Tiso Blackstar Group SE
Provisional Summarised Audited Consolidated Annual Results for the year ended 30 June 2017

Incorporated in England and Wales

Company number SE 000110

Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10

Share codes: TBGR and TBG

ISIN: GB00BF37LF46

("Tiso Blackstar" or the "Company" or the "Group")

Highlights

- Consolidated EBITDA[1] increased by 30.0% from R359.6 million* (£16.7 million*) to R467.6 million (£27.1 million);
- Consolidated turnover increased to R9.1 billion (£529.5 million) from R8.1 billion* (£376.5 million*);
- Core[2] term debt reduction from R730.0 million (£37.4 million) to R633.1 million* (£37.3 million*);
- Proposed final dividend of 4.65912 cents (0.25935 pence) per share;
- Strong performance from Media with EBITDA growth of 25.8%;
- Hirt & Carter Group increased EBITDA from R234.8 million* (£10.9 million*) to R245.0 million (£14.2 million);
- Agreed sale of 22.9% interest in KTH for R1.5 billion (£88.3 million);
- Blackstar Holdings Group achieved a level 2 B-BBEE contributor status, post year end, based on the revised Broad-Based Black Economic Empowerment Codes of Good Practice that came into effect on 1 May 2015;
- Listing transferred from Altx to JSE Main Board on 13 July 2017;
- Successful migration of the Company from Malta to the United Kingdom;
- Special dividend of R40.0 million (£2.4 million) expected to be proposed on the successful closure of KTH sale; and
- Financial highlights:
  - Net profit before interest and tax of R284.0 million (£16.5 million) compared to a net loss before interest and tax of R677.2 million (£31.5 million) in the prior year; and
  - Earnings per share of 2.95 cents per share (0.18 pence per share) compared to a loss per share of 339.40 cents per share (15.81 pence per share).

Executive summary

Overview

The financial year under review corresponded with exceptionally difficult economic conditions. These were triggered by South Africa entering a recession and exacerbated by political and policy uncertainty across most of the regions in which we operate.

The Group's core businesses, housed under Blackstar Holdings Group Proprietary Limited ("BHG", previously Times Media Group Proprietary Limited), posted above-inflation growth despite these conditions and higher input costs, and are well positioned for any improvement in economic activity.

Earnings Before Interest Taxation Depreciation and Amortisation ("EBITDA") of the Group's non-core steel assets declined on the back of very weak results from Robor Proprietary Limited ("Robor") which offset EBITDA growth by Consolidated Steel Industries Proprietary Limited ("CSI"). The steel industry is particularly sensitive to the current lack of economic growth and this performance is reflective, but strategies are being put in place to stop further declines.

Core

The Group achieved growth in its core EBITDA despite significant investment in digital media to position the business for the future, and unwinding the costly legacy structures of a traditional media house.

Notable core business highlights in the year included:

- The move to our new purpose-built premises in Parktown, Johannesburg, at a reduced rental, featuring South Africa's first fully integrated multidisciplinary newsroom;
- Successful introduction of a digital paywall for Business Day and Financial Mail;
- Launch of our new eventing and conference centre – The Empire;
- Hirt & Carter Group adding new major international retail clients to its customer base on the strength of its unique position in the market. Hirt & Carter Group provides wide-ranging retail marketing solutions including information systems, pre-media services, and printing and production services for the bulk of South Africa's retailers and brand companies;
- Our films division increasing its investment in both South African and international movie productions to reduce its reliance on pure licensed movie distribution;

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[1] EBITDA is defined as profit before interest and tax after adding back depreciation, amortisation, straight lining of leases and cash settled share based payment expenses. Consolidated EBITDA is inclusive of items outside the ordinary day-to-day activities, while segmental EBITDA excludes items outside of the ordinary day-to-day activities (refer note 10 for reconciliation between EBITDA and net profit before interest and tax)

[2] "Core" includes the segments Media, Hirt & Carter Group, Broadcast and Content, and the segment Africa (excluding South Africa) which comprises our interest in associates: Radio Africa group in Kenya; Multimedia group in Ghana; and Coopers in Nigeria. "Non-core" category includes Robor and CSI

* Pro forma comparative financial information has been provided as a result in the change in the accounting treatment between the current and prior years – refer Pro forma financial information section

- Films, being appointed by Metro Goldwyn Mayer ("MGM") as its official distribution partner in South Africa;
- Our music business, Gallo Music, growing its repertoire of frontline artists and securing the Idols SA franchise;
- Ghanaian business Multimedia group recording significant growth in revenues and audiences to become the country's leading TV and Radio business;
- Multi TV has the highest audience reach in Ghana around 33.0%; and
- Radio in Ghana is regional, however Multimedia group stations have the highest aggregate audience share in the two most populous regions in Ghana – an audience share of 30.0% in Greater Accra and 25.0% in the Ashanti region.

Non-core

We made significant progress in strengthening our statement of financial position through the agreed sale of our minority interest in Kagiso Tiso Holdings Proprietary Limited ("KTH") to Kagiso Trust Strategic Investments Proprietary Limited ("Kagiso") for R1.5 billion (£88.3 million).

Kagiso will settle the transaction through a series of purchases of our shares in KTH over the next twelve to eighteen months. The sale is expected to close once we receive regulatory approval.

EBITDA of the Group's non-core steel assets declined by 56.3% to R60.9 million (£3.5 million) as a result of very weak results from Robor which offset EBITDA growth by CSI. We remain intent on disposing of these assets in the foreseeable future when market conditions settle and the opportunity arises.

Pro forma financial information

As detailed in the interim results, Tiso Blackstar changed its status and was no longer an Investment Entity as defined in IFRS 10 *Consolidated Financial Statements,* from 1 July 2016. Consequently, the Group's subsidiaries, as well as property subsidiaries are consolidated in terms of International Financial Reporting Standards ("IFRS") from this date. The net identifiable assets of the Group's subsidiaries were recognised on the statement of financial position at fair value on 1 July 2016, resulting in goodwill or gain on bargain purchase being recognised at that date. Investments in associates – Radio Africa Limited ("Radio Africa group"), Multimedia Group Limited ("Multimedia group") and Cooper Communications Limited ("Coopers") – previously held at fair value, were equity accounted from 1 July 2016.

In line with IFRS, the comparative period ended 30 June 2016 has not been restated and is disclosed on a fair value basis as previously reported.

To assist shareholders in assessing our performance over time, pro forma financial information in the form of consolidated comparatives has been prepared for Group debt, Group working capital, Revenue and EBITDA, and the segmental analysis review, on the assumption that our holdings in these subsidiaries and associates were the same in comparative periods as for the reporting period ended 30 June 2017 (refer note 10). The pro forma financial information is further analysed by segment and allocated to core and non-core categories to give the reader further insight into our operations and those that are expected to be continuing, i.e. core and non-continuing ("non-core"), collectively ("the pro forma financial information").

The pro forma financial information has been prepared for illustrative purposes only and due to the nature of the pro forma financial information, the consolidated comparatives for Group debt, Group working capital, Revenue and EBITDA, and the segmental analysis review may not fairly present Tiso Blackstar's financial position, changes in equity, results of operations or cash flows after these adjustments.

