, £7,000 was donated to Health Africa International to assist with the Ebola epidemic. There were no donations made during the current financial year.

Directors

The current Directors (all of which are Non-executive Directors) of the Company and Management of Tiso Blackstar had the following beneficial interests in the ordinary share capital of the Company as at the date of this report:

	Number of ordinary shares 2016	Number of ordinary shares 2015
Non-executive Directors of the Company		
David Adomakoh[1]	**26,893,768**	26,893,768
John Mills	**761,328**	761,328
Andrew Bonamour[2]	**8,781,980**	8,781,980
Marcel Ernzer	**—**	—
Harish Mehta[3][4]	**6,570,206**	—
Nkululeko Sowazi[1]	**26,893,768**	26,893,768
Richard Wight	**—**	—
Management of Tiso Blackstar[5]	**8,943,146**	8,943,146
Total	**78,844,196**	72,273,990

Notes:

1. Directors are beneficially interested in this shareholding as each of them owns 50% of Tiso Investments Holdings Proprietary Limited (RF).
2. These shares are held by funds associated with Andrew Bonamour.
3. Harish Mehta was appointed as a Non-executive Director on 29 March 2016.
4. These shares are held by Trusts associated with Harish Mehta.
5. Excludes shares held by Directors of the Company (and their associated funds) already reflected within the table.

No Director has options to purchase shares in the Company.

No Director has any direct interest in the shares of any of the subsidiary companies.

Qualifying professional liability insurance for the benefit of the Directors was in force during the financial year and at the date of this report.

Biographical details of all current Directors are to be found within the Directorate on page 15.

Directors' report continued

Directors' responsibilities
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Directors are required by the Malta Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Group and Company at the end of each financial period and of the Group's profit and loss for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM and the Altx of the JSE Limited.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Malta Companies Act, 1995. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors
BDO Malta were appointed as auditors to the Company in January 2013 following the transfer of the Company's registered office to Malta. BDO Malta shall remain the auditors until the next annual general meeting whereby the Group auditors will be reappointed.

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Tiso Blackstar Board

AD Bonamour
Non-executive Director
6 October 2016

DKT Adomakoh
Non-executive Chairman

Directorate

David Kwame Tandoh Adomakoh, Non-executive Group Chairman
David Adomakoh is the Chairman of TIH, a co-founder of Tiso Group and served as its Group Managing Director. He is a former Director of Chase Manhattan Limited, London; Head of the Chase Manhattan Bank, Southern Africa; Executive Director of Robert Fleming Holdings South Africa Limited; and Head of Africa Corporate Finance at JPMorgan Chase Bank, N.A. Johannesburg branch. He currently serves as a non-executive director of KTH, and Chairman of its Investment and Valuation Committee. David serves as a non-executive director of Nedbank Group Limited and Vanguard Group Limited (Ghana). His experience spans 25 years in executive management and investment banking, and includes principal investing, corporate and project finance advisory work, debt capital raising, and financial derivatives in a number of countries, predominantly in Africa and Europe. He has also served on the Boards of a number of South African, Nigerian and Ghanaian companies. He is a founder trustee of The Tiso Foundation, and a World Fellow of the Duke of Edinburgh's International Award. David holds a BSc (Econs) Hons (London School of Economics) and Diplôme de Langue et de Civilisation (La Sorbonne, Université de Paris).

John Broadhurst Mills, Non-executive Group Deputy Chairman
John Mills, a qualified solicitor, is currently a director of Maitland Luxembourg SA and certain Luxembourg and ISE listed investment funds. For the past eight years, he was, and he continues to be a director and a principal in the Maitland Group and a number of other companies. He has had extensive experience in advising clients in the structuring and exiting of private equity investments, through both onshore and offshore vehicles.

Andrew David Bonamour, Non-executive Director
Andrew Bonamour is the founder of Tiso Blackstar and a director of Tiso Blackstar SA and TMG. Andrew previously worked at Brait SA Limited ("Brait") where he held positions in investment banking, principal investment divisions and corporate finance. At Brait, Andrew originated and played a lead role in a variety of transactions ranging from leveraged buyouts, mergers and acquisitions, capital replacements and restructurings. Andrew has an in depth knowledge of, and experience in, corporate finance, private equity and investment banking. Andrew holds a Bachelor of Commerce. Andrew is also a director of several listed and unlisted companies.

Marcel Ernzer, Non-executive Director
Marcel Ernzer is an independent consultant within the financial sector. He was an auditor and later a consultant with Price Waterhouse Luxembourg from 1982 to 1986. From 1987 to 1996, he was responsible for setting-up and managing Unico Financial Services, a PSF in Luxembourg, owned by Credit Agricole, DZ Bank, Rabobank, RZB Austria, Cera Bank (later KBC) and Okobank. He is currently a director of Insinger de Beaufort Holdings S.A., Camera di Commercio Italo-Lussemburghese, Pro Fonds (Lux) Sicav and certain family owned commercial companies including Tetrabat, Taxirent and FAS. Over the previous years he was a director of several financial services companies including Corporate Management Services owned by Commercial Union, EEK Invest owned by Evangelische Kreditgenossenschaft, Piac owned by RZB Austria, UKB owned by Kokusai Securities and Witherthur Financial Services owned by Winterthur. He was also a director of several investment funds and was serving on the Board of ALFI, the Association of the Luxembourg Fund Industry until 1998.

Harishkumar Kantilal Mehta, Non-executive Director
Harishkumar Kantilal Mehta (Harish Mehta) was instrumental in the expansion of Uniprint, which was founded over 90 years ago, to 60 times its original size. Uniprint was acquired by Avusa, now Times Media Group Proprietary Limited ("TMG"), in 2010. Harish is non-executive chairman of Tiso Blackstar's wholly owned subsidiary TMG, Cibapac Proprietary Limited and Wasteman Holdings Proprietary Limited and is a non-executive director of Spar Limited and Redefine Income Fund Limited. In addition he is a member of the Kwa-Zulu Natal Provincial Board of FNB and the Durban Country Club Trust and many other community organisations. He holds a Diploma in Printing Technology (Leeds, UK), BSc Industrial Engineering (University of Wisconsin, USA), MBA (University of Wisconsin, USA). He is currently executive chairman and CEO of Clearwater Capital, a family fund.

Nkululeko Leonard Sowazi, Non-executive Director
Nkululeko Sowazi is the Chairman of KTH, a leading South African investment holding company with significant interests in the media, financial services and resources sectors. KTH was formed in July 2011 following the merger of two leading black owned investment firms, KTI and Tiso Group with combined gross assets of R15 billion. Nkululeko was the Executive Chairman and co-founder of Tiso Group which was formed in 2001 and grew to a multi-billion rand investment company by the time the merger was concluded. He is currently a non-executive director of the JSE listed companies Grindrod Limited and Litha Healthcare Group Limited. He serves as a non-executive director of Actom Holdings Proprietary Limited and Idwala Industrial Holdings Proprietary Limited. Nkululeko also serves on a number of not for profit organizations. He is a founder trustee of Tiso Foundation, Chairman of the Homeloan Guarantee Company and Housing for HIV Foundation based in Washington D.C. He serves on the Board of governors of Michaelhouse College and is a World Fellow of the Duke of Edinburgh's International award. He holds a BA degree in economics and a MA from the University of California, Los Angeles (UCLA).

Richard Thomson Wight, Non-executive Director
Richard Thomson Wight has over 30 years experience in financial services. He started his career trading fixed income for Kidder Peabody, Bank of America and S.G Warburg, before running capital protected funds for Credit Suisse Private Bank and traded futures and equities for a privately held hedge fund. He resides in Malta, holds both American and Maltese citizenship and acts as the local non-executive director and investment committee member for several Malta-based financial entities. He is a graduate of Cornell University.

Independent auditors' report

Independent auditors' report to the shareholders of Tiso Blackstar Group SE

We have audited the accompanying Group and Parent Company financial statements (the "financial statements") of Tiso Blackstar Group SE set out on pages 17 to 88 which comprise the consolidated and parent company statements of financial position at 30 June 2016 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated and parent company statements of changes in equity, and the consolidated and parent company statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

As described on page 14, the directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of the Group and Company as at 30 June 2016 and of the Group's financial performance and Group and Company's cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and have been properly prepared in accordance with the provisions of the Malta Companies Act, 1995.

Report on other legal and regulatory requirements

We also have responsibilities under the Malta Companies Act, 1995 to report to you if, in our opinion:

- The information given in the Directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

BDO MALTA
Certified Public Accountants
6 October 2016

Consolidated statement of comprehensive income
for the year ended 30 June 2016

*As restated Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Notes**	**Twelve months ended 30 June 2016 £'000**	*As restated Six months ended 30 June 2015 £'000
78,140	**422,952**	Investment-related income	4	**19,696**	4,303
377,823	**(1,036,271)**	Net fair value and foreign exchange (losses) gains	4	**(48,258)**	20,804
(66,126)	**(63,877)**	Operating expenses	5	**(2,976)**	(3,638)
389,837	**(677,196)**	**Operating (loss) profit**	6	**(31,538)**	21,469
(5,330)	**(48,865)**	Net finance costs	8	**(2,276)**	(294)
517	**1,251**	Finance income		**58**	28
(5,847)	**(50,116)**	Finance costs		**(2,334)**	(322)
384,507	**(726,061)**	**(Loss) Profit before taxation**		**(33,814)**	21,175
289	**(955)**	Taxation	9	**(45)**	15
384,796	**(727,016)**	**(Loss) Profit from continuing operations**		**(33,859)**	21,190
		Discontinuing operations			
(50,689)	**(179,853)**	Loss from discontinued operation, net of taxation	10	**(8,375)**	(2,791)
334,107	**(906,869)**	**(Loss) Profit for the year**		**(42,234)**	18,399
		Other comprehensive loss – items that may subsequently be reclassified to profit and loss:			
—	**—**	Currency translation differences on the translation of Rand denominated Group entities		**(8,887)**	(12,900)
—	**—**	**Total other comprehensive loss recognised directly in equity**		**(8,887)**	(12,900)
334,107	**(906,869)**	**Total comprehensive (loss) income for the year**		**(51,121)**	5,499
		(Loss) Profit for the year attributable to:			
334,277	**(906,869)**	Equity holders of the parent		**(42,234)**	18,408
(170)	**—**	Non controlling interests		**—**	(9)
334,107	**(906,869)**			**(42,234)**	18,399
		Total comprehensive (loss) income attributable to:			
334,277	**(906,869)**	Equity holders of the parent		**(51,121)**	5,508
(170)	**—**	Non controlling interests		**—**	(9)
334,107	**(906,869)**			**(51,121)**	5,499
317.81	**(339.40)**	**Basic and diluted (losses) earnings per ordinary share attributable to equity holders (in cents/pence)**	11	**(15.81)**	17.50
366.00	**(272.09)**	**Basic and diluted (losses) earnings per ordinary share attributable to equity holders from continuing operations (in cents/pence)**	11	**(12.67)**	20.15
105,181	**267,199**	**Weighted average number of shares (net of treasury shares, in thousands)**	11	**267,199**	105,181

* Restated for discontinued operation, refer note 10

The notes on pages 22 to 77 form part of the consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 30 June 2016

	Notes	Share capital R'000	Share premium R'000	Capital redemption reserve R'000	Treasury shares reserve R'000	Retained earnings R'000	Attributable to equity holders R'000	Non controlling interests R'000	Total equity R'000
Balance as at 31 December 2014		574,672	23,143	52,173	(9,284)	809,688	1,450,392	(206)	1,450,186
Total comprehensive income for the period		—	—	—	—	334,277	334,277	(170)	334,107
Income for the period		—	—	—	—	334,277	334,277	(170)	334,107
Other comprehensive loss for the period		—	—	—	—	—	—	—	—
Transactions with owners:		1,960,770	678,638	—	9,284	(30,713)	2,617,979	42	2,618,021
Shares issued for investment acquisitions	23	1,950,299	677,038	—	—	—	2,627,337	—	2,627,337
Issue of shares as part of the long term Management Incentive Scheme	23	10,471	1,503	—	—	(11,974)	—	—	—
Treasury shares issued during the period as part of the long term Management Incentive Scheme	23	—	97	—	9,284	(9,381)	—	—	—
Equity settled share based payment	33	—	—	—	—	2,432	2,432	—	2,432
Reduction in non controlling interests arising on acquisition of further interest in Blackstar Fund Managers Proprietary Limited ("BFM")	25	—	—	—	—	(42)	(42)	42	—
Dividends paid		—	—	—	—	(11,748)	(11,748)	—	(11,748)
Balance as at 30 June 2015		2,535,442	701,781	52,173	—	1,113,252	4,402,648	(334)	4,402,314
Total comprehensive loss for the year		—	—	—	—	(906,869)	(906,869)	—	(906,869)
Loss for the year		—	—	—	—	(906,869)	(906,869)	—	(906,869)
Other comprehensive loss for the year		—	—	—	—	—	—	—	—
Transactions with owners:		18,594	(569)	—	(9,797)	(10,458)	(2,230)	334	(1,896)
Shares issued for investment acquisition	23	18,594	(569)	—	1,293	—	19,318	—	19,318
Purchase of treasury shares	23	—	—	—	(11,090)	—	(11,090)	—	(11,090)
Disposal of entire interest in BFM	25	—	—	—	—	(445)	(445)	334	(111)
Dividends paid		—	—	—	—	(10,013)	(10,013)	—	(10,013)
Balance as at 30 June 2016		**2,554,036**	**701,212**	**52,173**	**(9,797)**	**195,925**	**3,493,549**	**—**	**3,493,549**

Consolidated statement of changes in equity continued
for the year ended 30 June 2016

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares reserve £'000	Foreign Currency Translation Reserve ("FCTR") £'000	Retained earnings £'000	Attributable to equity holders £'000	Non controlling interests £'000	Total equity £'000
Balance as at 31 December 2014		55,347	2,024	4,599	(713)	(28,762)	48,079	80,574	(11)	80,563
Total comprehensive income for the period		—	—	—	—	(12,900)	18,408	5,508	(9)	5,499
Income for the period		—	—	—	—	—	18,408	18,408	(9)	18,399
Other comprehensive loss for the period		—	—	—	—	(12,900)	—	(12,900)	—	(12,900)
Transactions with owners:		107,963	37,367	—	713	—	(1,691)	144,352	2	144,354
Shares issued for investment acquisitions	23	107,386	37,279	—	—	—	—	144,665	—	144,665
Issue of shares as part of the long term Management Incentive Scheme	23	577	83	—	—	—	(660)	—	—	—
Treasury shares issued during the period as part of the long term Management Incentive Scheme	23	—	5	—	713	—	(516)	202	—	202
Equity settled share based payment	33	—	—	—	—	—	134	134	—	134
Reduction in non controlling interests arising on acquisition of further interest in BFM	25	—	—	—	—	—	(2)	(2)	2	—
Dividends paid		—	—	—	—	—	(647)	(647)	—	(647)
Balance as at 30 June 2015		163,310	39,391	4,599	—	(41,662)	64,796	230,434	(18)	230,416
Total comprehensive loss for the year		—	—	—	—	(8,887)	(42,234)	(51,121)	—	(51,121)
Loss for the year		—	—	—	—	—	(42,234)	(42,234)	—	(42,234)
Other comprehensive loss for the year		—	—	—	—	(8,887)	—	(8,887)	—	(8,887)
Transactions with owners:		891	(28)	—	(468)	—	(485)	(90)	18	(72)
Shares issued for investment acquisition	23	891	(28)	—	62	—	—	925	—	925
Purchase of treasury shares	23	—	—	—	(530)	—	—	(530)	—	(530)
Disposal of entire interest in BFM	25	—	—	—	—	—	(19)	(19)	18	(1)
Dividends paid		—	—	—	—	—	(466)	(466)	—	(466)
Balance as at 30 June 2016		**164,201**	**39,363**	**4,599**	**(468)**	**(50,549)**	**22,077**	**179,223**	**—**	**179,223**

A 2014 final dividend of 14 South African cents, 0.77 pence per ordinary share was paid on 8 June 2015.

A 2016 interim dividend of 3.74 South African cents, 0.17 pence per ordinary share was paid on 13 June 2016.

A 2016 final dividend of 4.47 South African cents, 0.25 pence per ordinary share was recommended on 6 October 2016.

The notes on pages 22 to 77 form part of the consolidated financial statements.

Consolidated statement of financial position
as at 30 June 2016

30 June 2015 R'000	**30 June 2016 R'000**		Notes	**30 June 2016 £'000**	30 June 2015 £'000
		Assets			
3,208	**2,343**	Deferred tax assets	13	**120**	167
1,079	**4,331**	Equipment	14	**222**	56
4,813,605	**2,369,958**	Financial assets at fair value through profit and loss	15	**121,581**	251,944
2,983,436	**1,955,133**	Net investments in subsidiaries	16	**100,300**	156,153
1,734,013	**399,697**	Net investments in associates	17	**20,505**	90,758
96,156	**15,128**	Financial assets held for trading	15	**776**	5,033
—	**1,520,000**	Asset held for sale	10	**77,978**	—
150	**198**	Current tax assets		**10**	9
32,317	**4,008**	Trade and other receivables	18	**206**	1,691
19,727	**13,086**	Cash and cash equivalents	19	**671**	1,032
4,870,086	**3,913,924**	**Total assets**		**200,788**	254,899
		Liabilities			
(141)	**(84)**	Deferred tax liabilities	13	**(4)**	(7)
(22)	**(1,195)**	Other financial liabilities	20	**(61)**	(1)
(440,000)	**(413,766)**	Borrowings	21	**(21,227)**	(23,030)
(72)	**(160)**	Current tax liabilities		**(8)**	(4)
(27,537)	**(5,170)**	Trade and other payables	22	**(265)**	(1,441)
(467,772)	**(420,375)**	**Total liabilities**		**(21,565)**	(24,483)
4,402,314	**3,493,549**	**Total net assets**		**179,223**	230,416
		Equity			
2,535,442	**2,554,036**	Share capital	23	**164,201**	163,310
701,781	**701,212**	Share premium	23	**39,363**	39,391
52,173	**52,173**	Capital redemption reserve	23	**4,599**	4,599
—	**(9,797)**	Treasury shares reserve	23	**(468)**	—
—	**—**	Foreign currency translation reserve	23	**(50,549)**	(41,662)
1,113,252	**195,925**	Retained earnings	23	**22,077**	64,796
4,402,648	**3,493,549**	**Total equity attributable to equity holders**		**179,223**	230,434
(334)	**—**	Non controlling interests		**—**	(18)
4,402,314	**3,493,549**	**Total equity**		**179,223**	230,416
1,651	**1,307**	**Net asset value per share (in cents/pence)**		**67**	86
266,665	**267,223**	**Actual number of shares in issue (net of treasury shares, in thousands)**	23	**267,223**	266,665

The official opening middle rates of exchange applicable between the Euro and the GBP, and the Euro and the ZAR, as issued by the European Central Bank at 30 June 2016 was 0.82 (2015: 0.71) and 16.45 (2015: 13.64) respectively.

The notes on pages 22 to 77 form part of the consolidated financial statements.

The consolidated financial statements were approved by the Tiso Blackstar Board and authorised for issue on 6 October 2016.

AD Bonamour
Non-executive Director

DKT Adomakoh
Non-executive Chairman

Consolidated statement of cash flows
for the year ended 30 June 2016

Six months ended 30 June 2015 R'000	Twelve months ended 30 June 2016 R'000		Notes	Twelve months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000
		Cash flow from operating activities			
(84,556)	**(43,599)**	Cash absorbed by operations	24	**(2,033)**	(4,655)
(493,480)	**(16,864)**	Additions to investments	24	**(759)**	(27,171)
110,080	**55,840**	Proceeds from investments	24	**2,588**	6,061
74,473	**99,469**	Dividend and interest income received		**4,632**	4,101
—	**(1,603)**	Taxation paid		**(75)**	—
(393,483)	**93,243**	**Cash generated (absorbed) by operating activities**		**4,353**	(21,664)
		Cash flow from investing activities			
(63)	**(3,698)**	Purchase of equipment	14	**(172)**	(3)
4	**25**	Proceeds on disposal of equipment		**1**	—
517	**1,251**	Finance income received		**58**	28
—	**(9)**	Disposal of subsidiary	25	**—**	—
458	**(2,431)**	**Cash (absorbed) generated by investing activities**		**(113)**	25
		Cash flow from financing activities			
534,200	**—**	Borrowings raised		**—**	29,414
(166,873)	**(26,234)**	Borrowings repaid		**(1,222)**	(9,189)
(5,847)	**(50,116)**	Finance costs paid		**(2,334)**	(322)
—	**(11,090)**	Purchase of treasury shares		**(530)**	—
(11,748)	**(10,013)**	Dividends paid to equity holders of the parent		**(466)**	(647)
349,732	**(97,453)**	**Cash (absorbed) generated by financing activities**		**(4,552)**	19,256
(43,293)	**(6,641)**	Net decrease in cash and cash equivalents		**(312)**	(2,383)
63,020	**19,727**	Cash and cash equivalents at the beginning of the year		**1,032**	3,501
—	**—**	Exchange losses on cash and cash equivalents		**(49)**	(86)
19,727	**13,086**	**Cash and cash equivalents at the end of the year**	19	**671**	1,032

The notes on pages 22 to 77 form part of the consolidated financial statements.

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements have been consistently applied across all periods presented in the consolidated financial statements. All the financial statements are presented in both Pounds Sterling and South African Rands and all financial information has been rounded to the nearest thousand unless stated otherwise.

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") published by the International Accounting Standards Board ("IASB") as endorsed for use by the European Union and with the Malta Companies Act, 1995. The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit and loss that have been measured at fair value.

The Tiso Blackstar Board believe that the Group is well placed to manage its business risks successfully. The Tiso Blackstar Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On completion of the TMG and KTH acquisitions during June 2015, Tiso Blackstar changed its financial year end from 31 December to 30 June. The comparative reporting period is therefore provided for a six month period ended 30 June 2015.

The Group presents its statement of financial position in order of liquidity. The Group's current assets, which it expects to recover within 12 months, comprise its current tax assets, trade and other receivables and cash and cash equivalents which total R17,292,000, £887,000 (2015: R52,194,000, £2,732,000). All other assets in the statement of financial position, with the exception of the R1,520,000,000, £77,978,000 asset held for sale at 30 June 2016, are considered to be non-current assets, which total R2,376,632,000, £121,923,000 (2015: R4,817,892,000, £252,167,000). The Group's current liabilities, which it expects to settle within 12 months, comprise its other financial liabilities, current tax liabilities and trade and other payables which total R6,525,000 , £334,000 (2015: R27,631,000, £1,446,000). All other liabilities in the statement of financial position are considered to be non-current liabilities, which total R413,850,000, £21,231,000. (2015: R440,141,000, £23,037,000).

1.2 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

1. Accounting policies (continued)

1.2 Basis of consolidation (continued)

The Company is an Investment Entity and as such does not consolidate all of the entities it controls. Instead, certain interests in subsidiaries are classified as financial assets at fair value through profit and loss and measured at fair value. Where the Company, (the Investment Entity) controls an investee that provides services that relate only to the Company's own investment activities, it then consolidates that investee. Investments in associates are also classified as financial assets at fair value through profit and loss, and measured at fair value.

In circumstances where subsidiaries meet the requirements to be consolidated, the following policies apply:

- Inter-company transactions and balances between Group companies are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

- Non controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non controlling interest's share of changes in equity since the date of the combination.

- The acquisitions of subsidiaries, which are not accounted for as financial assets at fair value through profit and loss, are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date. Non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

- Goodwill arising on acquisition is recognised in accordance with the Group's goodwill accounting policy (refer below).

1.3 Non controlling interests

For business combinations completed prior to 1 January 2010, the Group initially recognised any non controlling interest in the acquiree at the non controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non controlling interest such as outstanding share options are generally measured at fair value. The Group has not elected to take the option to use fair value in acquisitions completed to date.

1.4 Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Residual values and useful lives are reassessed annually.

Depreciation is provided on the straight-line basis so as to write the assets down to their estimated residual values, over the estimated useful lives of the assets.

The estimated useful lives for office furniture, fixtures and equipment is 3 to 10 years.

1. Accounting policies (continued)

1.4 Equipment (continued)

Where significant components of an asset have different useful lives to the asset itself, these components are depreciated over their estimated useful lives.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss is reversed, then it is only reversed to the extent that the revised carrying amount of the asset would reflect the depreciation that would have been charged had the impairment not been reflected. Where a reversal of a previously recognised impairment loss is recognised, the depreciation charge for the asset is adjusted to allocate the assets' revised carrying amount, less residual value, on a systematic basis over its remaining useful life.