The pro forma financial information for the years ended 30 June 2015 and 30 June 2016 is presented in a manner that is consistent with the new accounting policies of Tiso Blackstar as at 30 June 2017.

The pro forma financial information has been prepared in accordance with the JSE Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information as if the acquisitions had taken place at 1 July 2014 and 1 July 2015 respectively, being the commencement date of the financial period for the purposes of the statement of comprehensive income at 30 June 2015 and 30 June 2016, being the last day of the financial period for the purposes of the statement of financial position. The pro forma financial information should be read in conjunction with the unmodified assurance report of the independent reporting accountants which is open for inspection at the Company's registered office.

The Directors of Tiso Blackstar are responsible for the preparation of the pro forma financial information.

A reconciliation of the pro forma EBITDA to the net profit for the period has been provided in note 10. A summary of core and non-core Revenue and EBITDA for the current and prior years if presented on a consolidated basis is as follows:

Pro forma financial information 30 June 2016 R'000	30 June 2017 R'000		30 June 2017 £'000	Pro forma financial information 30 June 2016 £'000
		REVENUE		
3,813,607	**4,220,296**	*Core*	**244,447**	177,598
1,722,654	**2,045,556**	Media	**118,482**	80,223
1,581,958	**1,733,554**	Hirt & Carter Group	**100,411**	73,671
508,995	**441,186**	Broadcast and Content	**25,554**	23,704
4,200,150	**4,906,857**	*Non-core*	**284,213**	195,599
1,928,257	**2,428,645**	CSI	**140,671**	89,798
2,271,893	**2,478,212**	Robor	**143,542**	105,801
		Segmental EBITDA		
383,114	**411,874**	*Core*	**23,858**	17,843
104,327	**131,237**	Media	**7,602**	4,859
234,842	**244,968**	Hirt & Carter Group	**14,190**	10,937
43,945	**35,669**	Broadcast and Content	**2,066**	2,047
139,385	**60,855**	*Non-core*	**3,524**	6,492
55,742	**90,892**	CSI	**5,264**	2,596
83,643	**(30,037)**	Robor	**(1,740)**	3,896

The core category includes the segments Media, Hirt & Carter Group, Broadcast and Content, and the segment Africa (excluding South Africa) which comprises our interest in associates: Radio Africa group in Kenya; Multimedia group in Ghana; and Coopers in Nigeria.

The non-core category includes Robor and CSI.

Group debt review

Debt

Rm	30 June 2017	30 June 2016*	30 June 2015*
Core	804	839	913
Other	443	414	440
Non-core	139	129	116
Total debt	**1,386**	**1,382**	**1,469**

Tiso Blackstar's debt is split between core and non-core. Non-core debt is expected to be assumed by purchasers as part of the sales of non-core assets as these are implemented.

Core debt in Tiso Blackstar (held by BHG) includes R633.1 million, £37.3 million (2016: R730.0 million*, £37.4 million*) of term debt and R159.4 million, £9.4 million (2016: R94.0 million*, £4.8 million*) of asset-based finance.

During the year, core acquisition debt decreased 13.3% in line with contractual repayments; asset-based finance grew 69.6% after acquiring new equipment for Hirt & Carter Group, and the net cash position exceeded its overdrafts.

Other debt held at head-office level by Tiso Blackstar Holdings SE includes R407.2 million, £24.0 million (2016: R413.8 million, £21.2 million) of term debt, which will be repaid in full with part of the cash proceeds received from the sale of KTH.

* Pro forma comparative financial information has been provided as a result in the change in the accounting treatment between the current and prior years – refer Pro forma financial information section

Non-core debt is inclusive of term debt and asset-based finance held by CSI and Robor. At the financial year end, Robor had term debt of R83.7 million, £4.9 million (2016: R86.1 million*, £4.4 million*) and net working capital facility (consisting of factored debtors, stock debt and overdrafts) of R420.2 million, £24.7 million (2016: R361.0 million*, £18.5 million*). CSI does not have term debt and, at 30 June 2017, had R36.1 million, £2.1 million (2016: R35.6 million*, £1.8 million*) of asset-based finance and net working capital facility utilisation of R372.4 million, £15.6 million (2016: R265.7 million*, £13.6 million*). Working capital facility amounts are not included in the debt figures above.

Working capital review

Rigorous control of working capital preserved cash flow generation over the year with a R6.1 million (£0.4 million) increase in net working capital on the core businesses and a R24.8 million (£1.5 million) reduction in net working capital from the non-core businesses.

Segmental review

Core

Media

Media turned in a strong performance in the face of difficult trading conditions, growing EBITDA by 25.8% to R131.2 million (£7.6 million) despite revenue declines in traditional media, and significant investment in digital to position the business for the future. Media generated revenue of R2.0 billion (£118.5 million) for the year.

Newspaper EBITDA grew by 37.2% after declines in recent years, reflecting the focus on costs, the publication of high-margin supplements and 360° advertising offerings that helped grow market share.

The focus on growing subscriber bases, while containing costly distribution spend, continued. Notably, the launch of the BusinessLive subscription paywall grew the Group's subscription base by over 10.0% across our business titles in under three months. Post year end, the redesigned Sunday Times and Times newspapers began introducing a new paywall to their online products. This mirrors the BusinessLive strategy as well as the global trend toward paywalls and growing 'paid for' reader revenue.

Magazines remain a strong contributor, thanks to innovative custom publishing products and continued success of the SA HomeOwner franchise. Newspaper brand extensions such as Business Day's Wanted, Sowetan's S-Mag and Sunday Times' Edit all contributed to profitability.

The digital and events areas of Media are in the investment phase and showing excellent progress.

Digital investment levels were retained as advertising grew in line with market trends, although revenues still lag behind audience figures. The business is focused on developing innovative revenue streams that include native advertising, multimedia income and 'paid for' reading models. This is especially important as traditional digital advertising becomes increasingly pressured by programmatic advertising trends.

Eventing revenue grew by leveraging the excellent brands in the business and building bespoke events with higher margins to build sustainability. The business also opened its new eventing home – The Empire – which is already generating good third-party revenue as a pure eventing space. The business has been bolstered by the addition of a highly-rated sponsorship team that is already having a positive impact.

Smartcall Technology Solutions Proprietary Limited ("STS"), which provides mobile content and technology services in South Africa and sub-Saharan Africa, maintained solid earnings and revenue growth. STS continues to look to develop new products and services in a fast-evolving market, especially outside a maturing South African market.

Broadcast and Content

The Broadcast and Content segment produced strong results all round, except for its films business which remains pressured by changed market conditions. This segment generated revenue of R441.2 million (£25.6 million) and EBITDA of R35.7 million (£2.1 million) during the year.

The most positive performance in the segment was in TV and Radio which, combined, grew revenue 10.3% and EBITDA by over 60.0%. TV production business, Ochre, and the Group's TV channels posted solid revenue and EBITDA growth.

Early-stage SA radio investments continued to make good progress, growing turnover while maintaining their respective current cost bases. Revenue for Mpumalanga's Rise FM grew by 40.0% and Vuma FM in KwaZulu-Natal grew revenue by 20.0%.

Despite a softer earnings performance, the films business is well positioned for growth over the next two years. This follows a restructuring to focus on owned content, good theatrical performance and continued success as Africa's premier all-rights distributor of filmed content.