Surpluses or deficits on the disposal of equipment are credited or charged to profit and loss. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

1.5 Leases

Operating leases

Leases where the lessor retains the risk and rewards of ownership of the underlying assets are classified as operating leases. Payments made under operating leases are charged against income on the straight-line basis over the period of the lease.

1.6 Financial instruments

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets at fair value through profit and loss

The category of financial assets at fair value through profit and loss is sub-divided into:

- *Financial assets held for trading* – financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities and equity investments in hedge funds. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price.

- *Financial instruments designated as a fair value through profit and loss upon initial recognition* – These include investment in subsidiaries and investment in associates. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

  - *Investments in subsidiaries* – In accordance with the Investment Entities exception under IFRS 10 Consolidated Financial Statements, the Group does not consolidate certain subsidiaries in the consolidated financial statements. Investments in these subsidiaries are accounted for as a financial instrument at fair value through profit and loss.

  - *Loans and receivables payable by subsidiaries designated at fair value through profit and loss* – Shareholder loans to subsidiaries (which ordinarily would be accounted for as loans and receivables) have been designated at fair value through profit and loss. On assessment of the fair value of the net investment in subsidiary, these equity loans are incorporated into the valuation assessment and any decline in fair value is first allocated to the carrying amount of the equity investment and then to the loan to the subsidiary.

  - *Investments in associates* – In accordance with IAS 28 Investments in Associates and Joint Ventures, the Group does not account for its investment in associates using the equity method. Instead the Group has elected to measure its investments in these entities at fair value through profit and loss.

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Loans and receivables

Investments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The Group includes in this category loans to subsidiaries which are identified as working capital loans, usually short term in nature.

The Group's loans and receivables also include trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Other financial liabilities

This category includes all financial liabilities, including borrowings. The Group includes in this category short term payables.

Recognition

The Group recognises a financial asset or a financial liability when it becomes party to the contractual provisions of the instrument.

Initial measurement

Financial assets at fair value through profit and loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit and loss.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, where the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss. In all other cases, the difference is deferred and recognised as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement

After initial measurement, the Group measures financial instruments which are classified at fair value through profit and loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets at fair value through profit and loss. Interest and dividend earned or paid on these instruments are recorded separately in interest revenue and dividend revenue.

Loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit and loss, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, as well as through the amortisation process.

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Subsequent measurement (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liabilities. When calculating the effective interest rate, the Company estimates the cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive the cash flows from the asset have expired or the Group has transferred its rights to receive the cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- The Group has substantially transferred all of the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset

The Group derecognises a financial liability when the obligation under the liability has been discharged, cancelled, or expired.

1.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. There were no offsets during the prior or current financial years.

1.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. Goodwill is tested at least annually for impairment. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in profit and loss whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed.

1. Accounting policies (continued)

1.9 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such an asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in current accounts, money market funds and short term deposits with original maturities of three months or less from inception.

Short term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as ‘cash and cash equivalents’.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

In assessing the movements in the cash flows of the Group, the movements in and cash flows relating to financial instruments designated at fair value through profit and loss have been classified within operating activities due to the fact that Tiso Blackstar is considered to be an Investment Entity.

1.11 Dividend distributions

Dividends are at the discretion of the Company. A dividend to the Company’s shareholders is accounted for as a deduction from retained earnings. An interim dividend is recognised as a liability in the period in which it is irrevocably declared by the Tiso Blackstar Board. A final dividend is recognised as a liability in the period in which it is approved.

1.12 Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve. Any excess of the consideration received on the sale of treasury shares over the cost of the shares sold (calculated on a weighted average basis) is credited to the share premium account. The cancellation of treasury shares reduces the share capital and increases the capital redemption reserve by an amount corresponding to the nominal value of the shares.

1.13 Dividend and interest revenue

Interest revenue is recognised in profit and loss for all interest-bearing financial instruments using the effective interest rate method.

Dividend revenue is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Group’s right to receive the payment is established. Dividend revenue is presented net of any non-recoverable with withholding taxes, which are disclosed separately in the statement of comprehensive income.

1. Accounting policies (continued)

1.14 Net gains or losses on financial assets and liabilities at fair value through profit and loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition at fair value through profit and loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified at fair value through profit and loss represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contacts (excluding payments or receipts on collateral margin accounts for such instruments).

1.15 Fee income and performance fee income

Fee income and performance fee income includes corporate finance and advisory fees, and performance fees earned by the hedge fund management company. Fee income is recognised on an accruals basis when the services are provided. Performance fee income is recognised when the Group has an unconditional entitlement to receive it and it can be reliably measured. All income is measured at the fair value of the consideration receivable.

1.16 Finance income and finance costs

Finance income comprises interest receivable on current account bank balances, and deposits held on call. Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. Interest is recognised in profit and loss as it accrues using the effective interest rate method.

1.17 Share-based payments

In order to align management with Shareholders, part of the long term Management Incentive Scheme is linked to the Intrinsic NAV per share of the Company, which the Tiso Blackstar Board believes has been the ultimate driver of the Company's share price to date. The Intrinsic NAV is closely aligned to the net asset value of the Group and is calculated by Management on an annual basis and reviewed by the Tiso Blackstar Board. The Intrinsic NAV provides a measure of the underlying value of the Group's assets, whose fair values are calculated based on quoted bid prices for investments listed on recognised stock exchanges, and for unlisted investments at Directors' valuation determined using a discounted cash flow methodology.

The Intrinsic NAV at the end of each financial year, the Relevant Date being 30 June, (adjusted for corporate events including share buy-backs, dividends and capital raisings, plus interest thereon) is compared to a Hurdle Amount and 10% of the increase is allocated to the Incentive Pool, which is settled on an annual basis. The Hurdle Amount is equal to the aggregate of the Intrinsic NAV at the beginning of the year plus interest accruing on this Intrinsic NAV to the end of the year at the South Africa Short Term Fixed Interest Benchmark Rate ("STEFI"). Any shortfall in achieving the Hurdle Amount is subject to a catch up so should the Intrinsic NAV decline over a reporting period, the Company's Intrinsic NAV would need to recover that decline and the NAV would need to increase to the cumulative Hurdle Amount before any amount would be allocated to the Incentive Pool.

The Incentive Pool is settled entirely in Tiso Blackstar shares. The shares issued pursuant to the long term Management Incentive Scheme have a restriction on selling of three years or such shorter period as the Chairman may determine in his absolute discretion. Unless there are exceptional circumstances, the Chairman will not exercise this discretion save that, if conditions warrant it, he may do so to release one third of the shares from lock-up on the first anniversary of the date of issue or transfer and a further third on the second anniversary of the date of issue or transfer. If a member of Management ceases to be an employee of the Group at a time when any of his shares are still restricted in circumstances in which he is a "bad leaver", the Tiso Blackstar Board may require those shares which are still restricted to be forfeited.

1. Accounting policies (continued)

1.17 Share-based payments (continued)

The Tiso Blackstar Board has the ability to issue up to 0.5% of the shares in issue per year depending on performance criteria including but not limited to: cost management and control and the extent of the work performed during the period to manage the investment portfolio. The chief executive officer of Tiso Blackstar SA will provide the Tiso Blackstar Board with a written recommendation as to the amount of the additional award as well as the motivation behind this allocation.

1.18 Tax

Current tax comprises tax payable calculated on the basis of the taxable profit for the period, using the tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment of tax payable for previous years.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged to profit and loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in profit and loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

Tax assets and liabilities are offset when the Group has a legally enforceable right to offset tax assets and liabilities, and the tax assets and liabilities relate to taxes levied by the same tax authority.

1.19 Foreign currencies

Functional and presentation currency

The functional currency of the Company is South African Rands, being the currency of the primary economic environment in which the Company and its subsidiaries operate.

Tiso Blackstar is dual listed with a primary listing on the AIM of the London Stock Exchange ("AIM") and a secondary listing on the Altx of the JSE Limited ("JSE") in South Africa. As a result, Tiso Blackstar has two presentational currencies being South African Rands ("Rands") and Pounds Sterling ("Pounds Sterling").

Translation of foreign currency assets and liabilities in the individual entities financial statements

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the dates of the transactions.

At each reporting date, monetary items denominated in foreign currency are translated at the exchange rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currency are translated at the exchange rates prevailing when the fair value was determined.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the rates of exchange ruling at the date of the transaction. Any exchange differences arising on translation are recognised in profit and loss in the period in which they occur.

Translation of financial statement of entities into the presentation currencies

Assets and liabilities of entities are translated into the Group's presentation currencies of Rands and Pounds Sterling at year end exchange rates. Capital and reserves are translated at historical rates. Items included in profit and loss are translated at average exchange rates for the year.

1. Accounting policies (continued)

1.19 Foreign currencies (continued)

Translation differences arising from the translation of entities consolidated by the Group are taken directly to the foreign currency translation reserve. On disposal of entities, such translation differences are recognised in profit and loss as part of the gain or loss on disposal.

The principal exchange rates utilised to prepare the financial statements are as follows:

	Closing rate		Average rate	
	30 June 2016	30 June 2015	**Twelve months ended 30 June 2016**	Six months ended 30 June 2015
GBP/ZAR	**19.493**	19.106	**21.473**	18.162
EUR/ZAR	**16.269**	13.551	**16.105**	13.303
EUR/GBP	**0.835**	0.709	**0.750**	0.733

1.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker has been identified as the Tiso Blackstar Board. This committee reviews the Group's internal reporting in order to assess performance. Management has determined the operating segments based on these reports.

1.21 Significant judgements and areas of estimation

The preparation of the financial statements requires the use of estimates, assumptions and judgements that affect the amounts reported in the financial statements. Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Although the estimates are based on management's best knowledge and judgements of current facts as at the reporting date, the actual outcome may differ from those estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Assessment as an Investment Entity

Entities that meet the definition of an Investment Entity within IFRS 10 are required to measure their subsidiaries at fair value through profit and loss rather than consolidate them.

The criteria which define an Investment Entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest fund solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance for substantially all of its investments on a fair value basis.

1. Accounting policies (continued)

1.21 Significant judgements and areas of estimation (continued)

Assessment as an Investment Entity (continued)

The Group's investment policy details its objective which is to generate returns, in the form of capital appreciation and income to shareholders, through investing in a portfolio of businesses.

The Company has reported to its investors through information provided on its website, and to its Tiso Blackstar Board, via internal Board reports, on a fair value basis in the form of an Intrinsic NAV calculation. All investments are reported at fair value within the Intrinsic NAV calculation. The Group had an ultimate exit strategy noted for each investment.

Previously, the Tiso Blackstar Board concluded that the Company meets the additional characteristics of an Investment Entity, in that it has more than one investment, the investments are predominantly in the form of equities and similar securities, it has more than one investor and its investors are not related parties.

For the current and prior reporting periods, the Tiso Blackstar Board has concluded that the Company meets the definition of an Investment Entity. These conclusions are reassessed on an annual basis, if any of these criteria or characteristics change.

The Tiso Blackstar Board has taken the view that as the Group progresses the disposal of its non-core investments to move towards being a single sector investment holding company, it is expected to cease to be regarded as an Investment Entity as defined in IFRS 10 Consolidated Financial Statements. From that point forward, Tiso Blackstar will no longer account for its net investments in subsidiaries and associates as investments held at fair value through profit and loss but rather consolidate its subsidiaries and equity account for its investments in associates. The interim results for the period ended 31 December 2016 are expected to be therefore be prepared on this basis.

Estimates and key assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimations on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The valuation techniques utilised are dependent on the nature of the financial asset or liability. The techniques used consist of discounted cash flow models, adjusted NAV and yields on profit before tax. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required for the unobservable input factors, the most significant of which are perpetual growth rates, weighted average cost of capital ("WACC") rates and yields. These estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the group performs sensitivity analysis or stress testing techniques.

The key assumptions used to determine the fair value of non-listed investments and sensitivity analyses are provided in note 27.

2. Determination of fair values

The Group measures its investments in subsidiaries and associates, as well as its investments in financial instruments, such as equities and investments in hedge funds, at fair value at each reporting date.

Fair value is the price that would be received or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deductions for transaction costs. Securities defined in these consolidated financial statements as "listed" are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

Unlisted equity investments have been valued as follows:

- Where applicable, on the basis of a similar recent investment transaction by an independent third-party in the equity of the portfolio company. Where the investment being valued was itself made fairly recently (within a period of one year), its costs provide a good indication of fair value.

- Using the discounted cash flow methodology, in which case:

  - Enterprise value is apportioned to the enterprise's financial instruments in order of ranking. The enterprise value is derived using reasonable assumptions and estimations of expected cash flows and the terminal value and discounting to the present value by applying the appropriate risk-adjusted discount rate that quantifies the risk inherent in the investment.

  - Given the subjective nature of valuations, the Group applies sensitivities to certain key inputs when determining the valuations.

- Where limited information is available to calculate a value using the discounted cash flow method, the value is calculated using an adjusted NAV. The adjusted NAV value is calculated using the NAV of the investment and adjusting the value for the risk factors that management feel are most appropriate to that investment.

3. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations considered to be relevant to the operations of the Group are not yet effective for the year ended 30 June 2016, and have not been applied in preparing these consolidated financial statements. These are to be applied to financial statements with periods commencing on or after the following dates:

Standard and Interpretations	Effective date
IFRS 9 Financial Instruments	1 January 2018#
IFRS 15 Revenue from Contracts with Customers	1 January 2018#
IFRS 16 Leases	1 January 2019#
IFRS 10 Consolidated Financial Statements (Amendments)	1 January 2016
IFRS 12 Disclosure of Interests in Other Entities (Amendments)	1 January 2016
IAS 28 Investments in Associates and Joint Ventures (Amendments)	1 January 2016
IAS 1 Presentation of Financial Statements (Amendments)	1 January 2016
IAS 12 Income Taxes (Amendments)	1 January 2017#
IAS 27 Separate Financial Statements (Amendments)	1 January 2016

Subject to endorsement for use in the EU

IFRS 9

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The Group is anticipating that it will cease to be an Investment Entity before this standard is effective. The impact on the Group of the adoption of IFRS 9 will therefore be determined once this change has taken effect.

IFRS 15

IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is anticipating that it will cease to be an Investment Entity before this standard is effective. The impact on the Group of the adoption of IFR 15 will therefore be determined once this change has taken effect.

IFRS 16

IFRS 16 replaces IAS 17 Leases in its entirety. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the lesses and the lessor. All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The Group is anticipating that it will cease to be an Investment Entity before this standard is effective. The impact on the Group of the adoption of IFRS 16 will therefore be determined once this change has taken effect.

IFRS 10, 12 and IAS 28 (Amendments)

The amendments clarify the requirements when accounting for Investment Entities, in particular whether an Investment Entity parent should account for an Investment Entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. However, as the Group is anticipating that it will cease to be an Investment Entity in the forthcoming accounting period, these amendments are not expected to have any material impact on the Group.

3. New standards and interpretations not yet adopted (continued)

IAS 1 (Amendments)

The amendments have been issued as part of an IASB initiative to improve presentation and disclosure in financial reports and are designed to encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The Group will reassess the content of its financial statements on the adoption of these amendments which could result in certain disclosure notes being removed where they are not considered material.

IAS 12 (Amendments)

The amendments are intended to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instrument financial assets measured at fair value. Adoption of these amendments is not expected to have any material impact on the Group.

IAS 27 (Amendments)

The amendments introduce an option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment.

The option to present its investments using the equity method result in the presentation of a share of profit or loss, and other comprehensive income, of subsidiaries, joint ventures and associates with a corresponding adjustment to the carrying amount of the equity accounted investment in the statement of financial position. Any dividends received are deducted from the carrying amount of the equity accounted investment, and are not recorded as income in profit or loss. The effect on the Group is yet to be determined.

The IASB and IFRIC have also issued or made amendments to IAS 7, 16, 19, 38 and IFRS 2, 11 and 14, but these amendments are not expected to have any material impact on the Group.

4. Net income

*As restated Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	*As restated Six months ended 30 June 2015 £'000
78,140	**422,952**	Investment-related income	**19,696**	4,303
74,731	**410,276**	Dividend income	**19,106**	4,115
532	**674**	Interest income	**31**	29
2,877	**12,002**	Fee income and performance fee income	**559**	159
377,823	**(1,036,271)**	Net fair value and foreign exchange (losses) gains	**(48,258)**	20,804
377,239	**(1,035,411)**	Net (losses) gains on financial assets at fair value through profit and loss	**(48,219)**	20,772
584	**(860)**	Net foreign exchange (losses) gains	**(39)**	32
455,963	**(613,319)**		**(28,562)**	25,107

* Restated for discontinued operation, refer note 10

5. Operating expenses

Six months ended 30 June 2015 R'000	Twelve months ended 30 June 2016 R'000		Twelve months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000
		Administrative expenses		
(107)	**(340)**	Depreciation	**(16)**	(6)
(62)	**(3)**	Loss on disposal of equipment	**—**	(3)
(7)	**(1,312)**	Lease smoothing adjustment	**(61)**	—
(875)	**—**	Impairment of goodwill	**—**	(46)
(2,432)	**—**	Long term Management Incentive Scheme Award – equity settled share based payment expense (refer note 33)	**—**	(134)
—	**(4,617)**	Long term Management Incentive Scheme Award – cash element (refer note 33)	**(215)**	—
(48,280)	**(16,937)**	Transaction related costs^	**(784)**	(2,658)
(1,114)	**—**	Operational expenses incurred by the hedge fund management businesses	**—**	(61)
(13,249)	**(40,668)**	Operational expenses incurred by Tiso Blackstar, Tiso Blackstar Cyprus, Tiso Blackstar Holdings Plc ("TBH UK"), Tiso Blackstar Limited ("TBL") and Tiso Blackstar SA	**(1,900)**	(730)
(6,666)	**(11,017)**	Staff salary costs	**(513)**	(367)
(868)	**(2,279)**	Directors' remuneration (refer note 32)	**(107)**	(48)
(5,715)	**(27,372)**	Other operational expenses	**(1,280)**	(315)
(66,126)	**(63,877)**		**(2,976)**	(3,638)

^ Prior period transaction related costs relate to the costs associated with the two significant transactions concluded in that period, being the buyout of TMG and the acquisition of 22.9% of KTH

6. Operating (loss) profit

6.1 Operating (loss) profit

Operating (loss) profit per the consolidated statement of comprehensive income has been arrived at after crediting (charging) the following:

Six months ended 30 June 2015 R'000	Twelve months ended 30 June 2016 R'000		Twelve months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000
(6,666)	**(11,017)**	Staff salary costs excluding amounts paid to Tiso Blackstar Directors (refer note 32 for Directors remuneration)	**(513)**	(367)
(107)	**(340)**	Depreciation	**(16)**	(6)
(62)	**(3)**	Loss on disposal of equipment	**—**	(3)
(875)	**—**	Impairment of goodwill	**—**	(46)
584	**(860)**	Net foreign exchange (losses) gains	**(39)**	32
(490)	**(3,194)**	Operating lease expense	**(149)**	(27)

6. Operating (loss) profit (continued)

6.2 Auditors' remuneration for the Company and its subsidiaries

Auditors' remuneration expense incurred by the Company and its subsidiaries (including subsidiaries which are not consolidated but rather designated at fair value through profit and loss) are as follows:

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
		Auditors' remuneration paid to Group auditors, their associates and other audit firms		
(733)	**(1,257)**	Audit fees for the Group and Company annual accounts	**(59)**	(40)
(1,667)	**(1,995)**	Paid to associates of BDO Malta for audit of subsidiaries	**(93)**	(92)
—	**(8,484)**	Paid to other audit firms for audits of subsidiaries	**(395)**	—
(3,150)	**(355)**	Other services	**(17)**	(173)
(5,550)	**(12,091)**		**(564)**	(305)

7. Employees

The average number of employees (excluding Tiso Blackstar Directors) during the year for the Company and its consolidated subsidiaries, by function, were as follows:

	Twelve months ended 30 June 2016	Six months ended 30 June 2015
Managerial	**5**	8
Administrative	**2**	3
Operational	**5**	4
	12	15

The average number of employees (excluding Tiso Blackstar Directors) during the current financial year for the Company and its subsidiaries (including subsidiaries which have not been consolidated but rather designated at fair value through profit and loss) are as follows: 18 Managerial (2015: 105), 25 Administrative (2015: 504), and 5,503 Operational (2015: 616). The significant movement from the prior period is due to the restructuring within TMG and the inclusion of Robor employees from October 2015.

8. Net finance costs

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
517	**1,251**	Finance income	**58**	28
517	**1,251**	Interest income on bank balances	**58**	28
(5,847)	**(50,116)**	Finance costs	**(2,334)**	(322)
(5,847)	**(50,116)**	Interest expense and finance costs on borrowings from banks	**(2,334)**	(322)
(5,330)	**(48,865)**		**(2,276)**	(294)

9. Taxation

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
68	**405**	Current taxation	**19**	4
—	**120**	Current year	**6**	—
68	**285**	Prior years under provision	**13**	4
(358)	**(194)**	Deferred taxation	**(9)**	(19)
(371)	**(194)**	Current year	**(9)**	(20)
13	**—**	Prior years over provision	**—**	1
1	**744**	Withholding taxes	**35**	—
(289)	**955**	Total tax charge for the year from continuing operations	**45**	(15)
		Deferred taxation		
—	**280**	Current year	**13**	—
—	**513**	Withholding taxes	**24**	—
—	**793**	Total tax charge for the year from discontinued operation	**37**	—

The reason for the difference between the actual tax charge for the year and the standard rate of corporate tax in Malta applied to profits of 35% are as follows:

*As restated Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	*As restated Six months ended 30 June 2015 £'000
384,507	**(726,061)**	(Loss) Profit before taxation from continuing operations	**(33,814)**	21,175
134,577	**(254,121)**	Tax at standard rate of corporate tax in Malta	**(11,835)**	7,411
(78,332)	**(147,918)**	Differing foreign tax rates	**(6,887)**	(4,313)
(56,616)	**401,965**	Income and expenses not subject to tax	**18,719**	(3,118)
81	**285**	Under provision from prior years	**13**	5
1	**744**	Withholding taxes	**35**	—
(289)	**955**	Total tax charge for the year from continuing operations	**45**	(15)

* Restated for discontinued operation, refer note 10

The Company and its subsidiary Tiso Blackstar Cyprus are currently in the process of migrating their operations to the UK. Once this process is completed, these entities will cease to be taxed by the authorities in Malta and Cyprus respectively and will be subject to UK corporation tax. The current rate of corporation tax in the UK is 20%, which will reduce to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020.

Assessed losses of the Group for which no deferred tax asset has been recognised amount to R88,456,000 £4,538,000 (2015: R52,117,000 £2,728,000). The related deferred tax asset on the assessed losses has not been raised as it is not believed to be probable that the assessed loss will be utilised. The Group will not be able to utilise the assessed losses recognised in Cyprus and Malta once it has migrated to the UK.

10. Discontinued operation and non-current asset held for sale

Tiso Blackstar announced its change in strategy to focus on investments in media and related industries, and to therefore dispose of its non-core assets.

In line with this, Tiso Blackstar is in the early stages of negotiating a disposal of its interest in KTH which is expected to be completed within the next financial year. The investment in KTH has therefore been disclosed as a discontinued operation, and classified and disclosed as a non-current asset held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

10.1 Discontinued operation

As the investment in KTH is accounted for at fair value through profit and loss, any changes in the fair value are included in net gains or losses on investments within profit and loss. Dividends and fees earned from the investment and relating tax charges, are recorded separately in dividend income, fee income and taxation line items respectively. These amounts relating to the investment in KTH have been separately disclosed from continuing operations.

The comparative information for the six months ended 30 June 2015 was restated to present income generated and expenses incurred by the discontinued operation separately from continuing operations. The financial performance and cash flows associated with the discontinued operation, in the prior and current financial years, are set out below.

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
(50,689)	**(209,513)**	Net loss on financial assets at fair value through profit and loss	**(9,757)**	(2,791)
—	**29,452**	Dividend income	**1,372**	—
—	**1,001**	Fee income	**47**	—
(50,689)	**(179,060)**	Operating loss	**(8,338)**	(2,791)
—	**(793)**	Taxation	**(37)**	—
(50,689)	**(179,853)**	Loss from discontinued operation, net of taxation	**(8,375)**	(2,791)
		Loss for the year attributable to:		
(50,689)	**(179,853)**	Equity holders of the parent	**(8,375)**	(2,791)
—	**—**	Non controlling interests	**—**	—
(50,689)	**(179,853)**		**(8,375)**	(2,791)
		Losses per share from discontinued operation		
(48.19)	**(67.31)**	Basic and diluted losses per share (cents/pence)	**(3.13)**	(2.65)
		Cash flows generated by discontinued operation		
—	**29,940**	Cash generated from operating activities	**1,395**	—
—	**—**	Cash absorbed from investing activities	**—**	—
—	**—**	Cash absorbed from financing activities	**—**	—
—	**29,940**	Effect on cash flows	**1,395**	—

10. Discontinued operation and non-current asset held for sale (continued)

10.2 Non-current asset held for sale

The investment in KTH was previously disclosed under net investments in associates designated at fair value through profit and loss in 2015 (refer note 17), and was reclassified to non-current asset held for sale at 30 June 2016. The investment in KTH was included in the KTH segment in 2015 (refer note 36).

The investment in KTH has been valued at its fair value less costs to sell.

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
—	**1,520,000**	Asset held for sale Investment in KTH (refer note 17)	**77,978**	—

11. (Losses) Earnings per share

11.1 Basic and diluted (losses) earnings per share

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
384,966	**(727,016)**	(Loss) Profit for the year attributable to equity holders of the parent from continuing operations	**(33,859)**	21,199
(50,689)	**(179,853)**	Loss for the year attributable to equity holders of the parent from discontinued operation	**(8,375)**	(2,791)
334,277	**(906,869)**	(Loss) Profit for the year attributable to equity holders of the parent	**(42,234)**	18,408
105,181	**267,199**	Weighted average number of shares in issue (net of treasury shares, in thousands)	**267,199**	105,181
317.81	**(339.40)**	Basic and diluted (losses) earnings per ordinary share attributable to equity holders (in cents/pence)	**(15.81)**	17.50
366.00	**(272.09)**	Basic and diluted (losses) earnings per ordinary share attributable to equity holders from continuing operations (in cents/pence)	**(12.67)**	20.15

11.2 Basic and diluted headline (losses) earnings per share^

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
334,277	**(906,869)**	(Loss) Profit for the year attributable to equity holders of the parent, adjusted for:	**(42,234)**	18,408
875	**—**	Impairment of goodwill	**—**	46
—	**737**	Impairment of loans designated at fair value through profit and loss	**34**	—
62	**3**	Loss on disposal of equipment	**—**	3
(262)	**(1)**	Total tax effects of adjustments	**—**	(14)
334,952	**(906,130)**	Headline (losses) earnings	**(42,200)**	18,443
318.45	**(339.12)**	Basic and diluted headline (losses) earnings per ordinary share attributable to equity holders (in cents/pence)	**(15.79)**	17.53

^ Disclosure of headline (losses) earnings has been provided in accordance with the JSE Listings Requirements.

12. Goodwill

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
875	—	BFM goodwill at the beginning of the year	—	49
(875)	—	Impairment of BFM goodwill during the year	—	(46)
—	—	Currency exchange losses during the year	—	(3)
—	—	BFM goodwill at the end of the year	—	—

12.1 Impairment testing of goodwill arising on acquisition of BFM

On acquisition of the shares in BFM in the latter half of 2012, goodwill amounting to R875,000, £64,000 was recognised. The goodwill was impaired to zero during the prior period.

13. Deferred taxation

13.1 Movement in net deferred taxation

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
2,722	3,067	Net deferred tax asset at the beginning of the year	160	151
358	(86)	Recognised in statement of comprehensive income for continuing and discontinued operations	(4)	19
—	(722)	Recognised on disposal of business	(34)	—
(13)	—	Under provision from prior years	—	(1)
—	—	Currency exchange losses during the year	(6)	(9)
3,067	2,259	Net deferred tax asset at the end of the year	116	160

13.2 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Net R'000	Liabilities R'000	Assets R'000	30 June 2016	Assets £'000	Liabilities £'000	Net £'000
(55)	(55)	—	Equipment	—	(3)	(3)
(20)	(20)	—	Trade and other receivables	—	(1)	(1)
(9)	(9)	—	Other financial liabilities	—	—	—
69	—	69	Trade and other payables	4	—	4
2,274	—	2,274	Assessed losses	116	—	116
2,259	(84)	2,343	Deferred tax assets (liabilities) per statement of financial position	120	(4)	116

Net R'000	Liabilities R'000	Assets R'000	30 June 2015	Assets £'000	Liabilities £'000	Net £'000
(43)	(43)	—	Equipment	—	(2)	(2)
43	(98)	141	Trade and other receivables	7	(5)	2
7	—	7	Other financial liabilities	—	—	—
88	—	88	Trade and other payables	4	—	4
2,972	—	2,972	Assessed losses	156	—	156
3,067	(141)	3,208	Deferred tax assets (liabilities) per statement of financial position	167	(7)	160

14. Equipment

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
1,897	**5,245**	Cost	**269**	99
(818)	**(914)**	Accumulated depreciation	**(47)**	(43)
1,079	**4,331**	Carrying amount	**222**	56
1,189	**1,079**	Carrying amount at the beginning of the year	**56**	66
63	**3,698**	Additions	**172**	3
(66)	**(106)**	Disposals	**(4)**	(3)
(107)	**(340)**	Depreciation	**(16)**	(6)
—	**—**	Currency exchange gains (losses) during the year	**14**	(4)
1,079	**4,331**	Carrying amount at the end of the year	**222**	56

15. Financial assets at fair value through profit and loss

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
96,156	**15,128**	**Financial assets held for trading**	**776**	5,033
16,156	**15,128**	Listed equity securities	**776**	846
80,000	**—**	Unlisted investments^	**—**	4,187
4,717,449	**2,354,830**	**Financial assets designated at fair value through profit and loss**	**120,805**	246,911
2,983,436	**1,955,133**	Net investments in subsidiaries^	**100,300**	156,153
1,734,013	**399,697**	Net investments in associates	**20,505**	90,758
4,813,605	**2,369,958**	Total financial assets at fair value through profit and loss	**121,581**	251,944
		Financial assets held for trading comprise the following investments:		
16,156	**15,128**	**Listed equity securities**	**776**	846
16,156	**15,128**	Ordinary shares in Shoprite Holdings Limited ("Shoprite")	**776**	846
80,000	**—**	**Unlisted investments**	**—**	4,187
80,000	**—**	Ordinary shares in Robor^	**—**	4,187
96,156	**15,128**	Total financial assets held for trading	**776**	5,033

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
		Net changes in fair value of financial assets		
1,150	**(2,145)**	**Financial assets held for trading**	**(99)**	64
9,677	**(395)**	Realised (losses) gains	**(18)**	533
(8,527)	**(1,750)**	Unrealised losses	**(81)**	(469)
325,400	**(1,242,779)**	**Financial assets designated at fair value through profit and loss**	**(57,877)**	17,917
10,009	**(999)**	Realised (losses) gains	**(47)**	551
315,391	**(1,241,780)**	Unrealised (losses) gains	**(57,830)**	17,366
326,550	**(1,244,924)**	Net (losses) gains on financial assets at fair value through profit and loss from continuing and discontinued operations	**(57,976)**	17,981

^ Tiso Blackstar Cyprus increased its shareholding in Robor to 51.0% in October 2015. The increase in shareholding resulted in the classification of Robor changing from a financial asset held for trading to a financial asset designated at fair value through profit and loss.

Refer note 16 and 17 for further details of investments in subsidiaries and investments in associates designated at fair value through profit and loss

16. Net investments in subsidiaries

16.1 Net investments in subsidiaries designated at fair value through profit and loss

Tiso Blackstar meets the definition of an Investment Entity. Therefore, it does not consolidate some its subsidiaries but rather, it recognises them as investments at fair value through profit and loss.

Principal place of business	Principal activity	Summary of unconsolidated subsidiaries*	Proportion of ownership rights 30 June 2016	30 June 2015
South Africa	Media	Times Media Group Proprietary Limited ("TMG")^	**100.0%**	100.0%
South Africa	Industrial steel company	Consolidated Steel Industries Proprietary Limited ("CSI")^	**100.0%**	100.0%
South Africa	Industrial steel company	Robor Proprietary Limited ("Robor")^	**51.0%**	19.4%
South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited ("TBRE")^	**100.0%**	100.0%

^ Subsidiary of Tiso Blackstar Cyprus
* Refer to note 37 for a complete list of the unconsolidated subsidiaries of the Group

Loans and receivables payable by subsidiaries designated at fair value through profit and loss

Shareholder loans to subsidiaries which are considered to be equity loans (and ordinarily would be accounted for as loans and receivables) have been designated at fair value through profit and loss. On assessment of the fair value of the net investment in subsidiary, these equity loans are incorporated into the valuation assessment and any decline in fair value is first allocated to the carrying amount of the equity investment and then to the loan to the subsidiary.

Net investments in subsidiaries included in note 15 comprises the following investments:

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
		Investment in TMG		
2,541,707	**1,450,000**	Equity share investment	**74,386**	133,033
365,131	**258,000**	Net investment in CSI	**13,235**	19,111
109,500	**24,369**	Equity share investment	**1,250**	5,731
255,631	**233,631**	Interest-free loan to CSI with no fixed terms of repayment. Monthly repayments are made by CSI, currently these amount to R2 million per month	**11,985**	13,380
		Investment in Robor		
—	**209,100**	Equity share investment	**10,727**	—
76,598	**38,033**	Net investment in TBRE and the property subsidiaries	**1,952**	4,009
53,532	**32,006**	Equity share investment	**1,642**	2,802
17,713	**—**	Interest-free loans to TBRE and the property subsidiaries	**—**	927
5,353	**6,027**	Preference shares held in property subsidiary bearing interest at South African Prime Rate plus 200 basis points and is repayable on demand	**310**	280
2,983,436	**1,955,133**		**100,300**	156,153

16. Net investments in subsidiaries (continued)

16.1 Net investments in subsidiaries designated at fair value through profit and loss (continued)

Significant changes in net investments in subsidiaries designated at fair value through profit and loss

TMG – During the current year, Tiso Blackstar Cyprus received the investments in RAG and MGG from TMG as a dividend in specie. The value of TMG has decreased as these investments are now shown separately as net investments in associates. Refer to note 17 for further details on the acquisitions.

Robor – During October 2015, Tiso Blackstar Cyprus increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares at a price of R17.00 per share. The investment was subsequently transferred from financial assets held for trading to net investments in subsidiaries.

TBRE and the property subsidiaries – During the current year, TBRE and the property subsidiaries disposed of four of its investment properties and one of its underlying investments. Proceeds from these sales were used to settle the interest free loan with Tiso Blackstar and the existing bonds over the relative properties. The remaining funds were distributed as a dividend within the Group.

Restrictions

Tiso Blackstar receives income in the form of dividends and interest from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to Tiso Blackstar with the exception of the South African Reserve Bank regulations with respect to the transfer of funds off and onshore.

Support

Tiso Blackstar and its consolidated subsidiaries have provided support in the form of equity loans to its subsidiaries, details of which are provided in the table below. Tiso Blackstar has no contractual commitments and may provide further financial or any other support to its unconsolidated subsidiaries should they require it and the Group has the funds available to do so.

Bank collateral

All equity instruments in and claims against CSI and TMG are held as security by Rand Merchant Bank Limited (“RMB”) and Standard Bank Limited (“Standard Bank”) (refer note 21).

Maximum credit exposure for loans designated at fair value through profit and loss

The maximum credit exposure for these loans would be equal to the original carrying amount of the loan prior to any fair value adjustments, details of which are provided below:

Original loan amount prior to fair value adjustments R’000	**Carrying Value R’000**	**30 June 2016**	**Carrying Value £’000**	**Original loan amount prior to fair value adjustments £’000**
233,631	**233,631**	Loan to CSI	**11,985**	**11,985**
6,027	**6,027**	Preference shares in property subsidiary	**310**	**310**

Original loan amount prior to fair value adjustments R’000	Carrying Value R’000	30 June 2015	Carrying Value £’000	Original loan amount prior to fair value adjustments £’000
255,631	255,631	Loan to CSI	13,380	13,380
17,713	17,713	Loan to TBRE	927	927
5,353	5,353	Preference shares in property subsidiary	280	280

16. Net investments in subsidiaries (continued)

16.2 Investments in subsidiaries which are consolidated

Certain subsidiaries provide services that relate only to the Company's own investment activities, and thus they should be consolidated. The summary of subsidiaries that are consolidated is provided below:

Principal place of business	Principal activity	Name of consolidated subsidiaries	Proportion of ownership rights 30 June 2016	30 June 2015
Cyprus	Investment company	Tiso Blackstar (Cyprus) Public Limited ("Tiso Blackstar Cyprus")#	**100.0%**	100.0%
United Kingdom	Administrative centre	Tiso Blackstar Holdings PLC ("TBH UK")#	**100.0%**	0.0%
United Kingdom	Administrative centre	Tiso Blackstar Limited ("TBL")#*	**100.0%**	0.0%
South Africa	Investment advisory company	Tiso Blackstar Group Proprietary Limited ("Tiso Blackstar SA")#	**100.0%**	100.0%
South Africa	Fund manager	Blackstar Fund Managers Proprietary Limited ("BFM")#**	**0.0%**	70.0%

Subsidiary of the Company
* TBH UK and TBL are newly incorporated companies in the UK created as part of the migration process (refer note 35)
** During the current year, Tiso Blackstar disposed of its entire stake in BFM

17. Net investments in associates

As Tiso Blackstar is considered to be an Investment Entity, it is considered entitled to claim the exemption available under IAS 28 not to apply the equity method to its interests in associates and instead measure them at fair value through profit and loss. Details of the associates within the Group are provided below:

Principal place of business	Principal activity	Name of associates	Proportion of ownership rights 30 June 2016	30 June 2015
South Africa	Investment company	Kagiso Tiso Holdings Proprietary Limited ("KTH")##	**22.9%**	22.9%
Kenya	Media	Radio Africa Limited ("RAG")##	**49.0%**	0.0%
Ghana	Media	Multimedia Group Limited ("MGG")##	**32.2%**	0.0%
Nigeria	Media	Cooper Communications Limited ("Coopers")##	**24.5%**	0.0%
South Africa	Fund manager	Bataung Capital Advisors Proprietary Limited ("Bataung")##	**0.0%**	49.0%

Associate of Tiso Blackstar Cyprus

17. Net investments in associates (continued)

Net investments in associates included in note 15 comprises the following investments:

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
		Investment in KTH		
1,729,513	**—**	Equity shares in KTH	**—**	90,522
		Investment in RAG		
—	**206,000**	Equity shares in RAG	**10,568**	—
		Investment in MGG		
—	**182,900**	Equity shares in MGG	**9,383**	—
		Investment in Coopers		
—	**10,797**	Equity shares in Coopers	**554**	—
4,500	**—**	Net investment in Bataung	**—**	236
1,000	**—**	Equity shares in Bataung	**—**	52
3,500	**—**	Loan to Bataung which is interest-free with no fixed terms of repayment	**—**	184
1,734,013	**399,697**		**20,505**	90,758

Significant changes in net investments in associates designated at fair value through profit and loss

KTH – The investment in KTH has been classified as a non-current asset held for sale at 30 June 2016, refer note 10. In the prior period, this investment was classified as an associate designated at fair value through profit and loss.

RAG – The shares held by TMG in RAG, were transferred to Tiso Blackstar Cyprus as a dividend in specie of R195,158,000 (£9,088,000).

MGG – The shares held by TMG in MGG, were transferred to Tiso Blackstar Cyprus as a dividend in specie of R144,381,000 (£6,724,000).

Coopers – Tiso Blackstar acquired a 24.5% stake in Coopers for R10,154,000 (£473,000).

Bataung – During the current year, Tiso Blackstar disposed of its entire stake in Bataung.

Bank collateral

The shares in KTH are held as security by RMB and Standard Bank (refer note 21).

18. Trade and other receivables

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
960	**73**	Fee income receivable	**4**	50
963	**3,935**	Prepayments, deposits and accrued income	**202**	50
30,335	**—**	Receivable on disposal of investment	**—**	1,588
59	**—**	Other receivables	**—**	3
32,317	**4,008**		**206**	1,691

19. Cash and cash equivalents

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
19,727	**13,086**	Deposits and cash at bank	**671**	1,032
19,727	**13,086**	Cash and cash equivalents per the statement of cash flows	**671**	1,032

Cash and cash equivalents held by South African subsidiaries of R1,574,000, £81,000 (2015: R2,543,000, £135,000) are ring-fenced and are not available to other entities within the Group. Transfers of cash are subject to South African exchange control regulations. Cash and cash equivalents held at the centre (comprising Tiso Blackstar and Tiso Blackstar Cyprus) amounted to R11,512,000, £590,000 (2015: R17,256,000, £899,000) at year end.

Cash and cash equivalents have been ceded as security at 30 June 2016 and 30 June 2015 (refer note 21).

20. Other financial liabilities

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
22	**1,195**	Accrual arising on operating leases as a result of lease payments being recognised as an expense on a straight-line basis over the lease term	**61**	1
22	**1,195**		**61**	1

21. Borrowings

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
		Secured		
440,000	**413,766**	Term facility which bears interest at the 3 month Johannesburg Interbank Accepted Rate ("JIBAR") plus 500 basis points. Interest is compounded quarterly and settled semi-annually. Mandatory capital repayments are required as follows: on 31 December 2016 and 2017 12.5% of the available facility on that date after adjusting for voluntary payments made; and a final bullet payment of the remaining capital in June 2018	**21,227**	23,030
440,000	**413,766**		**21,227**	23,030

On acquisition of the 22.9% stake in KTH and buyout of the remaining shares in TMG on 8 June 2015, Tiso Blackstar raised a term facility of R500.0 million (£26.2 million) to settle the cash consideration of the purchase price of KTH and a general banking facility ("GBF") of R65.0 million (£3.4 million) to fund the Group's working capital requirements. A total of R534.0 million (£28.0 million) was utilised from those facilities to settle the cash consideration and to repay the existing facility as full and final settlement. Using available cash, the term facility was reduced to R413.8 million (£21.2 million) by 30 June 2016 and the GBF was settled in full.

In terms of the RMB facility agreement, on disposal of TMG, KTH or CSI, the proceeds from the disposal must first be used to settle the outstanding debt.

The Debt is secured in favour of RMB and Standard Bank, and the security offered is as follows:

- Reversionary Cession of all TMG shares and loan accounts (refer note 16);
- Cession of the shares of CSI shares and loan accounts (refer note 16);
- Cession of the shares and loan accounts of KTH (subject to the provisions contained in the KTH MOI) (refer notes 10 and 17);
- Cession of all disposal proceeds of any assets of the Group after adjustment for applicable taxes on disposals and agreed upon head office costs;
- Cession of cash and the Group's bank accounts (refer note 19);
- Negative pledge of all investments/assets; and
- Share in security granted by TMG to its senior lenders.

22. Trade and other payables

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
293	**459**	Salary related accruals	**23**	15
27,244	**4,711**	Other payables and accrued expenses	**242**	1,426
27,537	**5,170**		**265**	1,441

23. Share capital and reserves

23.1 Share capital

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
		Authorised		
4,282,418	**4,282,418**	400,000,000 ordinary shares of €0.76 each	**223,638**	223,638
		Issued and fully paid		
2,535,442	**2,554,036**	268,291,260 (2015: 266,665,287) ordinary shares of €0.76 each	**164,201**	163,310

A reconciliation of the movement in ordinary shares of €0.76 each is provided below:

	Issued and fully paid Number of shares	Treasury shares Number of shares	Outstanding shares Number of shares
Balance as at 31 December 2014	**82,088,500**	**(791,558)**	**81,296,942**
Shares issued as part of the long term			
Management Incentive Scheme	1,010,571	791,558	1,802,129
Issue of treasury shares	—	791,558	791,558
Issue of new shares	1,010,571	—	1,010,571
Shares issued as part of the TMG and KTH acquisition	183,566,216	—	183,566,216
Balance as at 30 June 2015	**266,665,287**	**—**	**266,665,287**
Repurchase of own shares	—	(1,182,310)	(1,182,310)
Shares issued as part of the Robor acquisition	1,625,973	114,385	1,740,358
Balance as at 30 June 2016	**268,291,260**	**(1,067,925)**	**267,223,335**

During the current year Tiso Blackstar repurchased 1,182,310 ordinary shares on the open market. No shares were repurchased during the prior period.

23. Share capital and reserves (continued)

23.1 Share capital (continued)

During October 2015, Tiso Blackstar Cyprus increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares at a price of R17.00 per share, thereby increasing the issued share capital of the Company to 268,291,260 shares.

During the prior period, the Company acquired the entire issued share capital of TMG not already owned by the Company or Tiso Blackstar Cyprus (excluding treasury shares), as well as an effective 22.9% interest in KTH. The acquisitions were implemented upon allotment and issue of a total of 183,566,216 ordinary shares of €0.76 each. TMG shareholders participating in the Scheme, elected to receive an aggregate cash consideration of R500.0 million (£26.2 million), being the maximum cash election, with 90,794,113 ordinary shares being issued for the balance of the consideration. The consideration for the KTH stake acquisition was the allotment and issue of 92,772,103 ordinary shares and a cash payment of R481.4 million (£25.2 million). To finance the cash element of these acquisitions, Tiso Blackstar obtained a term facility of R500.0 million (£26.2 million) and a general banking facility of R65.0 million (£3.4 million) to fund working capital requirements (refer note 21 and 26.4.2). The investment in TMG is accounted for as an investment in subsidiary designated at fair value through profit and loss (refer note 16). In the prior period the investment in KTH was accounted for as an investment in associate designated at fair value through profit and loss (refer note 17), and was classified as a non-current asset held for sale at 30 June 2016 (refer note 10).

The long term Management Incentive Scheme award amounted to 1,802,129 shares for the year ended 31 December 2014 which included 1,596,908 shares awarded in December 2014 and an additional discretionary award of 205,221 shares which occurred in the first quarter of 2015. In the prior period, the Company issued 1,010,571 new shares and 791,558 treasury shares in order to settle this obligation (refer note 33).

23.2 Reserves

The nature and purpose of each reserve within equity is described below:

Share premium

Share premium comprises the amount subscribed for share capital in excess of nominal value.

Capital redemption reserve

The capital redemption reserve comprises amounts transferred from share capital on redemption of issued shares.

Treasury shares reserve

This reserve comprises the cost of the Tiso Blackstar shares acquired and held as treasury shares by the Company.

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising on translation of assets and liabilities denominated in the functional currency (Rands) into the presentational currency (Pounds Sterling).

Retained earnings

Retained earnings comprise cumulative net gains and losses recognised in the statement of comprehensive income.

24. Cash flow from operating activities

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
334,107	**(906,869)**	(Loss) Profit for the year	**(42,234)**	18,399
		Taxation		
(289)	**955**	Continuing operations	**45**	(15)
–	**793**	Discontinued operation	**37**	—
333,818	**(905,121)**	(Loss) Profit before taxation	**(42,152)**	18,384
		Adjustments for non cash items:		
(326,529)	**1,244,924**	Fair value adjustments on investments held at fair value through profit and loss	**57,976**	(17,979)
(75,263)	**(440,402)**	Dividends and interest accrued from loans and investments	**(20,509)**	(4,144)
5,330	**48,865**	Net finance costs	**2,276**	294
2,432	**—**	Long term Management Incentive Scheme Award of treasury shares (equity settled share based payment)	**—**	134
1,042	**165**	Other	**1**	54
		Changes in working capital:		
(30,393)	**28,240**	Decrease (Increase) in trade and other receivables	**1,315**	(1,676)
5,000	**(21,582)**	(Decrease) Increase in trade and other payables	**(1,001)**	278
7	**1,312**	Increase in lease accrual	**61**	—
(84,556)	**(43,599)**	**Cash absorbed by operations**	**(2,033)**	(4,655)
		Changes in investments		
(493,480)	**(16,864)**	Cash flows from investment additions:	**(759)**	(27,171)
(3,120,817)	**(375,721)**	Additions to investments	**(17,497)**	(171,836)
–	**339,539**	Investments in RAG and MGG received as a dividend in specie	**15,812**	—
2,627,337	**19,318**	Issue of shares to settle share consideration on acquisition of investments	**926**	144,665
110,080	**55,840**	Proceeds arising on disposal of investments and repayments of loans from investment companies	**2,588**	6,061
(383,400)	**38,976**	**Net cash flows from investments**	**1,829**	(21,110)

25. Acquisition and disposals of consolidated subsidiaries

For all of the acquisitions in both the prior and current financial years, the Group has elected to measure non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

25.1 Acquisitions

In the prior period, Tiso Blackstar acquired a further 4.0% stake in the hedge fund management business BFM for no consideration, bringing its investment in the company to 70.0%.