Tiso Blackstar Group Content division extended its representation of studio partners after being appointed by MGM as its official distribution partner in South Africa across select content platforms with respect to new theatrical features. This partnership further strengthens the Group's representation of its existing portfolio of partners, being 20th Century Fox, Warner Bros. Pictures and numerous other key independent studio partners.

Gallo Music remained profitable in a turbulent market, characterised by the continued shift from physical to digital and increasing emergence of music streaming as the core driver of future revenues. Gallo Records made progress in developing and establishing new frontline artists including Nozipho, Jeremy Loops, Kabomo, The Parlotones and Oliver Mtukudzi. It also recently secured the prestigious Idols SA music franchise. Gallo Music Publishing grew EBITDA by using its owned catalogue of music. Gallo Music remains one of Africa's leading music players and is poised to grow as the streaming market develops further. The business continues to seek opportunities in music across the continent.

Hirt & Carter Group ("H&C")

H&C performed well in a difficult sales environment, increasing earnings and margins by focusing on costs and efficiencies. This segment reported a 4.3% increase in EBITDA from R234.8 million* (£10.9 million*) in 2016 to R245.0 million (£14.2 million) in 2017. The integration of Uniprint and H&C continues to have positive results for the group and new opportunities have been identified. Cost reduction initiatives are under way, which will reflect positively in the next financial year's results.

H&C Software continues to grow revenue and EBITDA. Investment in new digital technology contributed to an improved margin and allowed the group to drive further innovation in the market. Triumph Packaging was successfully integrated into Uniprint and contributed to EBITDA over the period.

H&C has commissioned a new combined head office to house all its business units. This facility will be ready mid-2018 and is expected to improve efficiencies across business units and enhance customer service.

H&C acquired a 51.0% interest in signage and branding specialist Bothma Branding Solutions Proprietary Limited ("BBS"), effective 1 July 2017. This will allow H&C to extend its client offering and further contribute to earnings.

Africa (excluding South Africa)

This segment comprises our African interests outside South Africa: a 32.3% interest in Multimedia group in Ghana, 49.0% in Radio Africa group in Kenya, and an effective 36.5% interest in Coopers in Nigeria.

Multimedia group Ghana performed well in the period, with its television arm delivering on its potential, after previous losses. It grew revenue 40.0% in its first half to June and EBITDA was up substantially on the prior year.

Radio Africa group felt the pressure of weak economic conditions ahead of August's elections and, as a result, revenue decreased by 13.7%. It has since restructured its cost base, repositioned its radio business and partnered with another leading media player in the country to further develop its Bamba TV platform.

Via our investments in Coopers and Radio Africa group, Tiso Blackstar owns an effective 36.5% interest in Lagos Talks 91.3 FM – a 24-hour talk radio station in Lagos, Nigeria, which launched in September 2016 at the peak of the economic recession. Despite this, Lagos Talks has steadily built an audience and recently secured English Premier League live broadcast rights that include both the review and preview of league games.

Non-core investments

Overview

South African steel has, historically, been supplied by ArcelorMittal SA Limited ("AMSA") in a monopolistic fashion where the supplier dictates terms, volumes and prices to distributors, fabricators and construction contractors. Since the acquisition of Iscor by ArcelorMittal ("AM"), AMSA's international/export markets are now primarily being serviced by AM through its international network of subsidiaries. Over the past five years, new-technology Chinese steel mills have come on-line and are principally responsible for at least half of the 600 million-ton oversupply of steel worldwide.

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* Pro forma comparative financial information has been provided as a result in the change in the accounting treatment between the current and prior years – refer Pro forma financial information section

In addition to the state of the international steel market, a number of issues relate to AMSA operations in South Africa specifically. These have led to the market being dominated by uncompetitive pricing and credit terms, compounded by unreliable steel supply and quality, and slowing production. Unsustainable working capital investment has meant high borrowings and low, if any, returns to shareholders. Understandably, these local issues have increased demand for internationally produced steel.

Robor

Robor had a very difficult year. The operating environment and local uncertainty resulted in the company recording an EBITDA loss for the year of R30.0 million, £1.7 million (2016: EBITDA profit of R83.6 million*, £3.9 million*). Lower volumes and margins, and the lack of real demand, materially impacted its business. Management took steps to address market conditions by focusing on costs, efficiencies and cash flow. Robor's exports into international and other African markets grew while South African market sales declined. During the year, Robor completed the acquisition of the remaining 50.0% of Mine Support Products Proprietary Limited ("MSP").

Consolidated Steel Industries ("CSI")

CSI's principal divisions are Global Roofing Solutions and Stalcor. CSI increased revenue by 26.0% and EBITDA by 63.1%, reporting revenue of R2.4 billion (£140.7 million) and EBITDA of R90.9 million (£5.3 million) for the current financial year. This result was achieved despite a struggling South African economy which has recorded significant year-on-year shrinkages in the construction and steel fabrication industries.

CSI management expects further contractions in the local economy to manifest in flat revenue and profits in the coming year, however, CSI's growing sub-Saharan Africa market share bodes well for future revenue and profit growth. The group's Africa initiative requires intensive management to mitigate the vagaries of business in these countries.

Working capital management remains a focus area for CSI, particularly given the challenges of increased volumes and higher steel prices.

KTH

KTH is an investment holding company whose investments include market leaders in key sectors such as media, resources, infrastructure, power and financial services, and comprise a mix of listed and private investments. Further details on KTH can be found on www.kagiso.com.

On 6 July 2017, Tiso Blackstar updated shareholders on the conditional sale of its interest in KTH for R1.5 billion (£88.3 million). The Company signed a share purchase agreement with KTH and Kagiso whereby Kagiso will purchase Tiso Blackstar's entire shareholding in KTH, subject to the fulfilment of suspensive conditions. All the conditions have been completed with the exception of the finalisation of the funding agreements and the approval from the competition authorities.

Financial review

Tiso Blackstar's status as an Investment Entity changed as a result of its revised strategy, and it now consolidates its investment in subsidiaries and equity accounts for its investments in associates from 1 July 2016. Due to this, the prior year results are not comparable. These financial figures comprise the new base going forward.

Tiso Blackstar generated a profit before interest and tax of R284.0 million (£16.5 million) and consolidated EBITDA of R467.6 million (£27.1 million), after adding back depreciation, amortisation and straight lining of leases of R178.8 million (£10.3 million) and the cash settled share based incentive payment of R4.8 million (£0.3 million). Tiso Blackstar generated a loss after taxation of R15.4 million (£0.9 million) for the year ended 30 June 2017.

Operating expenses of R1.4 billion (£82.3 million) mainly include the day-to-day operational expenses of R43.7 million (£2.5 million) to run Tiso Blackstar head office, R848.4 million (£49.1 million) to run the core business BHG, R501.8 million (£29.1 million) to run the non-core businesses CSI and Robor, and transaction related costs of R10.2 million (£0.6 million) the majority of which are costs arising on the shareholder approved migration to the UK. Costs are closely monitored and action is taken wherever possible to cut any excess expenditure in order to improve the profitability of the Group.