25.2 Disposals

In line with Tiso Blackstar's strategy to dispose of certain of its smaller investments, in July 2015 the Group disposed of its entire investment in the fund management business BFM. Given the negative equity position of BFM at the time of disposal, no consideration was receivable.

25. Acquisition and disposals of consolidated subsidiaries (continued)

25.2 Disposals (continued)

Net cash outflow on disposal of subsidiary

	30 June 2016 R'000	30 June 2016 £'000
Consideration received	—	—
Net cash and cash equivalents disposed of	**(9)**	—
Net cash outflow on disposal of subsidiary	**(9)**	—

26. Financial instruments and financial risk management

26.1 Categories of financial assets

30 June 2015 R'000	30 June 2016 R'000		30 June 2016 £'000	30 June 2015 £'000
		Financial assets		
4,813,605	**3,889,958**	**Financial assets at fair value through profit and loss**	**199,559**	251,944
2,983,436	**1,955,133**	Net investments in subsidiaries (refer note 16)	**100,300**	156,153
1,734,013	**399,697**	Net investments in associates (refer note 17)	**20,505**	90,758
96,156	**15,128**	Financial assets held for trading (refer note 15)	**776**	5,033
–	**1,520,000**	Asset held for sale (refer note 10)	**77,978**	—
52,044	**17,094**	**Loans and receivables**	**877**	2,723
32,317	**4,008**	Trade and other receivables (refer note 18)	**206**	1,691
19,727	**13,086**	Cash and cash equivalents (refer note 19)	**671**	1,032
4,865,649	**3,907,052**		**200,436**	254,667
		Financial liabilities		
(467,559)	**(420,131)**	**Financial liabilities measured at amortised cost**	**(21,553)**	(24,472)
(22)	**(1,195)**	Other financial liabilities (refer note 20)	**(61)**	(1)
(440,000)	**(413,766)**	Borrowings (refer note 21)	**(21,227)**	(23,030)
(27,537)	**(5,170)**	Trade and other payables (refer note 22)	**(265)**	(1,441)
(467,559)	**(420,131)**		**(21,553)**	(24,472)

26.2 Financial risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; and market risk (which comprise currency risk, interest rate risk and market price risk).

The Group's major financial risks are mitigated through industry diversification and decentralisation. Thus the impact on the Group of any one particular risk within any of these industries is limited. Investee companies are run on a decentralised manner with management of the underlying business maintaining an entrepreneurial focus. The risks within the underlying businesses are managed by their local management teams who are responsible for their own operations.

With respect to companies where Tiso Blackstar holds a controlling, or a significant interest, the Tiso Blackstar Board ensure that the investee companies are well staffed with strong, experienced management teams who are responsible for designing, implementing and monitoring the process of risk management. These management teams are remunerated based on operational performance and are incentivised appropriately. In addition to this, Tiso Blackstar is represented on each of these investee companies' Boards.

26. Financial instruments and financial risk management

26.2 Financial risk management overview (continued)

Due to the diverse structure and decentralised management of the Group, the investee company's Board are responsible for agreeing and reviewing the objectives, policies and processes for managing risks specifically relating to the investment portfolio.

Where Tiso Blackstar holds a controlling, or a significant interest, the management of each of these investee companies are responsible for designing and implementing a risk management strategy. The managing directors, financial directors and divisional heads of the companies involved in the day-to-day management of the business, thereby identifying any financial risks. The subsidiary companies have monthly executive management meetings, where areas of concern and risks, and management thereof, are discussed. Any significant issues are further escalated to the Board of each company where appropriate.

The information provided below for each financial risk has been collated for disclosure based on the way in which the business is managed and what is believed to be useful information for shareholders. For this reason the information provided within the note is analysed by segment as referred to in the segmental report (refer note 36). This note presents information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

26.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments, cash and cash equivalents and guarantees.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained. The carrying values for trade receivables and cash and cash equivalents are provided for in note 26.1.

At 30 June 2016, the Group had no financial assets that were past due and an impairment of R737,000 (£34,000) was recognised during the current year on the investment in Bataung (2015: nil).

26.3.1 Trade and other receivables

Refer note 18 Trade and other receivables.

The Group does not carry out daily trading activities with customers. Trade and other receivables arose from support, guarantee and director fees from related parties, deposits and prepayments and Value Added Tax. The nature of each of these items is such that there is an underlying amount against which the amount receivable is recoverable. As a result, no impairment allowance has been raised in 2016 or 2015 as the Group is satisfied that all amounts are recoverable.

Due to the nature of items held as trade and other receivables, there is no formal Group credit policy. Each item is assessed on an individual basis and appropriate mitigating controls are enforced to reduce the respective credit risk. No collateral was held for trade and other receivables.

26. Financial instruments and financial risk management (continued)

26.3 Credit Risk (continued)

26.3.2 Investments

Refer note 15 Financial assets at fair value through profit and loss

2015 R'000	**2016 R'000**		**2016 £'000**	2015 £'000
282,197	**239,658**	**Loans forming part of investments at fair value through profit and loss**	**12,295**	14,771
255,631	**233,631**	Industrial	**11,985**	13,380
26,566	**6,027**	Other	**310**	1,391
282,197	**239,658**	**Total investment loans exposed to credit risk**	**12,295**	14,771

Investments within the TMG, KTH, African investments, Industrial and Other segments

An integral part of the Group's credit risk management process is the approval of all investment and financing transactions by the Tiso Blackstar Board. The Group manages its credit risk by setting acceptable exposure limits for companies in the respective segments. The Group may provide financing to companies in which it has a controlling or significant interest. This financing is provided on the strength of the underlying companies in which the Group has invested.

The Tiso Blackstar Board meets on a quarterly basis to review the investment portfolio, in particular the underlying performance of the companies in which it has invested and consequently monitors credit risk on an on-going basis.

The Group does not hold any security in respect of its investments held at fair value through profit and loss.

An industry analysis of the investment portfolios, including investments at fair value through profit and loss, is set out in the tables below. No single industry is considered to be materially more risky in nature than another.

Credit risk exposure on investments

2015 Exposure %	2015 Exposure R'000	**2016 Exposure %**	**2016 Exposure R'000**		**2016 Exposure %**	**2016 Exposure £'000**	2015 Exposure %	2015 Exposure £'000
91%	255,631	**97%**	**233,631**	Industrial	**97%**	**11,985**	91%	13,380
9%	26,566	**3%**	**6,027**	Other	**3%**	**310**	9%	1,391
100%	282,197	**100%**	**239,658**		**100%**	**12,295**	100%	14,771

26.3.3 Cash and cash equivalents

Any excess cash and cash equivalents are held in current accounts, money market funds, and term deposits. In the prior period, and at year end, no overdrafts had been taken out and cash and cash equivalents amounted to R13,086,000, £671,000 (2015: R19,727,000, £1,032,000). In 2016 and 2015, all cash and cash equivalents was held in financial institutions with a BBB+ or lower rating.

26.3.4 Guarantees

Refer note 31 Contingents for further details of guarantees issued by the Group. The Group's maximum exposure to credit risk, without taking into account collateral or any other credit enhancements held, in respect of guarantees would be equal to the amounts disclosed in note 31.

26. Financial instruments and financial risk management (continued)

26.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management maintain relationships with the companies' bankers and monitor cash reserves on an on-going basis to ensure there are sufficient cash resources to meet liabilities in the short term.

The Tiso Blackstar Board is responsible for ensuring the Group (other than Tiso Blackstar SA) has sufficient funds to meet its operational requirements and financial obligations. The Group has access to cash on hand of R11,512,000, £590,000 (2015: R17,184,000, £899,000) at the centre. All surplus cash within this segment is deposited as voluntary payments into the senior debt facility. Cash available to cover operational expenses is kept as liquid cash with reputable banks.

The management of Tiso Blackstar SA is responsible for managing its business liquidity risk.

26.4.1 Contractual maturities of non-derivative financial liabilities

The table below details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of the financial liabilities. The table includes both interest and principal cash flows. To the extent that interest flows are at a floating rate, the undiscounted amount is derived utilising the interest rate at year end. The contractual maturity is based on the earliest date on which the Group may be required to pay.

			Undiscounted contractual cash flows				
As at 30 June 2016	**Carrying amount R'000**	**Total R'000**	**6 months or less R'000**	**6-12 months R'000**	**1-5 years R'000**	**More than 5 years R'000**	**No fixed maturity R'000**
Other financial liabilities (refer note 20)	**(1,195)**	**(1,195)**	**(1,195)**	**—**	**—**	**—**	**—**
Borrowings (refer note 21)^	**(413,766)**	**(512,951)**	**(25,637)**	**(25,497)**	**(461,817)**	**—**	**—**
Trade and other payables (refer note 22)	**(5,170)**	**(5,170)**	**(5,170)**	**—**	**—**	**—**	**—**
Total financial liabilities	**(420,131)**	**(519,316)**	**(32,002)**	**(25,497)**	**(461,817)**	**—**	**—**

			Undiscounted contractual cash flows				
As at 30 June 2016	**Carrying amount £'000**	**Total £'000**	**6 months or less £'000**	**6-12 months £'000**	**1-5 years £'000**	**More than 5 years £'000**	**No fixed maturity £'000**
Other financial liabilities (refer note 20)	**(61)**	**(61)**	**(61)**	**—**	**—**	**—**	**—**
Borrowings (refer note 21)^	**(21,227)**	**(26,315)**	**(1,315)**	**(1,308)**	**(23,692)**	**—**	**—**
Trade and other payables (refer note 22)	**(265)**	**(265)**	**(265)**	**—**	**—**	**—**	**—**
Total financial liabilities	**(21,553)**	**(26,641)**	**(1,641)**	**(1,308)**	**(23,692)**	**—**	**—**

^ The above cash flows in respect of the Group's borrowings are disclosed on the assumption that the term loan is held to maturity. The Group's investment in KTH is currently held for sale (refer note 10) and the proceeds from the disposal of this investment are required to be applied in the settlement of the amount outstanding under the loan facility. In the event that the loan is repaid early, the total cash flows associated with the Group's borrowings as reported above would reduce by the amount of the loan interest no longer accruing

26. Financial instruments and financial risk management (continued)

26.4 Liquidity risk (continued)

26.4.1 Contractual maturities of non-derivative financial liabilities (continued)

As at 30 June 2015	Carrying amount R'000	Undiscounted contractual cash flows Total R'000	6 months or less R'000	6-12 months R'000	1-5 years R'000	More than 5 years R'000	No fixed maturity R'000
Other financial liabilities (refer note 20)	(22)	(22)	(22)	—	—	—	—
Borrowings (refer note 21)	(440,000)	(584,857)	(25,061)	(24,785)	(535,011)	—	—
Trade and other payables (refer note 22)	(27,537)	(27,537)	(27,537)	—	—	—	—
Total financial liabilities	(467,559)	(612,416)	(52,620)	(24,785)	(535,011)	—	—

As at 30 June 2015	Carrying amount £'000	Undiscounted contractual cash flows Total £'000	6 months or less £'000	6-12 months £'000	1-5 years £'000	More than 5 years £'000	No fixed maturity £'000
Other financial liabilities (refer note 20)	(1)	(1)	(1)	—	—	—	—
Borrowings (refer note 21)	(23,030)	(30,611)	(1,312)	(1,297)	(28,002)	—	—
Trade and other payables (refer note 22)	(1,441)	(1,441)	(1,441)	—	—	—	—
Total financial liabilities	(24,472)	(32,053)	(2,754)	(1,297)	(28,002)	—	—

26.4.2 Undrawn Facilities and securities provided

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
		Unsecured facilities		
		Bank overdraft facility, reviewed annually and payable on call		
1,000	**1,000**	Fully unutilised	**51**	52
		Secured facilities		
		Term facility taken out to finance the acquisition of KTH and TMG investments (refer note 21)		
440,000	**413,766**	Utilised	**21,227**	23,030
60,000	**86,234**	Unutilised	**4,423**	3,140
		GBF to fund working capital requirements *		
65,000	**65,000**	Fully unutilised	**3,335**	3,402
565,000	**565,000**		**28,985**	29,572

* A GBF of R65.0 million, £3.3 million (2015: R65.0 million, £3.4 million) is available to fund the Group's working capital requirements

26. Financial instruments and financial risk management (continued)

26.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk has been broken down into currency risk, interest rate risk and market price risk.

26.5.1 Currency risk

The Group's activities expose it to financial risks of changes in foreign currency. The exposure to currency risk has been discussed in further detail by segment.

Investments within the TMG, KTH, African investments, Industrial and Other segments

Currency risk arises because the Group makes investments in currencies which differ from its functional currency (Rands) and presentational currencies (Rands and Pounds Sterling). The value of these assets is exposed to currency risk giving rise to gains or losses on translation into Pounds Sterling and Rands. Currency risk also arises because operations within this segment, incur costs from service providers in various parts of the world whose currency is not the same as the Group's functional and presentational currencies (Rands and Pounds Sterling). The Tiso Blackstar Board meet on a quarterly basis to review the investment portfolio and consequently monitors currency risk on an on-going basis. To mitigate this risk, the Group may hedge its currency exposure from time to time.

Non-segmental entities

The non-segmental entities are not invested in any activities that are exposed to currency risk. However, similarly to the Other segment, the non-segmental entities carry monetary assets and liabilities (namely trade and other receivables and payables) which differ to the Group's presentational and functional currencies being Rands and Pounds Sterling. As with the Other segment, the Tiso Blackstar Board meet on a quarterly basis to review the non-segmental entitles and consequently monitor currency risk on an on-going basis. To mitigate this risk, the Group may hedge its currency exposure from time to time.

26. Financial instruments and financial risk management (continued)

26.5 Market risk (continued)

26.5.1 Currency risk (continued)

Exposure to currency risk

As at 30 June 2016 Functional and presentational currency exposure	South African Rand R'000	Pounds Sterling R'000	US Dollar R'000	Euro R'000	Kenyan Shilling R'000	Ghanaian Cedi R'000	Zambian Kwatcha R'000	Total R'000
Financial assets								
Net investments in subsidiaries (refer note 16)	1,955,133	—	—	—	—	—	—	1,955,133
Net investments in associates (refer note 17)	—	—	10,797	—	206,000	182,900	—	399,697
Financial assets held for trading (refer note 15)	—	—	—	—	—	—	15,128	15,128
Asset held for sale (refer note 10)	1,520,000	—	—	—	—	—	—	1,520,000
Trade and other receivables (refer note 18)	172	3,818	—	18	—	—	—	4,008
Cash and cash equivalents (refer note 19)	7,209	4,975	488	414	—	—	—	13,086
Total financial assets	3,482,514	8,793	11,285	432	206,000	182,900	15,128	3,907,052
Financial liabilities								
Other financial liabilities (refer note 20)	33	(1,228)	—	—	—	—	—	(1,195)
Borrowings (refer note 21)	(413,766)	—	—	—	—	—	—	(413,766)
Trade and other payables (refer note 22)	(1,671)	(2,379)	—	(1,120)	—	—	—	(5,170)
Total financial liabilities	(415,404)	(3,607)	—	(1,120)	—	—	—	(420,131)

As at 30 June 2016 Functional and presentational currency exposure	South African Rand £'000	Pounds Sterling £'000	US Dollar £'000	Euro £'000	Kenyan Shilling £'000	Ghanaian Cedi £'000	Zambian Kwatcha £'000	Total £'000
Financial assets								
Net investments in subsidiaries (refer note 16)	100,300	—	—	—	—	—	—	100,300
Net investments in associates (refer note 17)	—	—	554	—	10,568	9,383	—	20,505
Financial assets held for trading (refer note 15)	—	—	—	—	—	—	776	776
Asset held for sale (refer note 10)	77,978	—	—	—	—	—	—	77,978
Trade and other receivables (refer note 18)	9	196	—	1	—	—	—	206
Cash and cash equivalents (refer note 19)	370	255	25	21	—	—	—	671
Total financial assets	178,657	451	579	22	10,568	9,383	776	200,436
Financial liabilities								
Other financial liabilities (refer note 20)	2	(63)	—	—	—	—	—	(61)
Borrowings (refer note 21)	(21,227)	—	—	—	—	—	—	(21,227)
Trade and other payables (refer note 22)	(86)	(122)	—	(57)	—	—	—	(265)
Total financial liabilities	(21,311)	(185)	—	(57)	—	—	—	(21,553)

26. Financial instruments and financial risk management (continued)

26.5 Market risk (continued)

26.5.1 Currency risk (continued)

Exposure to currency risk (continued)

As at 30 June 2015 Functional and presentational currency exposure	South African Rand R'000	Pounds Sterling R'000	US Dollar R'000	Euro R'000	Kenyan Shilling R'000	Ghanaian Cedi R'000	Zambian Kwatcha R'000	Total R'000
Financial assets								
Net investments in subsidiaries (refer note 16)	2,983,436	—	—	—	—	—	—	2,983,436
Net investments in associates (refer note 17)	1,734,013	—	—	—	—	—	—	1,734,013
Financial assets held for trading (refer note 15)	80,000	—	—	—	—	—	16,156	96,156
Trade and other receivables (refer note 18)	31,966	310	—	41	—	—	—	32,317
Cash and cash equivalents (refer note 19)	10,480	6,753	—	2,494	—	—	—	19,727
Total financial assets	4,839,895	7,063	—	2,535	—	—	16,156	4,865,649
Financial liabilities								
Other financial liabilities (refer note 20)	(22)	—	—	—	—	—	—	(22)
Borrowings (refer note 21)	(440,000)	—	—	—	—	—	—	(440,000)
Trade and other payables (refer note 22)	(21,497)	(3,239)	—	(2,801)	—	—	—	(27,537)
Total financial liabilities	(461,519)	(3,239)	—	(2,801)	—	—	—	(467,559)

As at 30 June 2015 Functional and presentational currency exposure	South African Rand £'000	Pounds Sterling £'000	US Dollar £'000	Euro £'000	Kenyan Shilling £'000	Ghanaian Cedi £'000	Zambian Kwatcha £'000	Total £'000
Financial assets								
Net investments in subsidiaries (refer note 16)	156,153	—	—	—	—	—	—	156,153
Net investments in associates (refer note 17)	90,758	—	—	—	—	—	—	90,758
Financial assets held for trading (refer note 15)	4,187	—	—	—	—	—	846	5,033
Trade and other receivables (refer note 18)	1,673	16	—	2	—	—	—	1,691
Cash and cash equivalents (refer note 19)	548	353	—	131	—	—	—	1,032
Total financial assets	253,319	369	—	133	—	—	846	254,667
Financial liabilities								
Other financial liabilities (refer note 20)	(1)	—	—	—	—	—	—	(1)
Borrowings (refer note 21)	(23,030)	—	—	—	—	—	—	(23,030)
Trade and other payables (refer note 22)	(1,125)	(170)	—	(146)	—	—	—	(1,441)
Total financial liabilities	(24,156)	(170)	—	(146)	—	—	—	(24,472)

26. Financial instruments and financial risk management (continued)

26.5 Market risk (continued)

26.5.1 Currency risk (continued)

Sensitivity analysis for exposure to foreign current risk

The following table demonstrates, in Rands, what the impact on equity would be if the Rand strengthened (weakened) by 10%, being a change considered reasonably possible given historic fluctuations, and all other variables remained constant:

10% strengthening in the Rand			10% weakening in the Rand	
30 June 2015 R'000	**30 June 2016 R'000**	**Currency exposed to:**	**30 June 2016 R'000**	30 June 2015 R'000
(382)	**(519)**	Pounds Sterling	**519**	382
—	**(1,129)**	US Dollar	**1,129**	—
27	**69**	Euro	**(69)**	(27)
—	**(20,600)**	Kenyan Shilling	**20,600**	—
—	**(18,290)**	Ghanaian Cedi	**18,290**	—
(1,616)	**(1,513)**	Zambian Kwatcha	**1,513**	1,616

The following table demonstrates, in Pound Sterling, what the impact on equity would be if the Pound Sterling strengthened (weakened) by 10%, being a change considered reasonably possible given historic fluctuations, and all other variables remained constant:

10% strengthening in Pounds Sterling			10% weakening in Pound Sterling	
30 June 2015 £'000	**30 June 2016 £'000**	**Currency exposed to:**	**30 June 2016 £'000**	30 June 2015 £'000
22,916	**15,735**	South African Rand	**(15,735)**	(22,916)
—	**58**	US Dollar	**(58)**	—
(1)	**(4)**	Euro	**4**	1
—	**1,057**	Kenyan Shilling	**(1,057)**	—
—	**938**	Ghanaian Cedi	**(938)**	—
85	**78**	Zambian Kwatcha	**(78)**	(85)

The following significant exchange rates applied during the year:

	Twelve months ended 30 June 2016	Six months ended 30 June 2015
South African Rands/Pounds Sterling		
Average rate	**21.473**	18.162
Closing Rate	**19.493**	19.106

26.5.2 Interest rate risk

Fair value interest rate risk is the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that future cash flows associated with financial instruments will fluctuate because of changes in market interest rates. The following financial instruments are exposed to interest rate risk: investments, borrowings, other financial liabilities and cash and cash equivalents.

26. Financial instruments and financial risk management (continued)

26.5 Market risk (continued)

26.5.2 Interest rate risk (continued)

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
		Variable rate instruments		
		Financial assets		
5,353	**6,027**	Net investments in subsidiaries^ (refer note 16)	**310**	280
19,727	**13,086**	Cash and cash equivalents (refer note 19)	**671**	1,032
		Financial liabilities		
(440,000)	**(413,766)**	Borrowings (refer note 21)	**(21,227)**	(23,030)
(414,920)	**(394,653)**		**(20,246)**	(21,718)

^ Comprises equity loans to subsidiaries reflected at their carrying value (being the value on which the interest is calculated if applicable) prior to any fair value adjustments

Investments

The Group's exposure to interest rates on investments is detailed in note 16 Net investments in subsidiaries. Interest rate risk in respect of investments falling within the various segment is managed by the Tiso Blackstar Board, who meets on a quarterly basis to review the investment portfolio and consequently monitor interest rate risk on an on-going basis.

Borrowings

The Group adopts a policy of ensuring that its borrowings are at market-related rates. Operational management in each segment is responsible for monitoring borrowing levels and exposure to interest rate risk on an on-going basis. The variable rates are influenced by movements in the South African Prime Rate.

Cash and cash equivalents

Any excess cash and cash equivalents are invested with banks at short term market interest rates. Overdrafts which arise are linked to the South African Prime Rate.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting year. A 1% change has been used as this is what could reasonably be expected as a change in interest rates based on historical movements in interest rates within South Africa.

A 1% decrease in the South African Prime Rate effective from the beginning of the year, all other variables held constant, would have resulted in a increase of R3,947,000, £202,000 (2015: R4,149,000, £217,000) in the reported profit and equity of the Group. A 1% increase in the South African Prime Rate effective from the beginning of the year, on the same basis, would have resulted in a decrease of R3,947,000, £202,000 (2015: R4,149,000, £217,000) in the reported profit and equity of the Group.

26.5.3 Market price risk

Market price risk, or equity price risk, is the risk of unfavourable changes in the fair values of the equities as a result of changes in the levels of equity indices and the value of individual shares. The market price risk exposure arises from the Group's investments in equity securities. The Group manages this risk by investing in a variety of equities the portfolio of which is reviewed on a quarterly basis by the Tiso Blackstar Board.

26. Financial instruments and financial risk management (continued)

26.5 Market risk (continued)

26.5.3 Market price risk (continued)

The Group is exposed to market price risk in its listed and unlisted investments. Listed and unlisted investments are susceptible to market price risk arising from the performance of the underlying companies and uncertainties about future prices in the case of listed investments. The Tiso Blackstar Board meet on a quarterly basis to review the investment portfolio, in particular the underlying performance of the companies in which it has invested and consequently monitors the value of its investments on an on-going basis.

Investments exposed to market price risk

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
		Financial assets with exposure to listed equities		
1,729,513	**—**	Net investments in associates (refer note 17)^	**—**	90,522
16,156	**15,128**	Financial assets held for trading (refer note 15)	**776**	846
1,745,669	**15,128**		**776**	91,368

^ In the prior period, the investment in KTH was held on an on-going basis and was subject to market price risk. As KTH has been classified as a non-current asset held for sale at 30 June 2016 at its fair value less costs to sell (refer note 10).