Other gains of R70.2 million (£4.1 million) mainly comprise of the following: a R22.1 million (£1.3 million) profit on disposal of property, plant and equipment; a R11.4 million (£0.7 million) reversal of impairment on property, plant and equipment; a R41.7 million (£2.4 million) gain arising on step up acquisitions from associate to subsidiary; a R4.9 million (£0.3 million) fair value loss to investment property; a R7.8 million (£0.5 million) profit on disposal of investment properties; a R3.1 million (£0.1 million) foreign exchange loss arising on translation of foreign amounts and a R25.3 million (£1.5 million) impairment loss on equity investments.

Share of profit of associates of R7.4 million (£0.4 million) mainly comprises the Group's share of profits in Radio Africa group, Multimedia group and Coopers.

Other comprehensive loss of R70.5 million (profit of £24.0 million) recognised directly in equity (namely the Foreign Currency Translation Reserve) arose on translation of CSI's African subsidiaries and the Group's African based associates to Rands (a loss of R70.5 million, £4.1 million) and a profit of £28.1 million on translation of the Group's results from Rands to Pounds Sterling. An actuarial gain of R2.7 million (£0.2 million) arose on the valuation of the post retirement medical aid ("PRMA") liability in BHG.

Bank overdrafts and other short term borrowing facilities of R886.8 million (£52.2 million) includes working capital facilities of R792.6 million (£46.7 million) and bank overdrafts of R94.2 million (£5.5 million), held by the trading subsidiaries. Tiso Blackstar generated cash from operations of R312.1 million (£17.5 million) during the reporting period.

Cash out flow from investing activities of R882.6 million (£47.0 million) mainly comprises the net cash balances and other short term borrowing facilities of the Deemed Acquisitions (BHG, CSI and Robor - refer note 2) of R714.0 million (£37.5 million) on 1 July 2016.

Cash out flow from financing activities of R154.5 million (£8.9 million) mainly comprises repayment of borrowings of R328.9 million (£19.1 million) (including repayment of finance leases, instalment sale agreements and other financial labilities) and R23.8 million (£1.4 million) dividend paid to shareholders, during the current year.

As an Investment Entity which fair valued its investments, the Group reported total assets of R3.9 billion (£200.8 million) as at 30 June 2016, and on a consolidated basis, total assets amounted to R8.4 billion (£495.7 million) as at 30 June 2017.

At 30 June 2017 and 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 investment in associates, 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 R7.6 million (£0.4 million) includes a R20.0 million (£1.2 million) loss on remeasurement of fair value less costs to sell; a R13.2 million (£0.8 million) dividend received; and a R1.1 million (£0.07 million) in directors' fees earned.

On implementation of the BHG and KTH acquisitions during June 2015, Tiso Blackstar raised debt of R534.0 million (£28.0 million) which was utilised to settle the cash consideration and to repay the existing facility as full and final settlement. This debt was reduced to R407.2 million (£24.0 million) by 30 June 2017, by utilising proceeds from disposals and free cash. R35.5 million (£2.1 million) of the general banking facility was utilised by 30 June 2017. The term funding raised by BHG in June 2015 of R800.0 million (£42.0 million) was reduced to R633.1 million (£37.3 million) by 30 June 2017.

During the current financial year, the Company repurchased a total of 1,944,424 Tiso Blackstar shares in the open market at an average price per share of R9.41 (£0.53) and a total cost of R18.3 million (£1.0 million).

At 30 June 2017, Tiso Blackstar held 3,012,349 (2016: 1,067,925) treasury shares. The award under the long term Management Incentive Scheme was issued from treasury shares on 30 June 2017 but are not considered issued for IFRS purposes. A dividend of R12.0 million (£0.7 million) was paid to shareholders in December 2016 in respect of the prior financial year, and a R12.0 million (£0.7 million) interim dividend was paid to shareholders in March 2017 in respect of the current financial year. A final dividend of R12.5 million (£0.7 million) has been proposed in respect of the current financial year.

Dividends

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. An interim dividend of 4.47275 South African cents (0.28465 pence) per ordinary share was paid on 20 March 2017. The Tiso Blackstar Board has recommended a final dividend of 4.65912 South African cents (0.25935 pence) per ordinary share, which is subject to shareholder approval at the next Annual General Meeting ("AGM"). The

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Pounds Sterling equivalent provided for disclosure purposes determined using the closing exchange rate on 30 June 2017 as noted above. Special dividend per share to be determined on declaration date based on the number of shares in issue

timetable for the dividend, which includes the record and payment dates, will be released along with the timetable for the AGM in due course.

In addition to the above, a special dividend of R40.0 million (£2.4 million#) has been approved by the Tiso Blackstar Board to be paid to shareholders conditional on completion of the KTH sale, and in due course shareholders will receive the relevant information regarding the special dividend.

Black economic empowerment

Tiso Blackstar remains committed to transformation. BHG was proud to achieve a level 2 B-BBEE contributor status with a procurement recognition level of 125.0% and more than 51.0% black ownership. BHG was audited based on the revised Broad-Based Black Economic Empowerment Codes of Good Practice that came into effect on 1 May 2015.

Outlook

The core businesses have evolved over the past year and we look forward to ongoing growth in H&C and continuous improvement in Media's performance.

Proceeds from the sale of our KTH investment will give Tiso Blackstar a stronger balance sheet and will position the Group to capitalise on future opportunities.

Although, tough economic conditions have persisted in making the business environment very challenging, particularly in the steel industry, management in the extended Group are taking the necessary steps to ensure operations stabilise and remain as profitable as possible. This includes focusing on profit margins, reducing working capital levels, an ongoing drive to reduce operating costs and a continuous search for innovative ways to increase revenue and add new income streams.

AD Bonamour
Chief Executive Officer
27 September 2017

DKT Adomakoh
Non-executive Chairman

Summarised consolidated statements of income and other comprehensive income
for the year ended 30 June 2017

On a fair value basis (Investment Entity)^: 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Continuing operations		
559	12,002	**Revenue**	**9,141,010**	**529,462**
–	–	Cost of sales	**(7,421,440)**	**(429,862)**
559	12,002	**Gross profit**	**1,719,570**	**99,600**
(2,899)	(62,222)	Operating expenses	**(1,420,826)**	**(82,293)**
(77)	(1,652)	Depreciation, amortisation and straight lining of leases	**(178,814)**	**(10,317)**
19,137	410,950	Other income	**93,849**	**5,436**
16,720	359,078	**Operating profit**	**213,779**	**12,426**
(48,258)	(1,036,274)	Other gains (losses)	**70,194**	**4,081**
(31,538)	(677,196)	**Net profit (loss)**	**283,973**	**16,507**
(2,276)	(48,865)	Net finance costs	**(240,700)**	**(13,942)**
58	1,251	Finance income	**8,175**	**474**
(2,334)	(50,116)	Finance costs (refer note 4)	**(248,875)**	**(14,416)**
–	–	Share of profit of associates – equity accounted	**7,395**	**416**
(33,814)	(726,061)	**Profit (Loss) before taxation**	**50,668**	**2,981**
(45)	(955)	Taxation	**(58,508)**	**(3,409)**
(33,859)	(727,016)	**Loss from continuing operations**	**(7,840)**	**(428)**
(8,375)	(179,853)	Loss from discontinued operation, net of taxation (refer note 5)	**(7,607)**	**(441)**
(42,234)	(906,869)	**Loss for the year**	**(15,447)**	**(869)**
		Loss for the year attributable to:		
(42,234)	(906,869)	Equity holders of the parent	**7,823**	**486**
–	–	Non-controlling interest	**(23,270)**	**(1,355)**
(42,234)	(906,869)		**(15,447)**	**(869)**
(8,887)	–	**Other comprehensive income (loss), net of taxation items that may subsequently be reclassified to profit and loss (refer note 6):**	**(70,471)**	**23,955**
–	–	Currency translation differences on the translation of foreign operations	**(70,471)**	**(4,118)**
(8,887)	–	Currency translation differences on the translation of Rand denominated Group entities to presentational currency	**–**	**28,073**
–	–	**Actuarial gains on PRMA**	**2,667**	**154**
(8,887)	–	**Other comprehensive (loss) income for the year**	**(67,804)**	**24,109**
(51,121)	(906,869)	**Total comprehensive (loss) income for the year**	**(83,251)**	**23,240**
		Total comprehensive (loss) income attributable to:		
(51,121)	(906,869)	Equity holders of the parent	**(58,701)**	**23,167**
–	–	Non-controlling interest	**(24,550)**	**73**
(51,121)	(906,869)		**(83,251)**	**23,240**
(15.81)	(339.40)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders (refer note 7)	**2.95**	**0.18**
(15.81)	(339.40)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders (refer note 7)	**2.93**	**0.18**
(12.67)	(272.09)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations (refer note 7)	**5.82**	**0.35**
(12.67)	(272.09)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations (refer note 7)	**5.78**	**0.35**
267,199	267,199	Weighted average number of shares (net of treasury shares, in thousands) (refer note 7)	**265,279**	**265,279**
267,199	267,199	Weighted average number of shares in issue (in thousands) (refer note 7)	**266,879**	**266,879**

^ Refer note 3

Summarised consolidated statement of financial position
as at 30 June 2017

On a fair value basis (Investment Entity)^: 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		ASSETS		
121,924	2,376,644	**Non-current assets**	**3,964,466**	**233,440**
222	4,331	Property, plant and equipment	**965,816**	**56,875**
–	–	Investment property	**12,674**	**746**
1	12	Straight lining of lease asset	**169**	**10**
–	–	Goodwill	**1,224,936**	**72,126**
–	–	Intangible assets	**1,289,933**	**75,953**
120,805	2,354,830	Financial assets designated at fair value through profit and loss	**–**	**–**
100,300	1,955,133	Net investments in subsidiaries	**–**	**–**
20,505	399,697	Net investments in associates	**–**	**–**
–	–	Investments in associates – equity accounted	**346,161**	**20,383**
776	15,128	Other investments, loans and receivables	**29,704**	**1,749**
120	2,343	Deferred taxation	**95,073**	**5,598**
78,866	1,537,313	**Current assets**	**4,453,348**	**262,221**
–	–	Inventories	**1,088,622**	**64,100**
1	21	Straight lining of lease asset	**3,282**	**193**
206	4,008	Trade and other receivables	**1,656,453**	**97,537**
10	198	Current tax assets	**30,090**	**1,770**
671	13,086	Cash and cash equivalents (refer note 8)	**174,901**	**10,298**
77,978	1,520,000	Non-current asset held for sale	**1,500,000**	**88,323**
200,790	3,913,957	**TOTAL ASSETS**	**8,417,814**	**495,661**
		EQUITY AND LIABILITIES		
179,223	3,493,549	**Capital and reserves attributable to the Group's equity holders**	**3,378,132**	**199,159**
203,564	3,255,248	Share capital and premium	**3,255,248**	**203,564**
(468)	(9,797)	Treasury shares	**(27,079)**	**(1,448)**
4,599	52,173	Other reserves	**66,716**	**5,448**
(50,549)	–	Foreign currency translation reserve	**(68,455)**	**(27,986)**
22,077	195,925	Retained earnings	**151,702**	**19,581**
–	–	**Non-controlling interest**	**190,762**	**10,990**
179,223	3,493,549	**TOTAL EQUITY**	**3,568,894**	**210,149**
		LIABILITIES		
20,357	395,084	**Non-current liabilities**	**1,737,972**	**102,335**
20,353	395,000	Borrowings	**1,069,260**	**62,960**
–	–	Straight lining of lease liability	**83,907**	**4,941**
–	–	Other financial liabilities	**8,491**	**500**
–	–	Finance lease and instalment sale obligations	**135,956**	**8,005**
–	–	Post-retirement benefits liabilities	**54,355**	**3,201**
–	–	Provisions	**11,246**	**662**
4	84	Deferred taxation	**374,757**	**22,066**
1,210	25,324	**Current liabilities**	**3,110,948**	**183,177**
874	18,766	Borrowings	**120,885**	**7,117**
63	1,228	Straight lining of lease liability	**–**	**–**
–	–	Other financial liabilities	**6,660**	**392**
–	–	Finance lease and instalment sale obligations	**59,495**	**3,503**
–	–	Post-retirement benefits liabilities	**7,551**	**445**
–	–	Provisions	**115,441**	**6,797**
265	5,170	Trade and other payables	**1,882,123**	**110,823**
8	160	Current tax liabilities	**31,951**	**1,881**
–	–	Bank overdrafts and other short term borrowing facilities (refer note 8)	**886,842**	**52,219**
21,567	420,408	**TOTAL LIABILITIES**	**4,848,920**	**285,512**
200,790	3,913,957	**TOTAL EQUITY AND LIABILITIES**	**8,417,814**	**495,661**

^ Refer note 3

Summarised consolidated statement of changes in equity

for the year ended 30 June 2017

	Share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Attributable to equity holders R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 July 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 acquisitions	18,594	(569)	1,293	–	–	–	19,318	–	19,318
Purchase of treasury shares	–	–	(11,090)	–	–	–	(11,090)	–	(11,090)
Disposal of entire interest in consolidated subsidiary	–	–	–	–	–	(445)	(445)	334	(111)
Dividends paid	–	–	–	–	–	(10,013)	(10,013)	–	(10,013)
Balance as at 30 June 2016	**2,554,036**	**701,212**	**(9,797)**	**52,173**	**–**	**195,925**	**3,493,549**	**–**	**3,493,549**
Total comprehensive loss for the year:	–	–	–	2,667	(69,191)	7,823	(58,701)	(24,550)	(83,251)
Loss for the year	–	–	–	–	–	7,823	7,823	(23,270)	(15,447)
Other comprehensive loss for the year	–	–	–	2,667	(69,191)	–	(66,524)	(1,280)	(67,804)
Transactions with owners:	–	–	(17,282)	11,876	736	(52,046)	(56,716)	215,312	158,596
Deemed Acquisitions	–	–	–	491	736	8	1,235	204,295	205,530
Issued in terms of the long term Management Incentive Scheme	–	–	1,044	(1,044)	–	–	–	–	–
Purchase of treasury shares	–	–	(18,326)	–	–	–	(18,326)	–	(18,326)
On acquisition of subsidiary/business	–	–	–	(2,829)	–	(28,251)	(31,080)	20,407	(10,673)
Equity loans from non-controlling interest	–	–	–	15,258	–	–	15,258	–	15,258
Dividends paid	–	–	–	–	–	(23,803)	(23,803)	(9,390)	(33,193)
Balance as at 30 June 2017	**2,554,036**	**701,212**	**(27,079)**	**66,716**	**(68,455)**	**151,702**	**3,378,132**	**190,762**	**3,568,894**