Sensitivity analysis

The Group is invested in equities whose underlying value is derived from investments on listed exchanges. Should global equity indices increase by 10%, being a change considered reasonably possible given historic fluctuations, the Group's reported profit and equity, if all other input factors remained constant, would increase by R1,513,000 £78,000 (2015: R404,766,000 £21,185,000). Should global equity indices decrease by 10%, being a change considered reasonably possible given historic fluctuations, the Group's reported profit and equity, if all other input factors remained constant, would decrease by R1,513,000 £78,000 (2015: R404,766,000 £21,185,000).

26.6 Fair value

The fair values of financial instruments that are accounted for at amortised cost have been determined for both the current and prior financial periods and approximate the carrying amounts at the respective period ends due to either the short-term nature of the instrument or because it attracts a market rate of interest. Information regarding the fair value of financial assets carried at fair value through profit and loss is provided in note 27.

27. Fair value of assets

27.1 Fair value hierarchy

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering the factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

27. Fair value of assets (continued)

27.1 Fair value hierarchy (continued)

Recurring fair value measurement of assets and liabilities

Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000	As at 30 June 2016	Total £'000	Level 3 £'000	Level 2 £'000	Level 1 £'000
				Financial assets				
—	—	1,955,133	1,955,133	Net investments in subsidiaries	100,300	100,300	—	—
—	—	1,450,000	1,450,000	Investment in TMG	74,386	74,386	—	—
—	—	258,000	258,000	Investment in CSI	13,235	13,235	—	—
—	—	209,100	209,100	Investment in Robor	10,727	10,727	—	—
—	—	38,033	38,033	Investment in TBRE and the property subsidiaries	1,952	1,952	—	—
—	10,797	388,900	399,697	Net investments in associates	20,505	19,951	554	—
—	—	206,000	206,000	Investment in RAG	10,568	10,568	—	—
—	—	182,900	182,900	Investment in MGG	9,383	9,383	—	—
—	10,797	—	10,797	Investment in Coopers	554	—	554	—
15,128	—	—	15,128	Financial assets held for trading	776	—	—	776
15,128	—	—	15,128	Listed equity securities	776	—	—	776
—	1,520,000	—	1,520,000	Asset held for sale	77,978	—	77,978	—
—	1,520,000	—	1,520,000	Investment in KTH	77,978	—	77,978	—
15,128	1,530,797	2,344,033	3,889,958	**Total**	199,559	120,251	78,532	776

Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000	As at 30 June 2015	Total £'000	Level 3 £'000	Level 2 £'000	Level 1 £'000
				Financial assets				
—	2,541,707	441,729	2,983,436	Net investments in subsidiaries	156,153	23,120	133,033	—
—	2,541,707	—	2,541,707	Investment in TMG	133,033	—	133,033	—
—	—	365,131	365,131	Investment in CSI	19,111	19,111	—	—
—	—	76,598	76,598	Investment in TBRE and the property subsidiaries	4,009	4,009	—	—
—	—	1,734,013	1,734,013	Net investments in associates	90,758	90,758	—	—
—	—	1,729,513	1,729,513	Investment in KTH	90,522	90,522	—	—
—	—	4,500	4,500	Investment in Bataung	236	236	—	—
16,156	—	80,000	96,156	Financial assets held for trading	5,033	4,187	—	846
16,156	—	—	16,156	Listed equity securities	846	—	—	846
—	—	80,000	80,000	Unlisted investments	4,187	4,187	—	—
16,156	2,541,707	2,255,742	4,813,605	**Total**	251,944	118,065	133,033	846

Transfers between Levels

In 2015, Tiso Blackstar made a public offer to TMG shareholders to acquire the remaining shares it did not already own and on 8 June 2015 the Group acquired the remaining 67.5% of TMG and TMG was subsequently delisted. As a result of this delisting, TMG's shares were no longer considered to be actively traded and the TMG investment was classified as a Level 2 investment, and was valued at the acquisition cost. During the current year, TMG was valued using a discounted cash flow model and was transferred from Level 2 to Level 3.

As at year end, the investment in KTH was classified as a non-current asset held for sale and carried at its fair value less costs to sell (refer note 10). As a result, the investment in KTH was transferred from Level 3 to Level 2.

27. Fair value of assets (continued)

27.2 Valuation techniques

27.2.1 Level 1

Listed investments in subsidiaries, associates and equity securities

When fair values of publicly traded equity securities and managed funds are based on quoted market prices, or binding dealer quotations, in an active market for identical assets without any adjustments, the instruments are included in Level 1 of the hierarchy. The Group values these investments at the bid price of the investment at the end of the reporting period.

27.2.2 Level 2

Investment in KTH

The investment in KTH is classified as a non-current asset held for sale at 30 June 2016 and is carried at its fair value less costs to sell (refer note 10). The fair value of KTH has been determined by the anticipated value expected to be realised in the next twelve months.

At 30 June 2015, the KTH investment was valued using an adjusted NAV model. KTH's underlying investments consisted of listed investments and unlisted investments. The fair value of these investments were determined independently using valuation methodologies per the International Private Equity and Venture Capital Guidelines ("IPEVC Guidelines"). An independent valuation report provided the KTH NAV which comprised the value of the underlying investments after adding other assets and deducting net debt and other liabilities. Tiso Blackstar applied a further discount of 18% to KTH's NAV to account for head office costs and any potential CGT liability that would be realised on disposal of the investments. The Group classified the fair value of this investment as Level 3.

Investment in Coopers

Coopers was valued using the cost price paid on acquisition during the year.

27.2.3 Level 3

Investments in TMG, RAG, MGG, CSI and Robor

For these investments, the Group's investment manager determines comparable public companies (peers) based on industry, size, leverage and strategy and calculates a weighted average cost of capital amount ("WACC"). This WACC is then applied to the future cash flows of the respective investment to calculate a value based on a discounted cash flow model. The value derived from the discounted cash flow model is then sense checked against a valuation based on earnings multiple model and the Group's share of the investment's NAV. The Group classifies the fair value of these investments as Level 3.

Investment in TBRE and the property subsidiaries

Where the Group has investments in TBRE and the property subsidiaries, the Group values these investments using a yield percentage on an adjusted profit before interest and tax ("PBIT") basis. The adjustment made to the PBIT is to take out items which are on a non-recurring basis. The Group classifies the fair value of these investments as Level 3.

Valuation process for Level 3 valuations

Valuations are the responsibility of the Tiso Blackstar Board of the Group.

The Level 3 valuations are performed half-yearly by Tiso Blackstar SA (the investment manager) and reviewed by the Tiso Blackstar Board. This is presented in the form of the Intrinsic NAV. The valuation of the underlying investment property is performed every 3 to 5 years by an independent valuator. On a half-yearly basis, the investment manager shall review the respective valuations and inputs for significant changes, and shall consult with external sources where relevant.

27. Fair value of assets (continued)

27.2 Valuation techniques (continued)

27.2.3 Level 3 (continued)

Valuation process for Level 3 valuations (continued)

The valuations are subject to quality assurance procedures performed by the Tiso Blackstar Board. The Tiso Blackstar Board verify the major inputs applied in the latest valuation by agreeing the information in the latest valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared to the valuation of the preceding period.

On a quarterly basis, the Intrinsic NAV calculation (which includes the investments at fair value) is presented to the Tiso Blackstar Board. This report includes discussions of the major assumptions used in the valuations, with an emphasis on the more significant investments.

Any changes in valuation methods are discussed and agreed by the Group's Tiso Blackstar Board.

There have been no changes in the valuation techniques during the current year, other than in respect of TMG and KTH, as previously discussed.

Quantitative information of significant unobservable inputs - Level 3

Description	Fair value 2016 R'000	Fair value 2015 R'000	Fair value 2016 £'000	Fair value 2015 £'000	Valuation technique	Unobservable input	2016 Range (weighted average)	2015 Range (weighted average)
Investment in TMG	**1,450,000**	—	**74,386**	—	Discounted cash flows	Perpetual growth WACC	3% - 8% 15% - 20%	— —
Investment in KTH	**—***	1,729,513	**—***	90,522	Adjusted NAV	WACC ^	—	10% - 15%
Investment in RAG	**206,000**	—	**10,568**	—	Discounted cash flows	Perpetual growth WACC	3% - 8% 17% - 22%	— —
Investment in MGG	**182,900**	—	**9,383**	—	Discounted cash flows	Perpetual growth WACC	3% - 8% 25% - 30%	— —
Investment in CSI	**258,000**	365,131	**13,235**	19,111	Discounted cash flows	Perpetual growth WACC	3% - 8% 18% - 23%	3% - 8% 15% - 20%
Investment in Robor	**209,100**	80,000	**10,727**	4,187	Discounted cash flows	Perpetual growth WACC	3% - 8% 18% - 23%	4% - 7% 15% - 20%
Investment in TBRE and the property subsidiaries						Estimated operating profit before interest and tax	##	R240,000 to R5,500,000 (£13,000 to £306,000)
						Occupancy rate	##	45% - 100%
	38,033	76,598	**1,952**	4,009	Yield on profit before interest and tax	Yield	9% - 15%	9% - 15%
Investment in Bataung	**—**	4,500	**—**	236	Adjusted NAV	#	#	#
Total	**2,344,033**	2,255,742	**120,251**	118,065				

^ The WACC and the Perpetual growth is based on the significant underlying investments of KTH

There is no unobservable data that is used barring the information in the NAV value. As a result, no sensitivity analysis could be performed

* Investment in KTH was transferred to a level 2

TBRE and the property subsidiaries have been identified as a non-core asset. As a result, the valuation of TBRE and the property subsidiaries in the current year has been based on the yield of market related rentals

27. Fair value of assets (continued)

27.2 Valuation techniques (continued)

27.2.3 Level 3 (continued)

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

The following table illustrates the impact of 1% increase in each of the major valuation inputs, with a 1% variance considered to be reflective of reasonably possible assumption. A 1% decrease in each of the major valuation inputs would have a materially comparable impact in the opposite direction.

			Effect on fair value increase (decrease)			
Description	**Input**	**Sensitivity used – increase**	**2016 R'000**	2015 R'000	**2016 £'000**	2015 £'000
Investment in TMG	WACC	1%	**(133,676)**	—	**(6,858)**	—
	Perpetual growth	1%	**158,611**	—	**8,137**	—
Investment in KTH	WACC	1%	**—**	(135,990)	**—**	(7,118)
	Perpetual growth	1%	**—***	148,515	**—***	7,773
Investment in RAG	WACC	1%	**(11,943)**	—	**(613)**	—
	Perpetual growth	1%	**13,563**	—	**696**	—
Investment in MGG	WACC	1%	**(6,932)**	—	**(356)**	—
	Perpetual growth	1%	**893**	—	**46**	—
Investment in CSI	WACC	1%	**(13,131)**	(26,867)	**(674)**	(1,406)
	Perpetual growth	1%	**15,658**	32,619	**803**	1,707
Investment in Robor	WACC	1%	**(16,902)**	(10,075)	**(867)**	(527)
	Perpetual growth	1%	**21,374**	9,535	**1,096**	499
Investment in TBRE and the property subsidiaries	Estimated rental per annum	R1,000,000 or £100,000	**##**	4,657	**##**	442
	Occupancy rate	5%	**##**	3,235	**##**	172
	Yield	1%	**10,271**	(2,899)	**527**	(147)
Investment in Bataung	Adjusted NAV	#	**#**	#	**#**	#

There is no unobservable data that is used barring the information in the NAV value. As a result, no sensitivity analysis could be performed

* Investment in KTH was transferred to a level 2

TBRE and the property subsidiaries have been identified as a non-core asset. As a result, the valuation of TBRE and the property subsidiaries in the current year has been based on the yield of market related rentals. No sensitivity analysis has been performed for rental per annum as this has been identified as observable data, and no sensitivity analysis has been performed on the occupancy rate as the market expectation is that the properties will be full occupied following the disposal

27. Fair value of assets (continued)

27.2 Valuation techniques (continued)

27.2.3 Level 3 (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Investment in TMG R'000	Investment in KTH R'000	Investment in RAG R'000	Investment in MGG R'000	Investment in CSI R'000	Investment in Robor R'000	Investment in TBRE and the property subsidiaries R'000	Investment in Bataung R'000	Investment in Navigare R'000	Investment in NBC R'000
2016										
Balance as at 1 July 2015	**—**	**1,729,513**	**—**	**—**	**365,131**	**80,000**	**76,598**	**4,500**	**—**	**—**
Transfer from (to) Level 2	**2,541,707**	**(1,520,000)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Realised losses recognised in profit and loss	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(737)**	**—**	**—**
Unrealised gains (losses) recognised in profit and loss	**(1,091,707)**	**(209,513)**	**10,842**	**38,519**	**(85,131)**	**109,782**	**(14,478)**	**—**	**—**	**—**
Interest and dividends accrued	**—**	**—**	**—**	**—**	**—**	**—**	**674**	**—**	**—**	**—**
Additions	**—**	**—**	**195,158**	**144,381**	**—**	**19,318**	**—**	**910**	**—**	**—**
Proceeds on disposals	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,000)**	**—**	**—**
Repayments of equity and equity loans	**—**	**—**	**—**	**—**	**(22,000)**	**—**	**(24,761)**	**(3,673)**	**—**	**—**
Balance as at 30 June 2016	**1,450,000**	**—**	**206,000**	**182,900**	**258,000**	**209,100**	**38,033**	**—**	**—**	**—**
2015										
Balance as at 1 January 2015	—	—	—	—	357,000	80,000	65,324	—	5,000	2,198
Realised gains recognised in profit and loss	—	—	—	—	—	—	—	—	86	—
Unrealised gains (losses) recognised in profit and loss	—	(50,688)	—	—	12,000	—	13,994	—	—	(2,198)
Interest and dividends accrued	—	1,780,201	—	—	—	—	289	—	—	—
Additions	—	—	—	—	—	—	—	4,500	—	—
Proceeds on disposals	—	—	—	—	—	—	—	—	(5,000)	—
Transfer of loan from CCPA	—	—	—	—	8,131	—	—	—	—	—
Disposals or repayments of equity loans	—	—	—	—	(12,000)	—	(3,009)	—	(86)	—
Balance as at 30 June 2015	—	1,729,513	—	—	365,131	80,000	76,598	4,500	—	—

27. Fair value of assets (continued)

27.2 Valuation techniques (continued)

27.2.3 Level 3 (continued)

Level 3 reconciliation (continued)

	Investment in TMG £'000	Investment in KTH £'000	Investment in RAG £'000	Investment in MGG £'000	Investment in CSI £'000	Investment in Robor £'000	Investment in TBRE and the property subsidiaries £'000	Investment in Bataung £'000	Investment in Navigare £'000	Investment in NBC £'000
2016										
Balance as at 1 July 2015	**—**	**90,522**	**—**	**—**	**19,111**	**4,187**	**4,009**	**236**	**—**	**—**
Transfer from (to) Level 2	**133,033**	**(77,977)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Realised losses recognised in profit and loss	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(34)**	**—**	**—**
Unrealised gains (losses) recognised in profit and loss	**(50,840)**	**(9,757)**	**505**	**1,794**	**(3,964)**	**5,112**	**(674)**	**—**	**—**	**—**
Interest and dividends accrued	**—**	**—**	**—**	**—**	**—**	**—**	**31**	**—**	**—**	**—**
Additions	**—**	**—**	**9,088**	**6,724**	**—**	**900**	**—**	**42**	**—**	**—**
Proceeds on disposals	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(47)**	**—**	**—**
Repayments of equity and equity loans	**—**	**—**	**—**	**—**	**(1,025)**	**—**	**(1,153)**	**(171)**	**—**	**—**
Exchange (losses) gains	**(7,807)**	**(2,788)**	**975**	**865**	**(887)**	**528**	**(261)**	**(26)**	**—**	**—**
Balance as at 30 June 2016	**74,386**	**—**	**10,568**	**9,383**	**13,235**	**10,727**	**1,952**	**—**	**—**	**—**
2015										
Balance as at 1 January 2015	—	—	—	—	19,832	4,444	3,630	—	278	122
Realised gains recognised in profit and loss	—	—	—	—	—	—	—	—	5	—
Unrealised gains (losses) recognised in profit and loss	—	(2,791)	—	—	661	—	770	—	—	(121)
Interest and dividends accrued	—	—	—	—	—	—	17	—	—	—
Additions	—	98,020	—	—	—	—	—	248	—	—
Proceeds on disposals	—	—	—	—	—	—	—	—	(275)	—
Transfer of loan from CCPA	—	—	—	—	448	—	—	—	—	—
Disposals or repayments of equity loans	—	—	—	—	(661)	—	(166)	—	(5)	—
Exchange losses	—	(4,707)	—	—	(1,169)	(257)	(242)	(12)	(3)	(1)
Balance as at 30 June 2015	—	90,522	—	—	19,111	4,187	4,009	236	—	—

28. Capital management

Through two capital raisings the Company raised £80 million (£75.4 million after capital raising expenses) in 2006. In 2011, the Company raised a further R100 million (£8.9 million). The capital includes share capital, share premium and all distributable and non-distributable reserves, and is managed in accordance with the Group's investment strategy.

The investment objective of the Company is to generate shareholder returns through investing in a portfolio of businesses. Whilst not constricted geographically, given the background and experience of management, it is expected that the majority of capital invested will be in businesses operating in Southern Africa, with a particular focus on South Africa. Investments outside Southern Africa will be considered where the Tiso Blackstar Board believes the opportunities are particularly attractive. The Company will look to invest in businesses with the underlying themes of strategic market position and strong cash flows. The Company may invest in the form of either equity or debt and may acquire directly or indirectly controlling or minority holdings in investee companies.

28. Capital management (continued)
The Tiso Blackstar Board meets on a quarterly basis and is responsible for reviewing the capital structure of the Group. The Tiso Blackstar Board seeks to maintain a balance between return on capital, gearing within the Group and usage of the Group's equity capital. The key performance indicator for the Group is return on capital employed.

The Group finances its portfolio of investments out of its own capital resources and utilises third-party debt funding as appropriate on a limited basis. In addition, investee companies may themselves have gearing, which is ring-fenced within the companies and is based on the levels of gearing that the companies can sustain. The Tiso Blackstar Board review the level of gearing in the Group on a regular basis.

From time to time the Company acquires its own ordinary shares in the market to hold as treasury shares. Such buy-backs depend on market prices and available cash resources and reserves. During the current year, the Company bought back 1,182,310 (2015: nil) ordinary shares in the open market. Tiso Blackstar issued 1,625,973 ordinary shares and 114,385 treasury shares during the current year to settle part of the consideration due on acquisition of the investment in Robor. Refer to note 23 for further details on the movement in share capital.

The Company looks to maintain a flexible policy regarding the payment of dividends. The Company is of the view that the Group requires a balance between the retention of earnings for investment opportunities and the establishment of consistent dividend declarations as they form an important part of shareholder wealth creation. There are accordingly no fixed dates for declaration and payment of dividends by the Company.

The Group has contractually imposed requirements to apply surplus cash to make voluntary payments against the term facility as set out in note 26.4, which took effect in the prior period and has been complied with since their introduction. There have been no other changes in the capital that it manages.

29. Operating lease commitments
Non-cancellable operating lease rentals are payable as follows:

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
(91)	**(855)**	Land and buildings	**(43)**	(5)
(91)	**(321)**	Less than one year	**(16)**	(5)
—	**(534)**	Due between one and five years	**(27)**	—
—	**—**	More than five years	**—**	—
(245)	**(153)**	Equipment	**(7)**	(13)
(92)	**(106)**	Less than one year	**(5)**	(5)
(153)	**(47)**	Due between one and five years	**(2)**	(8)
—	**—**	More than five years	**—**	—
(336)	**(1,008)**		**(50)**	(18)

30. Capital commitments
As at year end, management of consolidated Group companies had not committed to any contracted capital expenditure (2015: nil) nor any non contracted capital expenditure (2015: nil).

31. Contingencies and guarantees
31.1 Guarantees
Tiso Blackstar has provided a guarantee to a bank in respect of a mortgage bond taken out by TBRE to acquire a property for the amount of R15,000,000, £770,000 (2015: R67,684,000, £3,543,000).

Tiso Blackstar has provided a guarantee limited to R50,000,000, £2,565,000 (2015: R80,000,000, £4,187,000) to a bank in respect of financing facilities provided to CSI. The Company has also provided a guarantee for a working capital facility of R10,000,000 (£513,000).

31. Contingencies and guarantees (continued)

31.1 Guarantees (continued)

Tiso Blackstar together with Tiso Blackstar Cyprus have a written cession in securitatem debiti and pledge agreement with RMB and Standard Bank which operates as a security cession in respect of the facility held by Tiso Blackstar Cyprus (refer note 21).

Tiso Blackstar has a limited warranty and indemnity for the obligations of Firefly (a subsidiary of TBRE) in favour of a bank with whom Firefly has a mortgage bond for investment property acquired.

31.2 Contingent liabilities and contingent assets

There are no contingent liabilities or assets to report as at 30 June 2016 (2015: nil).

32. Directors' remuneration

Short-term benefits earned as employee of a consolidated subsidiary of the Group						Short-term benefits earned as employee of a consolidated subsidiary of the Group		
Total R'000	Other benefits R'000	Salary R'000	Non-executive Directors fees R'000		Non-executive Directors fees £'000	Salary £'000	Other benefits £'000	Total £'000
				30 June 2016				
—	**—**	**—**	**—**	David Adomakoh	**—**	**—**	**—**	**—**
720	**—**	**—**	**720**	John Mills	**34**	**—**	**—**	**34**
2,729	**368***	**1,871**	**490**	Andrew Bonamour#	**23**	**87**	**17***	**127**
611	**—**	**—**	**611**	Marcel Ernzer	**28**	**—**	**—**	**28**
205	**—**	**—**	**205**	Harish Mehta^	**10**	**—**	**—**	**10**
—	**—**	**—**	**—**	Nkululeko Sowazi	**—**	**—**	**—**	**—**
253	**—**	**—**	**253**	Richard Wight	**12**	**—**	**—**	**12**
4,518	**368**	**1,871**	**2,279**		**107**	**87**	**17**	**211**
				30 June 2015				
—	—	—	—	David Adomakoh	—	—	—	—
315	—	—	315	John Mills	17	—	—	17
1,266	181*	882	203	Andrew Bonamour#	11	49	10*	70
247	—	—	247	Marcel Ernzer	14	—	—	14
—	—	—	—	Nkululeko Sowazi	—	—	—	—
103	—	—	103	Richard Wight	6	—	—	6
1,931	181	882	868		48	49	10	107

* Other benefits include medical aid, security and motor vehicle allowance
# Andrew Bonamour is the chief executive officer of the investment adviser Tiso Blackstar SA
^ Harish Mehta was appointed as a non-executive Director on 29 March 2016

In addition to the amounts reported above:

- During the current year, an amount of R1,097,000 (£51,000) was awarded to Andrew Bonamour through the shareholder approved long term Management Incentive Scheme (refer note 33). There was no incentive scheme award during the prior reporting period.

- On successful implementation of the TMG and KTH acquisitions in the prior period, the Directors were awarded a consulting fee which was made up as follows: John Mills R609,000 (£34,000); Andrew Bonamour R419,000 (£23,000); Marcel Ernzer R505,000 (£28,000); Richard Wight R209,000 (£12,000). The fees were accrued for at 30 June 2015 and were paid during the current year.

The Group is not considered to have any key management personnel as defined by IAS24 Related Party Disclosures, in addition to its Directors. The total remuneration paid to key management personnel, which was all in the form of short-term benefits, therefore amounted to R5,615,000, £262,000 (2015: R3,673,000, £204,000).

32. Directors' remuneration (continued)

David Adomakoh and Nkululeko Sowazi both have interests in SAI Holdings Limited ("SAI") and Tiso Investment Holdings Proprietary Limited ("TIH"). During the current year, the Company paid consulting fees to SAI of R8,360,000 (£389,000) and Tiso Blackstar SA paid consulting fees to TIH amounting to R2,682,000 (£125,000). There were no fees paid during the prior reporting period.

The Company does not operate a pension scheme for its Directors.

All Directors' fees payable to John Mills are payable to Maitland Luxembourg S.A. ("Maitland").

No Directors of the Company held any share options and no options were granted or exercised during the year (2015: nil).