Summarised consolidated statement of changes in equity

for the year ended 30 June 2017

	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Attributable to equity holders £'000	Non-controlling interest £'000	Total equity £'000
Balance as at 1 July 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 acquisitions	891	(28)	62	–	–	–	925	–	925
Purchase of treasury shares	–	–	(530)	–	–	–	(530)	–	(530)
Disposal of entire interest in consolidated subsidiary	–	–	–	–	–	(19)	(19)	18	(1)
Dividends paid	–	–	–	–	–	(466)	(466)	–	(466)
Balance as at 30 June 2016	**164,201**	**39,363**	**(468)**	**4,599**	**(50,549)**	**22,077**	**179,223**	**–**	**179,223**
Total comprehensive income for the year:	–	–	–	154	22,527	486	23,167	73	23,240
Loss for the year	–	–	–	–	–	486	486	(1,355)	(869)
Other comprehensive income for the year	–	–	–	154	22,527	–	22,681	1,428	24,109
Transactions with owners:	–	–	(980)	695	36	(2,982)	(3,231)	10,917	7,686
Deemed Acquisitions	–	–	–	193	36	–	229	10,481	10,710
Issued in terms of the long term Management Incentive Scheme	–	–	60	(60)	–	–	–	–	–
Purchase of treasury shares	–	–	(1,040)	–	–	–	(1,040)	–	(1,040)
On acquisition of subsidiary/business	–	–	–	(320)	–	(1,628)	(1,948)	966	(982)
Equity loans from non-controlling interest	–	–	–	882	–	–	882	–	882
Dividends paid	–	–	–	–	–	(1,354)	(1,354)	(530)	(1,884)
Balance as at 30 June 2017	**164,201**	**39,363**	**(1,448)**	**5,448**	**(27,986)**	**19,581**	**199,159**	**10,990**	**210,149**

A 2016 final dividend of 4.47 South African cents, 0.25 pence per ordinary share was paid on 15 December 2016.

A 2017 interim dividend of 4.47 South African cents, 0.28 pence per ordinary share was paid on 20 March 2017.

A 2017 final dividend of 4.65912 South African cents, 0.25935 pence per ordinary share was proposed on 19 September 2017.

Summarised consolidated statement of cash flows

as at 30 June 2017

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Cash flow from operating activities		
–	–	*On a consolidated basis (Trading Entity):*	**312,126**	**17,491**
–	–	Cash generated by operations	**457,791**	**25,928**
–	–	Dividend income received from investments	**24,738**	**1,433**
–	–	Net finance costs paid	**(129,572)**	**(7,505)**
–	–	Taxation refund received	**1,080**	**63**
–	–	Taxation paid	**(41,911)**	**(2,428)**
4,353	93,243	*On a fair value basis (Investment Entity):*	**–**	**–**
(2,033)	(43,599)	Cash utilised by operations	**–**	**–**
(759)	(16,864)	Additions to investments	**–**	**–**
2,588	55,840	Proceeds from investments	**–**	**–**
4,632	99,469	Dividend and interest income received from investments	**–**	**–**
(75)	(1,603)	Taxation paid	**–**	**–**
4,353	93,243	**Net cash generated by operating activities**	**312,126**	**17,491**
		Cash flow from investing activities		
–	–	*On a consolidated basis (Trading Entity):*	**(882,615)**	**(47,001)**
–	–	Acquisition of property, plant and equipment	**(279,784)**	**(16,206)**
–	–	Proceeds on disposal of property, plant and equipment	**55,925**	**3,239**
–	–	Additions to investments	**(34,505)**	**(1,999)**
–	–	Proceeds on disposal of investments	**6,638**	**384**
–	–	Additions to investment properties	**(412)**	**(24)**
–	–	Proceeds on disposal of investment properties	**88,484**	**5,125**
–	–	Additions to intangible assets	**(27,890)**	**(1,393)**
–	–	Equity loan from non-controlling interest	**15,258**	**883**
–	–	Acquisitions of consolidated subsidiaries/businesses	**(713,972)**	**(37,453)**
–	–	Disposal of consolidated subsidiary	**7,643**	**443**
(113)	(2,431)	*On a fair value basis (Investment Entity):*	**–**	**–**
(172)	(3,698)	Acquisition of property, plant and equipment	**–**	**–**
1	25	Proceeds on disposal of property, plant and equipment	**–**	**–**
58	1,251	Finance income received	**–**	**–**
–	(9)	Disposal of consolidated subsidiary	**–**	**–**
(113)	(2,431)	**Net cash utilised by investing activities**	**(882,615)**	**(47,001)**
		Cash flow from financing activities		
–	–	*On a consolidated basis (Trading Entity):*	**(154,538)**	**(8,890)**
–	–	Borrowings raised	**250,028**	**14,482**
–	–	Borrowings repaid	**(328,919)**	**(19,050)**
–	–	Cash settled share based payment of subsidiary	**(24,128)**	**(1,398)**
–	–	Purchase of treasury shares	**(18,326)**	**(1,040)**
–	–	Dividends paid	**(23,803)**	**(1,354)**
–	–	Dividends paid to non-controlling interest	**(9,390)**	**(530)**
(4,552)	(97,453)	*On a fair value basis (Investment Entity):*	**–**	**–**
(1,222)	(26,234)	Borrowings repaid	**–**	**–**
(2,334)	(50,116)	Finance costs paid	**–**	**–**
(530)	(11,090)	Purchase of treasury shares	**–**	**–**
(466)	(10,013)	Dividends paid to non-controlling interest	**–**	**–**
(4,552)	(97,453)	**Net cash utilised by financing activities**	**(154,538)**	**(8,890)**
(312)	(6,641)	Net decrease in cash and cash equivalents	**(725,027)**	**(38,400)**
1,032	19,727	Cash and cash equivalents at the beginning of the year	**13,086**	**671**
(49)	–	Exchange losses on cash and cash equivalents	**–**	**(4,192)**
671	13,086	**Cash and cash equivalents at the end of the year**	**(711,941)**	**(41,921)**

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

1. Basis of preparation

Investors should consider non-Generally Accepted Accounting Principles ("non-GAAP") financial measures shown in this provisional announcement in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with International Financial Reporting Standards ("IFRS"). The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures.

The principal accounting policies adopted in the preparation of the summarised consolidated financial statements and have been consistently applied across all periods presented in the summarised consolidated financial statements. All the summarised consolidated 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.

While the financial information included in this provisional announcement has been prepared in accordance with the recognition and measurement criteria of IFRS published by the International Accounting Standards Board ("IASB") as endorsed for use by the European Union and South Africa, this announcement does not itself contain sufficient information to comply with IFRS. The financial information is a provisional summarised consolidated set of financial statements of the Integrated Annual Report which was approved by the Tiso Blackstar Board on 27 September 2017. 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, and investment property that have been measured at fair value.