Details of the Director's beneficial interest in the ordinary share capital of the Company at year end is provided in the Directors' Report.

33. Tiso Blackstar long term Management Incentive Scheme

The Directors continue to believe that the success of Tiso Blackstar will be dependent upon the retention and incentivisation of its management and employees. The Company is constantly in competition with other companies and funds who vie for the talent it has. Therefore, the Directors believe that it is imperative that the Tiso Blackstar share incentive scheme is an attractive proposition while incentivising and aligning management's interests with those of the sustained growth of the Tiso Blackstar's NAV per share over the medium to long term.

The Company's long term Management Incentive Scheme is structured so that it is non-dilutive for shareholders. Participants in the scheme accrue shares based on a portion of the NAV growth per share that has been created. In order to retain talent over the long term, participants receive the value of their share incentives incrementally, over a defined period of time.

The long term Management Incentive Scheme can be summarised into two components:

Increase in Intrinsic NAV

The Intrinsic NAV provides a measure of the underlying value of the Group's assets whose fair values are calculated based on quoted bid prices for investments listed on recognised stock exchanges, and for unlisted investments at Directors' valuation determined using a discounted cash flow methodology.

The Intrinsic NAV is determined on an annual basis (the Relevant Date being 30 June) and is adjusted for corporate events including share buy-backs, dividends and capital raisings, plus interest thereon. The Intrinsic NAV at the end of each year is compared to a Hurdle Amount and 10% of the increase is allocated to the Incentive Pool, which is settled on an annual basis. The Hurdle Amount is equal to the aggregate of the Intrinsic NAV at the beginning of the period plus interest accruing on this Intrinsic NAV to the end of the period at the South Africa Short Term Fixed Interest Benchmark Rate ("STEFI"). Any shortfall in achieving the Hurdle Amount is subject to a catch up so should the Intrinsic NAV decline over a reporting period, the Company's Intrinsic NAV would need to recover that decline and the NAV would need to increase to the cumulative Hurdle Amount before any amount would be allocated to the Incentive Pool.

The Incentive Pool calculated at 30 June is settled in Tiso Blackstar shares. The number of shares to be issued is calculated by dividing the Incentive Pool by the Tiso Blackstar share price on the Relevant Date as quoted by the Altx stock market of South Africa. The shares issued pursuant to the long term Management Incentive Scheme have a restriction on selling of three years or such shorter period as the Chairman may determine in his absolute discretion. Unless there are exceptional circumstances, the Chairman will not exercise this discretion save that, if conditions warrant it, he may do so to release one third of the shares from lock-up on the first anniversary of the date of issue or transfer and a further third on the second anniversary of the date of issue or transfer.

Portfolio performance

The Tiso Blackstar Board has the ability to issue up to 0.5% of the shares in issue per year depending on performance criteria including but not limited to: cost management and control and the extent of the work performed during the period to manage the investment portfolio. The chief executive officer of Tiso Blackstar SA provides the Tiso Blackstar Board with a written recommendation as to the amount of the additional award as well as the motivation behind this allocation.

33. Tiso Blackstar long term Management Incentive Scheme (continued)

Shares issued under the Scheme

2015	Share price on date of issue R	Shares issued Number	Total equity settled share based payment expense recognised in profit and loss R'000	£'000
31 December 2014 optional award^	11.85	205,221	2,432	134

^ During March 2015, the Tiso Blackstar Board approved an additional discretionary award of 205,221 shares to Participants for the year ended 31 December 2014. These shares were issued out of the treasury shares held by Tiso Blackstar in March 2015. Discretionary share awards are only recognised once approved by the Tiso Blackstar Board

In terms of the long term Management Incentive Scheme rules, there was no incentive award in respect of the year ended 30 June 2016 (2015: nil) due to the fact that growth in the Intrinsic NAV was insufficient.

During the prior reporting period, the remaining 791,558 shares held in treasury and a further 1,010,571 new shares were issued to the settle the obligation in respect of the financial year ended 31 December 2014.

Cash award under the Scheme

2016	Cash award under the Scheme Total cost of the cash award recognised in profit and loss R'000	£'000
Incentive Bonus	**4,617**	**215**

As permitted under the long term Management Incentive Scheme rules, during the current year the Tiso Blackstar Board approved the award of a discretionary short term incentive bonus, in the form of a cash bonus, which was linked to both the individual and the Group's performance in respect of the financial period ended 30 June 2015. There was no cash award paid during the six months ended 30 June 2015.

34. Related parties

The Company's subsidiaries and associates designated at fair value through profit and loss are considered to be related parties of the Company and its consolidated subsidiaries. Balances with these related parties take the form of equity loans and are disclosed in notes 15, 16 and 17. Transactions between these related parties are disclosed within this note. Balances and transactions between the Company and its consolidated subsidiaries (which are also related parties of the Company), have been eliminated on consolidation and are therefore not disclosed in this note.

30 June 2016	CSI R'000	TBRE R'000	Firefly R'000	Domel R'000	Fantastic R'000	TMG R'000	Navigare R'000	KTH R'000	Bataung R'000	BFM R'000
Fee income	**1,488**	**2,451**	**129**	**94**	**49**	**7,375**	**235**	**1,001**	**53**	**(10)**
Dividend and interest income on investments	**—**	**14,517**	**674**	**—**	**—**	**55,500**	**—**	**29,452**	**—**	**—**
	1,488	**16,968**	**803**	**94**	**49**	**62,875**	**235**	**30,453**	**53**	**(10)**

30 June 2016	CSI £'000	TBRE £'000	Firefly £'000	Domel £'000	Fantastic £'000	TMG £'000	Navigare £'000	KTH £'000	Bataung £'000	BFM £'000
Fee income	**69**	**114**	**6**	**4**	**2**	**343**	**11**	**47**	**2**	**—**
Dividend and interest income on investments	**—**	**676**	**31**	**—**	**—**	**2,585**	**—**	**1,372**	**—**	**—**
	69	**790**	**37**	**4**	**2**	**2,928**	**11**	**1,419**	**2**	**—**

34. Related parties (continued)

30 June 2015	CSI R'000	CCPA R'000	GRS R'000	TBRE R'000	Firefly R'000	Domel R'000	Wonderdeals R'000	Fantastic R'000	TMG R'000	Navigare R'000	NBC R'000	Bataung R'000
Fee income	279	—	266	61	63	64	15	24	500	115	—	4
Dividend and interest income on investments	—	243	—	—	289	—	—	—	72,323	—	2,150	—
Rent paid	—	—	—	—	—	—	—	—	(261)	—	—	—
	279	243	266	61	352	64	15	24	72,562	115	2,150	4

30 June 2015	CSI £'000	CCPA £'000	GRS £'000	TBRE £'000	Firefly £'000	Domel £'000	Wonderdeals £'000	Fantastic £'000	TMG £'000	Navigare £'000	NBC £'000	Bataung £'000
Fee income	15	—	15	3	3	4	1	1	28	6	—	—
Dividend and interest income on investments	—	13	—	—	16	—	—	—	3,982	—	118	—
Rent paid	—	—	—	—	—	—	—	—	(14)	—	—	—
	15	13	15	3	19	4	1	1	3,996	6	118	—

David Adomakoh and Nkululeko Sowazi are deemed to be related parties as in addition to being Directors, both have interests in SAI and TIH, of which consulting fees were paid to during the current year. Refer note 32.

Andrew Bonamour is deemed to be a related party as in addition to being a Director, funds associated with Andrew Bonamour are interested in 3.3% (2015: 3.3%) of the issued share capital of the Company as at 30 June 2016. Andrew Bonamour has an interest in 56 Church Street Proprietary Limited ("56 Church Street"). Tiso Blackstar SA rents office space from 56 Church Street and paid a market related rental of R140,000, £6,500 during the year (2015: R151,000, £8,300).

Harish Mehta is deemed to be a related party as in addition to being a Director, funds associated with Harish Mehta are interested in 4.23% of the issued share capital of the Company as at 30 June 2016.

John Mills is deemed to be a related party, as in addition to being a Director, funds associated with John Mills are interested in 0.28% (2015: 0.9%) of the issued share capital of the Company.

Details of Directors' remuneration are provided in note 32. There are no other related parties transactions as defined by IAS 24 to disclose, although the following transactions were entered into with other connected parties.

John Mills is a Director of Maitland. Maitland Malta Limited ("Maitland Malta"), an entity related to Maitland, has provided services to the Company, on a commercial, arm's length basis including sub-letting of office space. During the year ended 30 June 2016, total fees paid to Maitland Malta amounted to R116,000, £5,000 (2015: R221,000, £12,000). At year end, amounts owing to Maitland Malta amounted to nil (2015: R31,000, £1,600). Further to the amounts above, BSOF had paid Maitland Group South Africa Limited, an entity related to Maitland, a fee of R137,000, £7,500 during the prior period for the administration of BSOF and at period end there was no amount outstanding. No such amounts were paid during the current year.

35. Post balance sheet events

35.1 Realisation of investment

Tiso Blackstar holds a 22.9% interest in KTH. In line with its intention to dispose of its non-core assets, Tiso Blackstar is in the early stages of negotiating a disposal of its interest in KTH which is expected to be completed within the next financial year. KTH is carried at its estimated fair value less cost to sell and separately disclosed as a non-current asset held for sale at 30 June 2016.

35.2 Migration of Registered office to the UK

The Company continues to work with its advisers on the shareholder approved migration of its registered office from Malta to the UK as well as the migration of the investment holding company Tiso Blackstar Cyprus from Cyprus to the UK. This process is complex and has been frustrated by unavoidable delays in ensuring that the migration of Tiso Blackstar Cyprus complies with the regulatory and administrative requirements of regulators in Cyprus and the UK. Subject to the necessary approvals being obtained, the Company's advisers anticipate that the migration process shall be completed in the first half of 2017

35.3 Change in Investment Entity status

Tiso Blackstar anticipates that with time its share price will be driven more by underlying earnings than NAV due to the shift in focus to investing in a media and related industries.

The Tiso Blackstar Board has taken the view that as the Group progresses the disposal of its non-core investments to move towards being a single sector investment holding company, it is expected to cease to be regarded as an Investment Entity as defined in IFRS 10 Consolidated Financial Statements. From that point forward, Tiso Blackstar will no longer account for its net investments in subsidiaries and associates as investments held at fair value through profit and loss but rather consolidate its subsidiaries and equity account for its investments in associates. The interim results for the period ended 31 December 2016 are expected to be therefore be prepared on this basis.

36. Segmental information

For the purpose of reporting to the Tiso Blackstar Board (who are considered to be the Chief Operating Decision Maker "CODM" of the Company), the Group is organised into segments. It is the CODM's strategy to have meaningful interests in its underlying investments in order to have an influence on the investee companies' strategy and control over cash flow. Because the Group is an investment holding company, there is an inherent expectation that the investment portfolio is subject to change thereby resulting in a change to the identified segments.

In the current year, the following segments have been identified: TMG, KTH, African investments, Industrial and Other. These segments are compared by considering both the growth in their fair value as well as the returns on the respective segment. In addition to these segments are the non-segmental entities. The non-segmental entities house the overhead costs of the Group which are not directly linked to returns on investments and as a result, these entities cannot be compared to the segmental entities.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The segments have been further explained as follows:

TMG

TMG is a media company that informs, educates, entertains and connects people. They aim to provide compelling content and creative solutions to enrich lives, helping people to know more, do more and to live inspired. They focus on building internal and external partnerships, investing in quality content delivered via physical and digital channels to best serve our customers' needs. In a continent where economic progress and social reform are critical goals, they believe that concentrating on their core drivers will ensure appropriate investments to best achieve our vision.

Refer to note 37 for the subsidiaries of TMG that also form part of the Group.

36. Segmental information (continued)

KTH

KTH boasts a track record of investment performance and creating long term sustainable shareholder value. Historically, the KTH's impeccable black empowerment ("BEE") credentials allowed them to partner with strong companies (as an empowerment partner) and assisted those companies to create wealth for all shareholders. As a result, KTH currently has a portfolio of investments comprising market leading companies across key sectors. KTH is now poised to leverage this experience to become a leading investment company across Africa.

KTH focuses on investing in companies in specific sectors with strong, involved management teams. KTH aspires to become active shareholders of reference in their portfolio companies, through participation at Board level and the various sub-committees. These companies are generally, high growth or cash generative and meet KTH's investment criteria of *inter alia* generating market related returns for KTH. KTH maintain a long term horizon and can therefore partner with companies through-out cycles without any pressure to exit.

KTH sees the African continent as its primary market and will seek to manage a portfolio spanning across various sectors on the continent.

African investments

African investments is a new segment to the Group. In December 2015, the shares held by TMG in RAG and MGG, were transferred to Tiso Blackstar Cyprus as a dividend in specie, refer note 17. In October 2015, the Group also acquired an interest in Coopers.

The Group holds a 49.0% interest in RAG in Kenya. RAG has the top 3 radio brands (Jambo, Classic and Kiss) in Kenya with a total cumulative audience of almost 18 million nationally and represents three of the top five most listened to radio stations in the country. RAG has also invested in an early stage DTT television business called Bamba TV.

The Group holds a 32.2% interest in MGG in Ghana. MGG is the leading independent media player in Ghana and holds three of the top six radio stations in the country with significant advertising market share.

The Group holds a 24.5% interest in Coopers in Nigeria. Coopers owns Lagos Talks 91.3 FM, a radio station in Lagos operating a talk format.

Industrial

The Industrial segment includes investments in the steel sector, namely, CSI (which includes the Stalcor and GRS operations) and Robor:

CSI

CSI (previously Stalcor) is a processor, distributor and stockist of carbon steel, stainless steel and aluminium in the form of high quality sheet, plate and coil as well as structural and other long product profiles, and GRS is a steel roofing and cladding company.

Robor

During October 2015, Tiso Blackstar Cyprus increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares at a price of R17.00 per share. Robor is a manufacturer and supplier of welded steel tube and pipe and cold formed steel profiles.

Other

This segment consists of investments that are not deemed to be material to the Group. This segment consists of the following investments: TBRE and the property subsidiaries, Shoprite and other smaller investments.

36. Segmental information (continued)

Other (continued)

A reconciliation between the returns on the segments (fair value movements, interest and dividends) and the profit before interest and tax of the Group, and a reconciliation between the total assets of the segments to the total assets of the Group is presented as follows:

Segmental (loss) profit before interest and tax reconciliation:

Six months ended 30 June 2015 R'000	**Twelve months ended 30 June 2016 R'000**		**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
423,538	**(1,028,832)**	**TMG**	**(47,912)**	23,321
350,568	**(1,091,707)**	Net losses on financial assets at fair value through profit and loss	**(50,840)**	19,303
72,323	**55,500**	Dividend income	**2,585**	3,982
647	**7,375**	Fee income	**343**	36
(50,689)	**(179,060)**	**KTH**	**(8,338)**	(2,791)
(50,689)	**(209,513)**	Net losses on financial assets at fair value through profit and loss	**(9,757)**	(2,791)
—	**29,452**	Dividend income	**1,372**	—
—	**1,001**	Fee income	**47**	—
—	**389,543**	**African investments**	**18,141**	—
—	**50,004**	Net gains on financial assets at fair value through profit and loss	**2,329**	—
—	**339,539**	Dividend income	**15,812**	—
12,645	**26,171**	**Industrial**	**1,219**	697
12,000	**24,651**	Net gains on financial assets at fair value through profit and loss	**1,148**	661
645	**1,520**	Fee income	**71**	36
19,196	**568**	**Other**	**24**	1,057
14,671	**(18,359)**	Net losses on financial assets at fair value through profit and loss	**(856)**	808
2,408	**15,237**	Dividend income	**709**	133
532	**674**	Interest income	**31**	29
1,585	**3,016**	Fee income	**140**	87
(65,542)	**(64,646)**	**Non-segmental entities**	**(3,010)**	(3,606)
339,148	**(856,256)**	**(Loss) Profit before interest and tax reported by the Group from continuing and discontinued operations**	**(39,876)**	18,678

Segmental total assets reconciliation:

30 June 2015 R'000	**30 June 2016 R'000**		**30 June 2016 £'000**	30 June 2015 £'000
4,870,086	**3,913,924**	**Total assets per segment**	**200,788**	254,899
2,541,707	**1,450,000**	TMG	**74,386**	133,033
1,729,513	**1,520,000**	KTH	**77,978**	90,522
—	**399,697**	African investments	**20,505**	—
445,131	**467,100**	Industrial	**23,962**	23,298
97,254	**53,161**	Other	**2,728**	5,091
56,481	**23,966**	Non-segmental entities	**1,229**	2,955
4,870,086	**3,913,924**	**Total assets reported by the Group**	**200,788**	254,899

37. Unconsolidated subsidiaries of the Group

Note 16 makes reference to the principal subsidiaries of the Company. Below is a list of all the underlying subsidiaries within the Group:

Summary of unconsolidated subsidiaries	Principal place of business	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2016	30 June 2015
Compact Disc Technologies Proprietary Limited	South Africa	Dormant	AT Velocity Logistics Proprietary Limited	**100.0%**	100.0%
Gallo Properties Proprietary Limited	South Africa	Dormant	AT Velocity Logistics Proprietary Limited	**100.0%**	100.0%
Moviecom Proprietary Limited	South Africa	Dormant	AT Velocity Logistics Proprietary Limited	**100.0%**	100.0%
Mega International Limited	Guernsey	Dormant	Avusa Entertainment Proprietary Limited	**100.0%**	100.0%
Nu Metro Filmed Entertainment Proprietary Limited	South Africa	Dormant	Avusa Entertainment Proprietary Limited	**100.0%**	100.0%
Airport Media Proprietary Limited	South Africa	Dormant	Avusa Media Proprietary Limited	**100.0%**	100.0%
Avusa Coastal Distribution Proprietary Limited	South Africa	Dormant	Avusa Media Proprietary Limited	**100.0%**	100.0%
Avusa Media Investments Proprietary Limited	South Africa	Investment holding	Avusa Media Proprietary Limited	**100.0%**	100.0%
Avusa Publishing Proprietary Limited	South Africa	Investment holding	Avusa Media Proprietary Limited	**100.0%**	100.0%
Collage Litho Proprietary Limited	South Africa	Dormant	Avusa Media Proprietary Limited	**100.0%**	100.0%
Happy Machine Proprietary Limited	South Africa	Dormant	Avusa Media Proprietary Limited	**100.0%**	100.0%
Learning Channel Proprietary Limited	South Africa	Educational material production and sale	Avusa Media Proprietary Limited	**100.0%**	100.0%
Ochre Media Proprietary Limited	South Africa	Film production	Avusa Media Proprietary Limited	**100.0%**	100.0%
Picasso Headline Proprietary Limited	South Africa	Publishing	Avusa Media Proprietary Limited	**100.0%**	100.0%
AT Velocity Logistics Proprietary Limited	South Africa	Dormant	Avusa Proprietary Limited	**100.0%**	100.0%
Avusa Entertainment Proprietary Limited	South Africa	Dormant	Avusa Proprietary Limited	**100.0%**	100.0%
Avusa Media Proprietary Limited	South Africa	Investment holding	Avusa Proprietary Limited	**100.0%**	100.0%
Avusa Retail Proprietary Limited	South Africa	Dormant	Avusa Proprietary Limited	**100.0%**	100.0%
Hirt & Carter Proprietary Limited	South Africa	Investment holding	Avusa Proprietary Limited	**100.0%**	100.0%
New Holland Publishing Proprietary Limited	South Africa	Investment holding	Avusa Proprietary Limited	**100.0%**	100.0%
Universal Print Group Proprietary Limited	South Africa	Dormant	Avusa Proprietary Limited	**100.0%**	100.0%
BDFM Publishers Proprietary Limited	South Africa	Dormant	Avusa Publishing Proprietary Limited	**100.0%**	100.0%
Library Network Proprietary Limited	South Africa	Dormant	Avusa Publishing Proprietary Limited	**100.0%**	100.0%
New Africa Publications Proprietary Limited	South Africa	Dormant	Avusa Publishing Proprietary Limited	**100.0%**	100.0%
Big News For Small Business Proprietary Limited	South Africa	Dormant	BDFM Publishers Proprietary Limited	**100.0%**	100.0%
One Africa Television Proprietary Limited (previously African Business Channel Proprietary Limited)	South Africa	Television production	BDFM Publishers Proprietary Limited	**100.0%**	100.0%
Deless Trading Proprietary Limited	South Africa	Printing	Colosan Trading Proprietary Limited	**75.0%**	75.0%
CDT Export Proprietary Limited	South Africa	Dormant	Compact Disc Technologies Proprietary Limited	**100.0%**	100.0%
CCPA Properties Proprietary Limited	South Africa	Investment property company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Country Roofing Solutions Proprietary Limited	Namibia	Investment property company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Global Roofing Solutions Botswana Proprietary Limited	Botswana	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**70.0%**	70.0%
Global Roofing Solutions Lesotho Proprietary Limited	Lesotho	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100.0%**	0.0%
Global Roofing Solutions Mozambique Proprietary Limited	Mozambique	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**95.0%**	0.0%
Global Roofing Solutions Proprietary Limited	South Africa	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Global Roofing Solutions Zambia Proprietary Limited	Zambia	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Global Roofing Solutions Zimbabwe Proprietary Limited	Zimbabwe	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**49.0%**	49.0%
Helm Engineering Proprietary Limited	South Africa	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**0.0%**	100.0%
Tepzmurt Proprietary Limited (“Tepzmurt”)	Botswana	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**51.0%**	51.0%
Seven Seasons Trading 130 Proprietary Limited (“Stampede”)	South Africa	Compacting equipment manufacturer	Helm Engineering Proprietary Limited	**0.0%**	100.0%

37. Unconsolidated subsidiaries of the Group (continued)

Summary of unconsolidated subsidiaries	Principal place of business	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2016	Proportion of ownership rights 30 June 2015
Hirt & Carter Gauteng Proprietary Limited	South Africa	Printing	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Omnigraphics Express Proprietary Limited	South Africa	Dormant	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Paton Tupper Proprietary Limited	South Africa	Advertising agency	Hirt & Carter Proprietary Limited	**51.8%**	51.8%
Quickcut Pre Press Netowrk SA Proprietary Limited	South Africa	Retail solutions	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Skuworks Proprietary Limited	South Africa	Dormant	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
New Holland Publishers (UK) Limited	United Kingdom	Dormant	Macquarie Corporation SA Limited	**100.0%**	100.0%
Macquarie Corporation SA Limited	Guernsey	Investment holding	New Holland Publishing Proprietary Limited	**100.0%**	100.0%
New Holland Publishing (SA) Proprietary Limited	South Africa	Book distribution	New Holland Publishing Proprietary Limited	**100.0%**	100.0%
Adstream Proprietary Limited	South Africa	Dormant	Quickcut Pre Press Network SA Proprietary Limited	**100.0%**	100.0%
Hirt & Carter Software Solutions Proprietary Limited	South Africa	Software solutions	Quickcut Pre Press Network SA Proprietary Limited	**100.0%**	100.0%
Mine Support Products Proprietary Limited	South Africa	Manufactures innovative support systems for the mining industry	Robor Proprietary Limited	**50.0%**	0.0%
Profix Robor Scaffolding Proprietary Limited	South Africa	Access scaffolding material and management of the erection, inspection, handover and dismantling	Robor Proprietary Limited	**75.0%**	0.0%
Tricom Structures Proprietary Limited	South Africa	Comprehensive solutions provider for engineering and manufacturing services in the telecommunications, power and solar industries	Robor Proprietary Limited	**100.0%**	0.0%
Avusa Proprietary Limited	South Africa	Investment holding	Times Media Group Proprietary Limited	**100.0%**	100.0%
Times Media Proprietary Limited	South Africa	Media, broadcasting, content and retail solutions	Times Media Group Proprietary Limited	**100.0%**	100.0%
25AM Proprietary Limited	South Africa	Digital media	Times Media Proprietary Limited	**50.0%**	50.0%
Capacity Holdings Proprietary Limited	South Africa	Dormant	Times Media Proprietary Limited	**100.0%**	30.0%
Colosan Trading Proprietary Limited	South Africa	Investment holding	Times Media Proprietary Limited	**100.0%**	100.0%
Future Publishing Proprietary Limited	South Africa	Eventing and magazine publishing	Times Media Proprietary Limited	**0.0%**	100.0%
Indigenous Film Distribution Proprietary Limited	South Africa	Film distribution	Times Media Proprietary Limited	**51.0%**	51.0%
Marble Gold Proprietary Limited	South Africa	Mobile technology solutions and video on demand	Times Media Proprietary Limited	**50.0%**	50.0%
Panamo Properties 113 Proprietary Limited	South Africa	Property publishing	Times Media Proprietary Limited	**50.8%**	50.8%
Rise FM Proprietary Limited	South Africa	Radio station	Times Media Proprietary Limited	**88.3%**	65.0%
Smartcall Technology Solutions Proprietary Limited	South Africa	Mobile technology solutions	Times Media Proprietary Limited	**50.0%**	50.0%
Supa Strikas South Africa Proprietary Limited	South Africa	Digital media	Times Media Proprietary Limited	**51.0%**	51.0%
Vuma 103 FM Proprietary Limited	South Africa	Radio station	Times Media Proprietary Limited	**72.0%**	72.0%
Consolidated Steel Industries Proprietary Limited	South Africa	Industrial steel company	Tiso Blackstar (Cyprus) Public Limited	**100.0%**	100.0%
New Bond Capital Limited	South Africa	Investment company	Tiso Blackstar (Cyprus) Public Limited	**100.0%**	100.0%
Robor Proprietary Limited	South Africa	Engineering steel, tube and pipe company	Tiso Blackstar (Cyprus) Public Limited	**51.0%**	0.0%
Times Media Group Proprietary Limited	South Africa	Investment holding company	Tiso Blackstar (Cyprus) Public Limited	**100.0%**	100.0%
Tiso Blackstar Real Estate Proprietary Limited	South Africa	Investment property company	Tiso Blackstar (Cyprus) Public Limited	**100.0%**	100.0%
Blackstar GP Proprietary Limited	South Africa	General Partner	Tiso Blackstar Group SE	**100.0%**	100.0%
Domel Investments Proprietary Limited	Namibia	Investment property company	Tiso Blackstar Real Estate Proprietary Limited	**0.0%**	100.0%

37. Unconsolidated subsidiaries of the Group (continued)

Summary of unconsolidated subsidiaries	Principal place of business	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2016	30 June 2015
Fantastic Investments 379 Proprietary Limited	South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited	**100.0%**	100.0%
Firefly Investments 223 Proprietary Limited	South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited	**70.0%**	70.0%
Universal Web Proprietary Limited	South Africa	Dormant	Universal Print Group Proprietary Limited	**100.0%**	100.0%

Company statement of changes in equity
for the year ended 30 June 2016

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2014	55,347	2,024	4,599	(713)	(36,521)	55,740	80,476
Total comprehensive income for the period	—	—	—	—	(12,887)	18,332	5,445
Income for the period	—	—	—	—	—	18,332	18,332
Other comprehensive loss for the period	—	—	—	—	(12,887)	—	(12,887)
Transactions with owners:	107,963	37,367	—	713	—	(1,689)	144,354
Shares issued for investment acquisitions	107,386	37,279	—	—	—	—	144,665
Issue of shares as part of the long term Management Incentive Scheme	577	83	—	—	—	(660)	—
Treasury shares issued during the period as part of the long term Management Incentive Scheme	—	5	—	713	—	(516)	202
Equity settled share based payment	—	—	—	—	—	134	134
Dividends paid	—	—	—	—	—	(647)	(647)
Balance as at 30 June 2015	163,310	39,391	4,599	—	(49,408)	72,383	230,275
Total comprehensive loss for the year	—	—	—	—	(8,879)	(42,190)	(51,069)
Loss for the year	—	—	—	—	—	(42,190)	(42,190)
Other comprehensive loss for the year	—	—	—	—	(8,879)	—	(8,879)
Transactions with owners:	891	(28)	—	(468)	—	(466)	(71)
Shares issued for investment acquisition	891	(28)	—	62	—	—	925
Purchase of treasury shares	—	—	—	(530)	—	—	(530)
Dividends paid	—	—	—	—	—	(466)	(466)
Balance as at 30 June 2016	**164,201**	**39,363**	**4,599**	**(468)**	**(58,287)**	**29,727**	**179,135**

A 2014 final dividend of 14 South African cents, 0.77 pence per ordinary share was paid on 8 June 2015.

A 2016 interim dividend of 3.74 South African cents, 0.17 pence per ordinary share was paid on 13 June 2016.

A 2016 final dividend of 4.47 South African cents, 0.25 pence per ordinary share was recommended on 6 October 2016.

The notes on pages 81 to 88 form part of the Company financial statements.

Company statement of financial position
as at 30 June 2016

	Notes	**30 June 2016 £'000**	30 June 2015 £'000
Assets			
Equipment	3	**175**	—
Financial assets at fair value through profit and loss	4	**157,916**	208,048
Net investments in subsidiaries	5	**157,916**	208,022
Net investments in associates	6	**—**	26
Trade and other receivables	7	**20,766**	22,255
Cash and cash equivalents	8	**498**	456
Total assets		**179,355**	230,759
Liabilities			
Trade and other payables	9	**(157)**	(484)
Other financial liabilities		**(63)**	—
Total liabilities		**(220)**	(484)
Total net assets		**179,135**	230,275
Equity			
Share capital	10	**164,201**	163,310
Share premium	10	**39,363**	39,391
Capital redemption reserve	10	**4,599**	4,599
Treasury shares reserve	10	**(468)**	—
Foreign currency translation reserve	10	**(58,287)**	(49,408)
Retained earnings	10	**29,727**	72,383
Total equity attributable to equity holders		**179,135**	230,275

The official opening middle rates of exchange applicable between the Euro and the GBP, and the Euro and the ZAR, as issued by the European Central Bank at 30 June 2016 was 0.82 (2015: 0.71) and 16.45 (2015: 13.64) respectively.

The notes on pages 81 to 88 form part of the Company financial statements.

The Company financial statements were approved by the Tiso Blackstar Board and authorised for issue on 6 October 2016.

AD Bonamour
Non-executive Director

DKT Adomakoh
Non-executive Chairman

Company statement of cash flows
for the year ended 30 June 2016

	Notes	**Twelve months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
Cash flow from operating activities			
Cash absorbed by operations	11	**(1,469)**	(23,525)
Additions to investments	11	**787**	(1,063)
Proceeds from investments	11	**1,881**	24,620
Finance income		**12**	10
Cash generated by operating activities		**1,211**	42
Cash flow from investing activities			
Purchase of equipment		**(169)**	—
Cash absorbed by investing activities		**(169)**	—
Cash flow from financing activities			
Purchase of treasury shares		**(530)**	—
Dividends paid to equity holders of the parent		**(466)**	(647)
Cash absorbed by financing activities		**(996)**	(647)
Net increase (decrease) in cash and cash equivalents		**46**	(605)
Cash and cash equivalents at the beginning of the year		**456**	1,093
Exchange losses on cash and cash equivalents		**(4)**	(32)
Cash and cash equivalents at the end of the year	8	**498**	456

The notes on pages 81 to 88 form part of the Company financial statements.

1. Accounting policies

The principal accounting policies adopted in the preparation of the Company financial statements have been consistently applied across all periods presented in the Company financial statements, except as noted in the paragraphs below which address instances where there has been a revision to an existing standard or a new standard has been issued and adopted by the Company during the current reporting period. The Company financial statements are presented in Pounds Sterling and all financial information has been rounded to the nearest thousand unless stated otherwise.

The financial statements of the Company are presented as required by the Malta Companies Act, 1995. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") published by the International Accounting Standards Board ("IASB") as endorsed for use by the European Union and with those parts of the Malta Companies Act, 1995 applicable to companies preparing their accounts under IFRS.

The Company presents its statement of financial position in order of liquidity. The Company's current assets, which it expects to recover within 12 months, comprise its trade and other receivables, and cash and cash equivalents which total £21,264,000 (2015: £22,711,000). All other assets in the statement of financial position are considered to be non-current assets, which total £158,091,000 (2015: £208,048,000). The Company's current liabilities, which it expects to settle within 12 months, comprise its other financial liabilities and trade and other payables which total £220,000 (2015: £484,000).

The Company is an Investment Entity and as such in its Group consolidated financial statements does not consolidate all of the entities it controls. Instead, certain interests in subsidiaries are classified as financial assets at fair value through profit and loss and measured at fair value. As a result of this, the Company does not account for its investments in subsidiaries at cost less provision for impairment but rather carries these investments at fair value. Investments in associates are also classified as financial assets at fair value through profit and loss, and measured at fair value.

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Where the Company has the power to participate in the financial and operating policy decisions of an entity, it is classified as an associate.

Any gains or losses arising from changes in the fair value of investments in subsidiaries and associates are recognised in profit and loss in the period in which they occur.

The principal accounting policies which are relevant in the preparation of the Company financial statements are listed below and can be found on pages 22 to 32 of the consolidated financial statements:

Note 1.6	Financial instruments
Note 1.7	Offsetting of financial instruments
Note 1.10	Cash and cash equivalents
Note 1.11	Dividend distributions
Note 1.12	Equity instruments and treasury shares
Note 1.13	Dividend and interest revenue
Note 1.14	Net gains or losses on financial assets and liabilities at fair value through profit and loss
Note 1.16	Finance income and finance costs
Note 1.17	Share-based payments
Note 1.18	Tax
Note 1.19	Foreign currencies
Note 1.21	Significant judgements and areas of estimation
Note 2	Determination of fair values

2. (Loss) Profit for the year

The Company has taken advantage of the exemption allowed under section 183(8) of Malta Companies Act, 1995 and has not presented its own profit and loss in these financial statements. The Group's loss for the year includes a loss after taxation of £42,190,000 (2015: profit after taxation of £18,332,000) for the Company.

3. Equipment

	30 June 2016 £'000	30 June 2015 £'000
Cost	188	—
Accumulated depreciation	(13)	—
Carrying amount	**175**	—
Carrying amount at the beginning of the year	—	—
Additions	169	—
Depreciation	(11)	—
Currency exchange gains during the year	17	—
Carrying amount at the end of the year	**175**	—

4. Financial assets at fair value through profit and loss

	30 June 2016 £'000	30 June 2015 £'000
Financial assets designated at fair value through profit and loss	**157,916**	208,048
Net investments in subsidiaries	157,916	208,022
Net investments in associates	—	26
Total financial assets at fair value through profit and loss	**157,916**	208,048

5. Net investments in subsidiaries

Details of the Group's subsidiaries are as follows:

Principal place of business	Principal activity	Name of subsidiaries*	Proportion of ownership rights 30 June 2016	Proportion of ownership rights 30 June 2015
Subsidiaries not consolidated in the Group consolidated financial statements:				
South Africa	Media	Times Media Group Proprietary Limited ("TMG") ^	100.00%	100.00%
South Africa	Industrial steel company	Consolidated Steel Industries Proprietary Limited ("CSI") ^	100.00%	100.00%
South Africa	Industrial steel company	Robor Proprietary Limited ("Robor") ^	51.00%	19.40%
South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited ("TBRE") ^	100.00%	100.00%
Subsidiaries consolidated in the Group consolidated financial statements:				
Cyprus	Investment company	Tiso Blackstar (Cyprus) Public Limited ("Tiso Blackstar Cyprus") #	100.00%	100.00%
United Kingdom	Investment company	Tiso Blackstar Holdings PLC ("TBH UK") #^^	100.00%	0.00%
United Kingdom	Investment company	Tiso Blackstar Limited ("TBL") #^^	100.00%	0.00%
South Africa	Investment advisory company	Tiso Blackstar Group Proprietary Limited ("Tiso Blackstar SA") #	100.00%	100.00%
South Africa	Fund Manager	Blackstar Fund Managers Proprietary Limited ("BFM") #**	0.00%	70.00%

Subsidiary of the Company
^ Subsidiary of Tiso Blackstar Cyprus
^^ TBH UK and TBL are newly incorporated companies in the UK created as part of the migration process (refer note 35 of the consolidated financial statements)
* Refer note 37 of the consolidated financial statements for a complete list of the unconsolidated subsidiaries of the Group
** During the current year, the Company disposed of its entire stake in BFM

5. Net investments in subsidiaries (continued)

Loans and receivables payable by subsidiaries designated at fair value through profit and loss

Shareholder loans to subsidiaries which are considered to be equity loans (and ordinarily would be accounted for as loans and receivables) have been designated as at fair value through profit and loss. On assessment of the fair value of the net investments in subsidiaries, these equity loans are incorporated into the valuation assessment and any decline in fair value is first allocated to the carrying amount of the equity investment and then to the loan to the subsidiary.

Net investments in subsidiaries included in note 4 comprises the following investments at fair value:

	30 June 2016 £'000	30 June 2015 £'000
Net investments in subsidiaries where equity held by the Company:		
Investment in Tiso Blackstar Cyprus	**145,918**	193,715
Equity share investment	**142,817**	190,551
Preference shares	**3,101**	3,164
Investment in TBH UK		
Equity share investment	**13**	—
Net investments in subsidiaries where equity held by Tiso Blackstar Cyprus:		
Net investment in CSI		
Interest-free loan to CSI with no fixed terms of repayment. Monthly repayments are made by CSI, currently these amount to R2 million per month	**11,985**	13,380
Net investment in TBRE		
Interest-free loan to TBRE	**—**	927
	157,916	208,022

Significant changes in net investments in subsidiaries designated at fair value through profit and loss

Tiso Blackstar Cyprus – The Company issued Tiso Blackstar shares to settle part of the consideration owing by Tiso Blackstar Cyprus on acquisition of the investment in Robor. As a result Tiso Blackstar Cyprus issued additional shares to settle the amount owing to the Company thereby increasing the investment in subsidiary.

Restrictions

Tiso Blackstar receives income in the form of dividends and interest from its investments in subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to Tiso Blackstar with the exception of the South African Reserve Bank regulations with respect to the transfer of funds off and onshore.

Support

Tiso Blackstar has provided support in the form of equity loans to its subsidiaries, details of which is provided below. Tiso Blackstar has no contractual commitments and may provide further financial or any other support to its subsidiaries should they require it and the Group has funds available to do so.

Bank collateral

All equity instruments in and claims against CSI and TMG are held as security by RMB and Standard Bank (refer note 21 of the consolidated financial statements).

5. Net investments in subsidiaries (continued)

Maximum credit exposure for loans designated at fair value through profit and loss

The maximum credit exposure for these loans held by the Company with subsidiaries would be equal to the original carrying amount of the loan prior to any fair value adjustments, details of which are provided below:

	Carrying value 30 June 2016 £'000	**Original loan amount prior to fair value adjustments 30 June 2016 £'000**	Carrying value 30 June 2015 £'000	Original loan amount prior to fair value adjustments 30 June 2015 £'000
Loan to CSI	**11,985**	**11,985**	13,380	13,380
Loan to TBRE	**—**	**—**	927	927

6. Net investments in associates

The principal associates of the Group at 30 June are as follows:

Principal place of business	**Principal activity**	**Name of associates**	**Proportion of ownership rights 30 June 2016**	Proportion of ownership rights 30 June 2015
South Africa	Investment company	Kagiso Tiso Holdings Proprietary Limited ("KTH")##	**22.9%**	22.9%
Kenya	Media	Radio Africa Limited ("RAG")##	**49.0%**	0.0%
Ghana	Media	Multimedia Group Limited ("MGG")##	**32.2%**	0.0%
Nigeria	Media	Cooper Communications Limited ("Coopers")##	**24.5%**	0.0%
South Africa	Fund manager	Bataung Capital Advisors Proprietary Limited ("Bataung")##	**0.0%**	49.0%

Associate of Tiso Blackstar Cyprus

Net investments in associates carried at fair value through profit and loss comprise the following:

	30 June 2016 £'000	30 June 2015 £'000
Net investments in associates where equity held by Tiso Blackstar Cyprus:		
Net investment in Bataung		
Loan to Bataung which is interest-free with no fixed terms of repayment	**—**	26
	—	26

Significant changes in net investments in associates designated at fair value through profit and loss

Bataung – Tiso Blackstar Cyprus disposed of its entire interest in Bataung during the current year.

Bank collateral

The shares in KTH are held as security by RMB and Standard Bank (refer note 21 of the consolidated financial statements).

7. Trade and other receivables

	30 June 2016 £'000	30 June 2015 £'000
Trade receivables due by subsidiary companies	**—**	11
Trade receivables due by external parties	**—**	—
Total trade receivables net of impairment allowance	**—**	11
Other receivables due by subsidiary companies	**20,570**	22,213
Prepayments, deposits and accrued income	**196**	31
	20,766	22,255

8. Cash and cash equivalents

	30 June 2016 £'000	30 June 2015 £'000
Deposits and cash at bank	**498**	456
Cash and cash equivalents per the statement of cash flows	**498**	456

Cash and cash equivalents include cash in current accounts and term deposits.

The Company's cash and cash equivalents have been ceded to the banks which provided the term facility to Tiso Blackstar Cyprus for investment acquisitions (refer note 21 of the consolidated financial statements).

9. Trade and other payables

	30 June 2016 £'000	30 June 2015 £'000
Trade payables due to external parties	**(78)**	(364)
Other payables due to subsidiary companies	**(16)**	—
Accrued expenses	**(63)**	(120)
	(157)	(484)

10. Share capital and reserves

Details of share capital and reserves are set out in note 23 to the consolidated financial statements.

11. Cash flow from operating activities

	Twelve months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000
(Loss) Profit for the year	**(42,190)**	18,332
Taxation	**—**	—
(Loss) Profit before taxation	**(42,190)**	18,332
Adjustments for non cash items:		
Fair value adjustments on investments held at fair value through profit and loss	**40,014**	(20,447)
Dividends and interest accrued from loans and investments	**—**	(9)
Finance income	**(12)**	(10)
Long term Management Incentive Scheme Award – equity settled share based payment expense	**—**	134
Other	**9**	—
Changes in working capital:		
Decrease (Increase) in trade and other receivables	**941**	(20,896)
Decrease in trade and other accounts payable	**(288)**	(629)
Increase in lease accrual	**57**	—
Cash absorbed by operations	**(1,469)**	(23,525)
Changes in investments:		
Cash flows from investment additions:	**787**	(1,063)
Additions to investments	**(139)**	(145,728)
Issue of shares to settle share consideration on acquisition of investment	**926**	144,665
Proceeds arising on disposal of investments and repayments of loans to investment companies	**1,881**	24,620
Net cash flows from investments	**2,668**	23,557

12. Financial instruments

The Company is exposed to one or more of the following risks from its use of financial instruments: credit risk; liquidity risk; and market risk (which comprise currency risk, interest rate risk and market price risk).

Information related to financial instruments and management of these risks is set out in note 26 to the consolidated financial statements. The following information relates specifically to the Company.

12.1 Financial instruments by category

	30 June 2016 £'000	30 June 2015 £'000
Financial assets		
Financial assets at fair value through profit and loss		
Investments at fair value through profit and loss	157,916	208,048
Loans and receivables	21,262	22,711
Trade receivables	20,764	22,255
Cash and cash equivalents	498	456
	179,178	230,759
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade payables	(157)	(484)
Other financial liabilities	(63)	–
	(220)	(484)

12.2 Credit risk

At the reporting date, the Company had no financial assets that were past due or impaired (other than fair value adjustments to equity loans). The Company's maximum exposure to credit risk on loans and receivables is equal to the carrying amount of the financial assets recorded in the financial statements (as detailed in note 12.1). The Company's maximum exposure to credit risk on equity loans is set out in note 5. The credit quality of financial instruments that are not past due or impaired is considered to be good.

12.3 Liquidity risk

All financial liabilities have a contractual maturity of less than six months and the expected maturity is not believed to differ from the contractual maturity.

12.4 Market risk

12.4.1 Currency risk

A 10% strengthening, being a change considered reasonably possible given historic fluctuations, of the Rands against Pounds Sterling at the reporting date, all other variables held constant, would have resulted in an estimated increase of £16,285,000 (2015: £20,935,000) in the reported equity of the Company. A 10% weakening, being a change considered reasonably possible given historic fluctuations, of the Rands against Pounds Sterling at the reporting date, on the same basis, would have resulted in an estimated decrease of £16,285,000 (2015: £20,935,000) in the reported equity of the Company.

12.4.2 Interest rate risk

The Company has no interest bearing investments or liabilities during the prior and current financial years.

12.4.3 Market price risk

The Company has no listed investments during the prior and current financial years.

12. Financial instruments (continued)

12.5 Fair value

12.5.1 Fair value of financial instruments carried at amortised cost

The fair values of the financial instruments accounted for at amortised cost have been determined for both the prior and current financial periods and approximate the carrying amounts at the respective period ends, due to their short-term nature.

12.5.2 Fair value of financial instruments carried at fair value in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 (as defined in note 27 of the consolidated financial statements) based on the degree to which the fair value is observable:

30 June 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments at fair value through profit and loss (refer note 4)	**—**	**—**	**157,916**	**157,916**

30 June 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss (refer note 4)	—	—	208,048	208,048

There were no transfers between levels during the prior or current financial years.

The fair value of the investment in Tiso Blackstar Cyprus, being the Company's material investment, has been determined based on the underlying NAV of this company. This NAV predominantly comprises the wider Group's equity investments in TMG, KTH, RAG, MGG, CSI, Robor and TBRE, and therefore the significant unobservable inputs to the Tiso Blackstar Cyprus valuation and the sensitivities to variations in those inputs are the same as those disclosed in note 27 in the consolidated financial statements.

13. Related parties

Details of related parties are set out in note 34 to the consolidated financial statements. In addition to this, the subsidiaries and associates (set out in note 5 and 6 respectively to the Company financial statements) are related parties to the Company.

The Company pays an advisory fee, paid quarterly in advance, to Tiso Blackstar SA. The advisory fee for the year ended 30 June 2016 amounted to £84,000 (2015: £325,000).

14. Long term Management Incentive Scheme

Details of the long term Management Incentive Scheme are set out in note 33 to the consolidated financial statements.

15. Capital under management

Information related to capital under management is set out in note 28 to the consolidated financial statements.

16. Contingencies and guarantees

Information relating to contingencies and guarantees is set out in note 31 to the consolidated financial statements.

17. Post balance sheet events

Information relating to post balance sheet events is set out in note 35 to the consolidated financial statements.

Company information

Directors
D K T Adomakoh (Non-executive Group Chairman)
J B Mills (Non-executive Group Deputy Chairman)
A D Bonamour (Non-executive)
M Ernzer (Non-executive)
H K Mehta (Non-executive)
N L Sowazi (Non-executive)
R T Wight (Non-executive)

Registered Office
Tiso Blackstar Group SE
3rd Floor Avantech Building
St Julian's Road San Gwann
SGN 2805 Malta
Tel: +356 2137 3360
E-mail: info@tisoblackstar.com
Website: www.tisoblackstar.com

Nominated Adviser and Broker (United Kingdom)
ZAI Corporate Finance Limited
Staple Court
11 Staple Inn
London
WC1V 7QH

Legal Adviser (as to English Law)
Paul Hastings (Europe) LLP
Ten Bishops Square, Eighth Floor
London
E1 6EG

Legal Adviser (as to Maltese Law)
Ganado & Associates Advocates
171 Old Bakery Street
Valletta
VLT 1455
Malta

Primary listing
AIM of the London Stock Exchange

Secondary listing
Altx of the JSE Limited

Auditors
BDO Malta
Tower Gate Place
Tal-Qroqq Street
Msida MSD 1703
Malta

Nominated Adviser and Broker (South Africa)
PSG Capital Proprietary Limited
1st Floor Ou Kollege Building
35 Kerk Street
Stellenbosch
7600

Legal Adviser (as to South African law)
Edward Nathan Sonnenbergs Inc
150 West Street
Sandton
2196

Registrars and Receiving Agents (United Kingdom)
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Registrar and Receiving Agents (South Africa)
Link Market Services Proprietary Limited
13th Floor Rennie House
19 Ameshoff Street
Braamfontein
2000

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this document, or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser.

If you have sold or otherwise transferred all of your shares in the Company, please pass this document together with the accompanying document(s), to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

Tiso Blackstar Group SE
(registered in Malta with number SE4)
3rd Floor
Avantech Building
St. Julian's Road
San Gwann
SGN 2805
Malta
(the "**Company**")

21 October 2016

Dear Shareholder,

Annual General Meeting 2016
Please find enclosed the notice for the annual general meeting of the Company to be held at 10:00 a.m. CET on Thursday, 15 December 2016 at the registered office of the Company at 3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805 Malta (the "**AGM**"). The Notice of AGM is set out in Section 1 of this document.

The following items are also included in this document:

- Section 2: An explanation of certain Resolutions at the AGM;
- Section 3: A Form of Proxy (for use by registered Shareholders only); and
- Section 4: A Form of Direction (for use by holders of Depository Interests only).