The accounting policies and methods of computation are in terms of IFRS and consistent with those applied in the annual consolidated financial statements for the year ended 30 June 2016 with the exception of the changes adopted as a result of the Company's change in status as an Investment Entity as detailed in note 2. The provisional summarised consolidated financial statement announcement is only a summary of the information in the consolidated financial statements included in the Integrated Annual Report and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the final consolidated financial statements included in the Integrated Annual Report 2017 to be published on the Company's website as a whole.

1.1 JSE Listing

The Company has a dual primary listing on the Main Board of the JSE Limited ("JSE") in South Africa and the AIM market ("AIM") of the London Stock Exchange ("LSE").

These provisional summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and the minimum information as required by International Accounting Standards ("IAS") 34: *Interim Financial Reporting*.

The Group's South African external auditors, Deloitte & Touche, have issued their opinions on the Group's consolidated financial statements and the provisional summarised consolidated financial statements for the year ended 30 June 2017. The audits were for both the summarised and full set of consolidated financial statements conducted in accordance with International Standards on Auditing. Deloitte & Touche have expressed unmodified opinions on the Group's consolidated financial statements and the provisional summarised consolidated financial statements. The copies of their audit reports are available for inspection at the Company's registered office. Any reference to future financial performance included in this provisional report has not been reviewed or reported on by the Group's South African external auditors.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report, together with the accompanying financial information, from the Company's registered office.

These provisional summarised consolidated financial statements are extracted from the audited Group consolidated financial statements. The Directors take full responsibility for the preparation of the provisional summarised audited results and confirm that the financial information and related commentary has been correctly extracted from the underlying Group consolidated financial statements.

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

1. Basis of preparation (continued)

1.2 AIM Listing

The financial information for the year ended 30 June 2017 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 ("Companies Act 2006") but has been derived from those accounts. Statutory accounts for the year ended 30 June 2016 have been delivered to the Registrar of Companies in Malta and those for the year ended 30 June 2017 will be delivered to the Companies House in the UK following the Company's Annual General Meeting ("AGM").

The AGM will be held on Tuesday, 21 November 2017. Further information relating to the AGM will be provided to shareholders in future correspondence.

Deloitte LLP, the external auditor registered in the UK, has reported on these accounts for the year ended 30 June 2017. Their report was unqualified, did not include a reference to any matters to which auditors draw attention by way of emphasis of matter and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. These statutory accounts have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations adopted for use by the EU, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

1.3 Going concern

The Tiso Blackstar Board has reviewed the working capital requirements of the Group along with the funding requirements for the Group, from the date of approval of the annual financial statements, and has found that the Group will remain a going concern for at least the next twelve months.

On 6 July 2017, Tiso Blackstar updated shareholders on the conditional sale of its interest in KTH for R1.5 billion (£88.3 million). The Company signed a share purchase agreement with KTH and Kagiso whereby Kagiso will purchase Tiso Blackstar's entire shareholding in KTH, subject to the fulfilment of suspensive conditions. All the conditions have been completed with the exception of the finalisation of the funding agreements and the approval from the competition authorities.

Debt held at head-office level by Tiso Blackstar Holdings SE includes R407.2 million (£24.0 million) (2016: R413.8 million, £21.2 million) of term debt, which will be repaid in full with part of the cash proceeds received from the sale of KTH. Tiso Blackstar also remains intent on paying a special dividend of R40.0 million (£2.4 million). The remaining funds will be held to be reinvested into media-focused investments in accordance with Tiso Blackstar's stated strategy.

The Group along with Rand Merchant Bank ("RMB"), are in the process of restructuring the debt facilities of Robor. The Group will provide additional guarantees to RMB and these additional guarantees will not impede the Group's ability to service its own debt for at least the next twelve months.

The Tiso Blackstar Board is not aware of any material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

1.4 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.

The Company has a dual primary listing on the Main Board of the JSE in South Africa and the AIM market of the LSE. As a result, Tiso Blackstar has two presentational currencies being South African Rands ("Rands") and Pounds Sterling ("Pounds Sterling").

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

	Closing rate		**Average rate**	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
GBP/ZAR	**16.983**	19.493	**17.265**	21.473
EUR/ZAR	**14.901**	16.269	**14.833**	16.105
EUR/GBP	**0.877**	0.835	**0.859**	0.750

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

2. Change in status as an Investment Entity

Effective 1 July 2016, there was a change in the Group's status as an Investment Entity as defined in *IFRS 10 Consolidated Financial Statements*. IFRS 10 specifies that an entity that ceases to be an Investment Entity shall account for the change in its status prospectively from the date at which the change in status occurred. Further guidance from IFRS 10 specifies that when an entity ceases to be an Investment Entity, it shall apply *IFRS 3 Business Combinations* to any subsidiary that was previously measured at fair value through profit and loss. The date of the change of status shall be the deemed acquisition date. The fair value of the subsidiary at the Deemed Acquisition Date (being the carrying amount of the investment as at 30 June 2016) shall represent the transferred deemed consideration when measuring any goodwill or gain from bargain purchase that arises from the Deemed Acquisition. All subsidiaries are consolidated in accordance with IFRS 10 from the date of change of status.

Effective 1 July 2016, Tiso Blackstar no longer accounted for its net investments in subsidiaries and associates as investments held at fair value through profit and loss, but rather consolidated its subsidiaries and equity accounted its investments in associates. Subsidiaries which are no longer carried at fair value but rather consolidated comprise BHG, CSI, Robor and the property subsidiaries. Details of the impact of the consolidation of these subsidiaries are provided in note 9. Investments in associates Radio Africa group, Multimedia group and Coopers have been equity accounted from 1 July 2016.

In accordance with IFRS 10, the comparative period ended 30 June 2016 has not been restated (with the exception of the discontinued operation, refer note 5) and are disclosed on a fair value basis.

3. Reclassifications

As a result of the Group's change in status, certain line items within the consolidated statements of income and other comprehensive income and consolidated statement of financial position, have been reclassified for consistency with the current year classifications. This change does not affect the quantitative value of amounts previously presented.