Please read the notes to the Notice of Annual General Meeting, as these set out other rights of Shareholders and further requirements which you should check to ensure your proxy vote will be valid.

Recommendation on voting
The Board believes that each of the Resolutions contained in the Notice is in the best interests of the Company and its Shareholders as a whole and recommends you to vote in favour of them, as the Directors intend to do so in respect of their own beneficial shareholdings.

Yours sincerely,

David Adomakoh
Chairman

SECTION 1 – NOTICE OF ANNUAL GENERAL MEETING

TISO BLACKSTAR GROUP SE

(registered in Malta with registered number SE 4)
3rd Floor, Avantech Building,
St Julian's Road,
San Gwann, SGN 2805,
Malta

Notice is hereby given that the annual general meeting (the "**AGM**") of Tiso Blackstar Group SE (the "**Company**") will be held at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta on Thursday, 15 December 2016 at 10:00 a.m. CET (or shortly thereafter in case of delays) for the following purposes:

To consider and, if thought fit, pass the following Resolutions as extraordinary resolutions:

EXTRAORDINARY RESOLUTIONS WHICH CONSTITUTE SPECIAL BUSINESS

1. **Dis-application of statutory pre-emption rights**

Purpose:

To authorise the Directors to restrict or withdraw the Shareholders' statutory pre-emption rights in respect of:

(A) issues of Shares for cash, and

(B) the sale of treasury shares by the Company if such statutory pre-emption rights are applicable in relation thereto,

for as long as the Board remains authorised to issue Equity Securities (as defined therein) under Resolution 11 (Directors' Authority to Allot and Issue Shares), and, from the date of the AGM to the date of the transfer of the registered office of the Company from Malta to the United Kingdom ("Transfer") pursuant to Article 88(7) of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) as if section 561 of the UK's Companies Act 2006 did not apply to such issue or sale.

Proposal:

That, in substitution for any previous authorisations currently in force, but without prejudice to any allotment of Equity Securities already made or agreed to be made pursuant to such authorities, subject to the passing of Resolution 11 (Directors' Authority to Allot and Issue Shares), and, from the date of the AGM to the date of the Transfer pursuant to Article 88(7) of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) as if section 561 of the UK's Companies Act 2006 did not apply to such issue or sale, and in accordance with Article 4.4 of the Articles, the Board be generally authorised to restrict the statutory pre-emption rights of the Shareholders in respect of new issue of shares for cash by the Company and in respect of the sale of treasury shares by the Company, for as long as the Directors remain authorised to issue Equity Securities, provided that this power shall be limited to the allotment of Equity Securities up to an aggregate nominal amount of €10,154,487. The amount of €10,154,487 represents 5 percent of the entire issued share capital of the Company as of 21 October 2016.

The power granted by this Resolution will expire when the Board no longer remains authorised to issue Equity Securities, save that the Company may, before such expiry, make offers or agreements which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

2. **Company's Authority to purchase its own Shares**

Purpose:

To authorise the Company to re-purchase its own Shares, from the date of the AGM to the date of the Transfer within the parameter of the Companies Act, Cap. 386 of the Laws of Malta pursuant to Article 13.1.8 of the articles of association of the Company, and, from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) for the purposes of section 701 of the UK's Companies Act 2006.

Proposal:

That:

(A) The Company be and is generally and unconditionally authorised pursuant to Article 3.4 of the Articles, and from the date of the AGM to the date of the Transfer in accordance with article 106 of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) for the purposes of section 701 of the UK's Companies Act 2006, to make market purchases of its own Ordinary Shares, including Depository Interests (as defined therein) relating to such Ordinary Shares on such terms and in such manner as the Directors shall determine, provided that:

(i) the Ordinary Shares to be purchased are fully paid up;

(ii) the maximum aggregate number of Ordinary Shares to be acquired is 26,722,333 shares representing a maximum aggregate nominal value of Ordinary Shares of 10 percent of the entire share capital of the Company as at 21 October 2016;

(iii) the maximum price which may be paid for each Ordinary Share shall be 5 percent above the average of the middle market quotations for an Ordinary Share on the exchange on which the Ordinary Shares are purchased for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses);

(iv) the minimum price which may be paid for each Ordinary Share shall be one Euro cent; and

(v) all conditions and limitations imposed by the Companies Act, Cap. 386 of the Laws of Malta are adhered to including the condition that the nominal value of the Ordinary Shares to be acquired by the Company, including any shares previously acquired by the Company and held by it, shall not exceed 50 percent of the issued share capital of the Company.

(B) This authority (unless previously revoked, varied or renewed) shall expire on 14 March 2018 or, if sooner, at the end of the next annual general meeting of the Company to be held in 2017 except that in relation to any offers or promises for the purchase of Ordinary Shares made before such date, the contract in relation to such acquisitions may be executed wholly or partly after such date as if such authority has not expired.

To consider and, if thought fit, pass the following Resolutions as ordinary resolutions:

ORDINARY BUSINESS:

3. **Approval of accounts**
To receive and consider the accounts and reports of the Directors, statutory auditor and the independent auditors, and any other documents required by law to be attached or annexed to the stand-alone accounts of the Company for the year ended 30 June 2016 and to the consolidated accounts for the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2016.

4. **Adoption of stand-alone accounts**
To adopt the Company's audited stand-alone annual accounts for the year ended 30 June 2016.

5. **Adoption of consolidated accounts**
   To adopt the Group's audited consolidated annual accounts for the year ended 30 June 2016.

6. **Appointment of auditors**
   (A) That, BDO Malta be appointed as the auditors of the Company with effect from the date of the AGM up to the date of the Transfer.

   (B) To authorise the Directors to appoint new auditors at the date of Transfer until the next AGM.

7. **Election of directors**
   To re-elect Marcel Ernzer, who retires from office by rotation in accordance with the articles of association of the Company ("**Articles**"), as a director of the Company with effect from the date of the Annual General Meeting for a period not exceeding three years.

8. **Election of directors**
   To re-elect Harishkumar Mehta, having been appointed as a director since the last Annual General Meeting, as a director of the Company with effect from the date of the Annual General Meeting for a period not exceeding three years.

9. **Election of directors**
   To re-elect John Mills, who retires from office by rotation in accordance with the articles of association of the Company ("**Articles**"), as a director of the Company with effect from the date of the Annual General Meeting for a period not exceeding three years.

10. **Approval of final dividend**
    To approve the recommended dividend of 4.47275 South African cents per share for the financial period ended 30 June 2016.

Ordinary Resolution which Constitutes Special Business

11. **General authority to allot Shares**
    That the directors be and are generally and unconditionally authorised to allot and issue Equity Securities in the Company up to an aggregate nominal amount of €67,696,578, which represent one-third of the share capital of the Company, in substitution for all previous authorisations currently in force other than the authority given to the Board at the Company's previous AGM on 23 December 2015. This authority will be valid for a period expiring (unless previously revoked, varied or renewed) on 14 March 2018 or, if sooner, the annual general meeting to be held in 2017, but if the Company has, before such expiry, made an offer or entered into an agreement which would or might require Equity Securities to be allotted after this authority expires, the Directors may allot Equity Securities in pursuance of such offer or agreement as if this authority had not expired.

    Resolutions 1 and 2 are extraordinary resolutions. Resolutions 3 to 11 are ordinary resolutions.

    The quorum requirement in relation to all Resolutions is at least two Members present or represented at the Annual General Meeting. If the Annual General Meeting is not quorate, it can be adjourned to a date not less than seven and not more than 30 days after the Annual General Meeting as the chairman shall determine.

    Ordinary resolutions may be passed at the Annual General Meeting by a member or members holding more than 50 percent of the voting rights attached to shares represented and entitled to vote at the meeting.

    Extraordinary resolutions require:

    (A) a 75 percent majority by nominal value of the shares represented at the Annual General Meeting and entitled to vote thereat; and

    (B) a majority vote of at least 51 percent in nominal value of all the shares entitled to vote at the Annual General Meeting.

If one but not both of the majorities for an extraordinary resolution is met, a second meeting may be convened within 30 days to take another vote. At the said second meeting, either one of the following majorities will suffice:

(A) 75 percent majority by nominal value of the shares represented and entitled to vote at the second meeting; or

(B) a simple majority in nominal value where more than half in nominal value of all of the shares entitled to vote are represented at the meeting.

By order of the Board

Leanna Isaac
Company Secretary

21 October 2016

Notes:

1. This notice of Annual General Meeting is being mailed to the Members on the Register of Members of the Company. Members registered on the Register of Members as of Friday, 9 December 2016 (the "**Record Date**") shall have the right to participate and vote at the Annual General Meeting. Accordingly, the last day to trade for Shareholders on the South African sub-register in order to be able to participate and vote at the meeting is Tuesday, 6 December 2016. Any change to an entry on the Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

2. A member entitled to attend and vote may appoint a proxy to attend and vote instead of him/her using the enclosed Form of Proxy; the appointed proxy need not be a member.

3. To be valid, the Form of Proxy must be signed and the signed Form of Proxy must either reach the Company's registered office at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta or be emailed to: info@tisoblackstar.com. In either case, by no later than Tuesday, 13 December 2016 at 10:00 a.m. (CET). In order to assist Shareholders:

   (i) certificated Shareholders and own-name registered dematerialised Shareholders on the South African sub-register are strongly urged to send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than Tuesday, 13 December 2016 at 10:00 a.m. (SAST); and

   (ii) certificated Shareholders who trade their shares on AIM of the London Stock Exchange and are registered on AIM part of the register of members are strongly urged to send their signed Form of Proxy to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than Tuesday, 13 December 2016 at 8:00 a.m. (BST), so as to enable the Form of Proxy to be forwarded on your behalf to the Company no later than Tuesday, 13 December 2016 at 10:00 a.m. (CET).

4. Dematerialised Shareholders on the South African sub-register, other than own-name registered dematerialised Shareholders, who wish to attend the Annual General Meeting in person, will need to request their Central Securities Depository Participant ("**CSDP**") or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or broker. Dematerialised Shareholders, other than own-name registered dematerialised Shareholders, who are unable to attend the Annual General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein. The CSDP or broker must provide all voting instructions to the transfer secretaries by no later than Tuesday, 13 December 2016 at 10:00 a.m. (SAST).

5. Holders of Depository Interests representing shares in the Company can instruct Capita IRG Trustees Limited, the Depository, or amend an instruction to a previously submitted direction, via the CREST system. The CREST message must be received by the issuer's agent RA10 by Monday, 12 December 2015 at 08:00 a.m. (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with instructing Capita IRG Trustees Limited via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual. We may treat as invalid a direction appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. Alternatively, you can submit your Form of Direction to be received by the Company's registrars no later than Monday, 12 December 2016 at 08:00 a.m. (GMT).

6. Please indicate in the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

7. A Form of Proxy which may be used to appoint a proxy and give proxy directions accompanies this Notice of Annual General Meeting. If you are a shareholder on AIM sub-register and do not receive a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy in order to appoint more than one proxy, please contact Capita Asset Services on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. If you are a shareholder on the South African sub-register and do not receive a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy in order to appoint more than one proxy, please contact Link Market Services South Africa (Pty) Limited on +27 (0) 11 713 0800, lines are open 08h30 – 16h30 (SAST) Monday – Friday.

8. In order to participate and vote at the Annual General Meeting, a Member being a body corporate, association of persons, foundation or other body of persons, a representative thereof will only be eligible to attend and be admitted to the Annual General Meeting, and to vote thereat, if a Form of Proxy has been (a) duly executed in his/her favour by the competent organ of the entity which he/she represents, and (b) submitted to the Company Secretary in accordance with the procedures set out at note 3 above.
9. Any one of the joint holders of any share for the time being conferring a right to vote may vote either personally or by proxy at any meeting in respect of such share as if he were the sole holder, provided that if more than one of the joint holders is present at any meeting, either personally or by proxy, the person whose name stands first in the register as one of such holders, and no other, shall be entitled to vote in respect of the share.
10. Admission to the Annual General Meeting will commence one hour before the advertised and appointed time.
11. After the Annual General Meeting has proceeded to business, voting documents will continue to be issued until such time as the Annual General Meeting proceeds to vote on the first Resolution of the Agenda whether by show of hands or by poll. Thereafter, no further voting documents will be issued, and admittance to the Annual General Meeting will be discontinued.
12. The following information is also made available to the Members on the Tiso Blackstar Group SE website (www.tisoblackstar.com) located at Publications, AGM Documents section:
    (i) a copy of this Notice of Annual General Meeting;
    (ii) the total number of shares and voting rights at the date of the Notice of the Annual General Meeting;
    (iii) the Company's audited stand-alone annual accounts for the year ended 30 June 2016;
    (iv) the Group's audited consolidated annual accounts for the year ended 30 June 2016; and
    (v) the Form of Proxy and Form of Direction for the Annual General Meeting.

SECTION 2 – EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The following information provides additional background information in respect of each Resolution to be proposed that is not ordinary business.

Resolution 1 – Dis-application of pre-emption rights

This Resolution will dis-apply Shareholders' statutory pre-emption rights in relation to the Company's allotment for cash of its own shares pursuant to Resolution 11 or in relation to the Company's sale of its own shares held in treasury from the date of the AGM to the date of the Transfer pursuant to Article 88(7) of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) as if section 561 of the UK's Companies Act 2006 did not apply to such allotment or sale, and shall expire when the Board no longer remains authorised to issue Equity Securities. The dis-application will permit the Board to allot shares for cash pursuant to Resolution 11 or to sell treasury shares, without first offering them to all existing Shareholders pursuant to their statutory pre-emption rights under article 88 of the Companies Act (Cap. 386 of the Laws of Malta). Any such allotments or sales must be limited to shares with an aggregate nominal value not exceeding €10,154,487, representing 5 percent of the entire issued share capital of the Company as at 21 October 2016.

Resolution 2 – Company's authority to purchase its own shares

The Board is proposing to renew the authority for the Company, from the date of the AGM to the date of the Transfer for the purposes of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) for the purposes of section 701 of the UK's Companies Act, to make market purchases of its own Shares, including depository interests relating to such Shares. In certain circumstances it may be advantageous for the Company to purchase its own Shares and this Resolution seeks authority from Shareholders to make such purchases in the market. The Board considers it to be desirable for this general authority to be available to provide flexibility in the management of the Company's capital resources and to enable the Board to narrow the discount to the Company's net asset value. You are asked to consent to the purchase by the Company of up to a maximum aggregate of 10 percent of the entire issued share capital of the Company as at 21 October 2016 which is a maximum of 26,722,333 Shares.

Resolution 11 – General authority to allot shares

This Resolution will extend the general authority of the directors to allot shares until the Company's next AGM or, if earlier, 14 March 2018. The authority will be in respect of Shares with an aggregate nominal value of €67,696,578. representing one-third of the entire issued share capital of the Company.

TISO BLACKSTAR GROUP SE

(registered in Malta with registered number SE 4)
3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta

FORM OF PROXY

For use by registered Shareholders at the Annual General Meeting to be held in 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta on Thursday, 15 December 2016 at 10:00 a.m. (CET).

Capitalised terms which are used in this Form of Proxy but which are not defined shall have the meaning attributed thereto in the Notice of Annual General Meeting dated 21 October 2016.

Please read the Notice of Annual General Meeting (attached as Part 1 of this document) and the explanatory notes below before completing this form.

HOLDERS OF DEPOSITORY INTERESTS SHOULD COMPLETE THE FORM OF DIRECTION IN SECTION 4 AND SHOULD NOT COMPLETE THIS FORM OF PROXY.

I/We ....

(Please insert full name in block capitals)

Of ....

(Please insert full name in block capitals)

being (a) member(s) of Tiso Blackstar Group SE (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting,

or .... (see Note 1)

as my/our proxy in relation to all/... of my/our shares, to attend and vote for me/us at the Annual General Meeting of the Company to be held on 15 December 2016 at 10:00 a.m. (CET) and at any adjournment of that meeting. I/We direct the proxy to vote in relation to the Resolutions referred to below as follows:

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made ☐

For the appointment of one or more proxy see Note 1.

Resolutions	**For**	**Against**	**Abstain**
Extraordinary Resolutions 1 To dis-apply statutory pre-emption rights on the issue of shares and sale of treasury shares by the Company, from the date of the AGM to the date of the Transfer pursuant to Article 88(7) of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) as if section 561 of the UK Companies Act 2006 did not apply to such issue or sale, up to an aggregate nominal amount of €10,154,487.			
2 To authorise the Company to purchase its own shares from the date of the AGM to the date of the Transfer within the parameter of the Companies Act, Cap. 386 of the Laws of Malta pursuant to Article 13.1.8 of the articles of association of the Company, and, from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) for the purposes of section 701 of the UK's Companies Act 2006.			
Ordinary Resolutions 3 To receive and consider the accounts and reports of the Directors, statutory auditor and the independent auditors, and any other documents required by law to be attached or annexed to the stand-alone accounts of the Company for the year ended 30 June 2016 and to the consolidated accounts for the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2016.			
4 To adopt the Company's audited stand-alone annual accounts for the year ended 30 June 2016.			
5 To adopt the Group's audited consolidated annual accounts for the year ended 30 June 2016.			
6 To authorise BDO Malta be appointed as the auditors of the Company with effect from the date of the AGM up to the date of the Transfer and, conditional on the Transfer of the Company becoming effective, BDO Malta be removed as the auditors of the Company and the Directors are authorised to appoint new auditors from the date of Transfer until the next AGM.			
7 To re-elect Marcel Ernzer as a director of the Company.			
8 To re-elect Harishkumar Mehta as a director of the Company.			
9 To re-elect John Mills as a director of the Company.			
10 To approve the proposed final dividend of 4.47275 South African cents.			
11 To grant the Directors of the Company certainty to issue and allot shares in respect of a maximum aggregate nominal amount of €67,696,578.			

Form of Proxy continued

If you want your proxy to vote in a certain way on the Resolutions specified, please place an "X" in the appropriate box. If you fail to select any of the given options, your proxy can vote as he/she chooses or can decide not to vote at all. The proxy can also do this on any other Resolution that is put to the meeting.

Please indicate below whether or not you intend to be present at the meeting. This information is sought for administrative purposes only and will not affect your right to attend the meeting, notwithstanding any indication to the contrary.

I will be attending the Annual General Meeting ☐ I will not be attending the Annual General Meeting ☐

Signature .... Date 2016

Notes:

1. To appoint as a proxy a person other than the Chairman of the Annual General Meeting, insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy, provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
   (i) To appoint the Chairman as your sole proxy in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
   (ii) To appoint a person other than the Chairman as your sole proxy in respect of all your shares, delete the words 'the Chairman of the Annual General Meeting (or)' and insert the name and address of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
   (iii) To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Annual General Meeting'. All forms must be signed and should be returned together in the same envelope.
2. If no voting indication is given, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.
3. To be valid, the Form of Proxy must be signed and the signed Form of Proxy must either reach the Company's registered office at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta, or be emailed to info@tisoblackstar.com, in either case by no later than Tuesday, 13 December 2016 at 10:00 a.m. (CET). In order to assist Shareholders:
   (i) certificated Shareholders and own-name registered dematerialised Shareholders who trade their shares on the South African sub-register are strongly urged to send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than Tuesday, 13 December 2016 at 10:00 a.m. (SAST); and
   (ii) certificated Shareholders who trade their shares on AIM of the London Stock Exchange and are registered on AIM part of the register of members are strongly urged to send their signed Form of Proxy to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than Tuesday, 13 December 2016 at 8:00 a.m. (BST), so as to enable the Form of Proxy to be forwarded on your behalf to the Company no later than Tuesday, 13 December 2016 at 10:00 a.m. (CET).

   Dematerialised Shareholders on the South African sub-register, other than own-name registered dematerialised Shareholders, who wish to attend the Annual General Meeting in person, will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or broker. Dematerialised Shareholders, other than own-name registered dematerialised Shareholders, who are unable to attend the Annual General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein. The CSDP or broker must provide all voting instructions to the transfer secretaries by no later than Tuesday, 13 December 2016 at 10:00 a.m.(SAST).
4. A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
5. The Form of Proxy is for use in respect of the Shareholder account specified above only and should not be amended or submitted in respect of a different account.
6. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting should you subsequently decide to do so.

Form of Direction

TISO BLACKSTAR GROUP SE

(registered in Malta with registered number SE 4)

3rd Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta

FORM OF DIRECTION

Form of Direction for completion by holders of Depository Interests representing shares on a one for one basis in the Company in respect of the Annual General Meeting of the Company to be held at 3rd Floor, Avantech Building, St. Julian's Road, San Gwann, SGN 2805, Malta on Thursday, 15 December 2016 at 10:00 a.m. CET.

This Form of Direction is for use by holders of Depository Interests issued by Capita IRG Trustees Limited only.

Capitalised terms which are used in this Form of Direction but which are not defined shall have the meaning attributed thereto in the Notice of Annual General Meeting dated 21 October 2016.

I/We ....

of..

(Please insert full name(s) and address(es) in BLOCK CAPITALS)

being a holder of Depository Interests representing shares in the Company hereby instruct Capita IRG Trustees Limited (the "**Depository**"), to vote for me/us and on my/our behalf in person or by proxy at the 2016 Annual General Meeting of the Company to be held on the above date (and at any adjournment thereof) as directed by an X in the spaces below.

Please indicate with an "X" in the spaces below how you wish your vote to be cast. If no indication is given, you will be deemed as instructing the Depository to abstain from voting on the specified Resolution.

Resolutions	For	Against	Abstain
Extraordinary Resolutions 1 To dis-apply statutory pre-emption rights on the issue of shares and sale of treasury shares by the Company, from the date of the AGM to the date of the Transfer pursuant to Article 88(7) of the Companies Act, Cap. 386 of the Laws of Malta, and with effect from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) as if section 561 of the UK Companies Act 2006 did not apply to such issue or sale, up to an aggregate nominal amount of €10,154,487.			
2 To authorise the Company to purchase its own shares from the date of the AGM to the date of the Transfer within the parameter of the Companies Act, Cap. 386 of the Laws of Malta pursuant to Article 13.1.8 of the articles of association of the Company, and, from the completion of the Transfer (but with immediate and instantaneous effect on the occurrence of that event) for the purposes of section 701 of the UK's Companies Act 2006.			
Ordinary Resolutions 3 To receive and consider the accounts and reports of the Directors, statutory auditor and the independent auditors, and any other documents required by law to be attached or annexed to the stand-alone accounts of the Company for the year ended 30 June 2016 and to the consolidated accounts for the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2016.			
4 To adopt the Company's audited stand-alone annual accounts for the year ended 30 June 2016.			
5 To adopt the Group's audited consolidated annual accounts for the year ended 30 June 2016.			
6 To authorise BDO Malta be appointed as the auditors of the Company with effect from the date of the AGM up to the date of the Transfer and, conditional on the Transfer of the Company becoming effective, BDO Malta be removed as the auditors of the Company and the Directors are authorised to appoint new auditors from the date of Transfer until the next AGM.			
7 To re-elect Marcel Ernzer as a director of the Company.			
8 To re-elect Harishkumar Mehta as a director of the Company.			
9 To re-elect John Mills as a director of the Company.			
10 To approve the proposed final dividend of 4.47275 South African cents.			
11 To grant the Directors of the Company certainty to issue and allot shares in respect of a maximum aggregate nominal amount of €67,696,578.			

Signature .... Date 2016

Notes:

1. To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be deposited at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than on Monday, 12 December 2016 at 08:00 a.m. (GMT) or 72 hours before the time appointed for holding any adjourned meeting.
2. Any alterations made to this Form of Direction should be initialled.
3. In the case of a corporation, this Form of Direction should be given under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
4. Please indicate how you wish your votes to be cast by placing "X" in the box provided. On receipt of this form duly signed, you will be deemed to have authorised the Depository to vote, or to abstain from voting, as per your instructions.
5. Depository Interests held in uncertificated form (i.e. in CREST), representing shares on a one-for-one basis in the Company, may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual. The CREST message must be received by the issuer's agent RA10 by Monday, 12 December 2016 at 08:00 a.m. (GMT).
6. The Depository will appoint the Chairman of the Annual General Meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to Resolutions) which may properly come before the Annual General Meeting.
7. Depository Interest holders wishing to attend the Annual General Meeting should request a Letter of Representation by contacting the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by e-mail at custodymgt@capita.co.uk by no later than Monday, 12 December 2016 at 08:00 a.m. (GMT) or seven days before the time appointed for holding any adjourned meeting.