3.1 Effect of change on consolidated statements of income and other comprehensive income

Per 30 June 2016 Annual Report 30 June 2016 R'000	Reclassifications R'000	Reclassified 30 June 2016 R'000		Reclassified 30 June 2016 £'000	Reclassifications £'000	Per 30 June 2016 Annual Report 30 June 2016 £'000
–	12,002	12,002	Revenue	559	559	–
422,952	(422,952)	–	Investment-related income	–	(19,696)	19,696
(1,036,271)	1,036,271	–	Net fair value and foreign exchange losses	–	48,258	(48,258)
(63,877)	1,655	(62,222)	Operating expenses	(2,899)	77	(2,976)
–	(1,652)	(1,652)	Depreciation, amortisation and straight lining of leases	(77)	(77)	–
–	410,950	410,950	Other income	19,137	19,137	–
(677,196)	1,036,274	359,078	Operating profit (loss)	16,720	48,258	(31,538)
–	(1,036,274)	(1,036,274)	Other gains (losses)	(48,258)	(48,258)	–
(677,196)	–	(677,196)	Net loss	(31,538)	–	(31,538)
(48,865)	–	(48,865)	Net finance costs	(2,276)	–	(2,276)
1,251	–	1,251	Finance income	58	–	58
(50,116)	–	(50,116)	Finance costs	(2,334)	–	(2,334)
–	–	–	Share of profit of associates – equity accounted	–	–	–
(726,061)	–	(726,061)	Loss before taxation	(33,814)	–	(33,814)
(955)	–	(955)	Taxation	(45)	–	(45)
(727,016)	–	(727,016)	Loss from continuing operations	(33,859)	–	(33,859)
(179,853)	–	(179,853)	Loss from discontinued operation, net of taxation	(8,375)	–	(8,375)
(906,869)	–	(906,869)	Loss for the year	(42,234)	–	(42,234)

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

3. Reclassifications (continued)

3.2 Effect of change on consolidated statement of financial position

At 30 June 2016, the Group presented the consolidated statement of financial position in order of liquidity, while at 30 June 2017 it has been presented showing the split between current, assets which it expects to recover within twelve months and liabilities which it expects to settle within twelve months, and non-current portions.

Per 30 June 2016 Annual Report 30 June 2016 R'000	Reclassi-fications R'000	Reclassified 30 June 2016 R'000		Reclassified 30 June 2016 £'000	Reclassi-fications £'000	Per 30 June 2016 Annual Report 30 June 2016 £'000
			Non-current assets			
–	12	12	Straight lining of lease asset	1	1	–
			Current assets			
–	21	21	Straight lining of lease asset	1	1	–
			Non-current liabilities			
413,766	18,766	395,000	Borrowings	20,353	874	21,227
1,195	1,195	–	Straight lining of lease liability	–	61	61
			Current liabilities			
–	(18,766)	18,766	Borrowings	874	(874)	–
–	(1,228)	1,228	Straight lining of lease liability	63	(63)	–

4. Finance costs

Finance costs for the current reporting period can be analysed as follows:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	**30 June 2017 £'000**
BHG (core subsidiary)	**(97,514)**	**(5,648)**
CSI (non-core subsidiary)	**(47,025)**	**(2,724)**
Robor (non-core subsidiary)	**(46,444)**	**(2,691)**
Other:	**(57,892)**	**(3,353)**
Finance costs on acquisition debt to be settled on completion of KTH sale	**(51,478)**	**(2,982)**
Finance costs within the property subsidiaries relating to investment properties, the majority of which were sold during the year	**(5,757)**	**(333)**
Finance costs on loans from non-controlling interest	**(657)**	**(38)**
	(248,875)	**(14,416)**

5. Discontinued operation

In the prior year, 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 commenced negotiations to dispose of its interest in KTH during the 2016 financial year and post 30 June 2017 concluded an agreement of sale, the terms of which were finalised in July 2017.

KTH was 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* as at 30 June 2016. At 30 June 2017 the investment in KTH remains disclosed as a non-current asset held for sale in the consolidated statement of financial position and is carried at its fair value less costs to sell determined by the anticipated value expected to be realised in the next twelve to eighteen months.

6. Other comprehensive (loss) income, net of taxation

Other comprehensive (loss) income comprises of the foreign currency translation adjustments recognised in the foreign currency translation reserve. These currency adjustments arise on restatement of the Group's investments in its African based associates Radio Africa group, Multimedia group and Coopers as well as the African based foreign operations held by CSI and BHG to the Group's functional currency Rands at the closing rate at 30 June 2017. A credit to other comprehensive income arises in the Pounds Sterling statement of other comprehensive income as a result of the translation of the Group's results from its functional currency Rands to its presentational currency Pounds Sterling.

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

6. Other comprehensive (loss) income, net of taxation (continued)

Items recognised in other comprehensive (loss) income comprise of the following:

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
–	–	On translation of the following foreign operations and associates:	(70,471)	(4,118)
–	–	Foreign operations held by CSI and BHG	(3,648)	(198)
–	–	Investments in associate Radio Africa group	(27,388)	(1,611)
–	–	Investment in associate Multimedia group	(37,297)	(2,182)
–	–	Investment in associate Coopers	(2,138)	(127)
(8,887)	–	On translation of the Group's results from Rands to Pounds Sterling	–	28,073
–	–	Actuarial gain on PRMA	2,667	154
(8,887)	–	**Other comprehensive (loss) income, net of taxation per the statement of comprehensive income**	**(67,804)**	**24,109**

7. Earnings (Losses) per share ("EPS")

7.1 Basic and diluted earnings (losses) per ordinary share

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(33,859)	(727,016)	Profit (Loss) for the year attributable to equity holders of the parent from continuing operations	15,430	927
(8,375)	(179,853)	Loss for the year attributable to equity holders of the parent from discontinued operation	(7,607)	(441)
(42,234)	(906,869)	**Profit (Loss) for the year attributable to equity holders of the parent**	**7,823**	**486**
267,199	267,199	Weighted average number of shares in issue (net of treasury shares, in thousands)^^	265,279	265,279
267,199	267,199	Weighted average number of shares in issue (in thousands)	266,879	266,879
(15.81)	(339.40)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders	2.95	0.18
(15.81)	(339.40)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders	2.93	0.18
(12.67)	(272.09)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations	5.82	0.35
(12.67)	(272.09)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations	5.78	0.35

^^ The treasury shares issued under the long term Management Incentive Scheme are contingently returnable shares and are excluded from the EPS calculation until such date as they are not subject to recall

Reconciliation of Weighted average number of shares in issue (in thousands)

Treasury shares issued	3,012,349
Estimated vesting percentage	53.1%
Number of shares expected to vest	1,599,557
Number of shares expected to vest (in thousands)	**1,600**
Weighted average number of shares in issue (in thousands)	266,879
Less number of shares expected to vest (in thousands)	(1,600)
Weighted average number of shares in issue (net of treasury shares, in thousands)	**265,279**

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

7. Earnings (Losses) per share ("EPS") (continued)

7.2 Basic and diluted headline losses per ordinary share

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
(42,234)	(906,869)	Profit (Loss) for the year attributable to equity holders of the parent, adjusted for:	**7,823**	**486**
–	–	Gains arising on investment properties	**(2,858)**	**(166)**
–	–	Gains recognised on acquisition of subsidiaries, step up acquisitions	**(41,697)**	**(2,414)**
–	–	Gain on bargain purchase	**(1,745)**	**(90)**
–	–	Loss on disposal of investments	**2,413**	**140**
–	–	Impairment of investments	**25,270**	**1,464**
–	–	Gains on investments held for trading	**(256)**	**(15)**
–	3	(Profit) Loss on disposal of property, plant and equipment	**(22,133)**	**(1,282)**
–	–	Reversal of impairment of property, plant and equipment	**(11,379)**	**(659)**
–	–	Profit on disposal of intangible assets	**(49)**	**(3)**
34	737	Impairment of loans designated at fair value through profit and loss	**–**	**–**
–	(1)	Total tax effects of adjustments	**11,099**	**642**
(42,200)	(906,130)	**Headline losses**	**(33,512)**	**(1,897)**
(15.79)	(339.12)	Basic headline losses per ordinary share attributable to equity holders (in cents/pence)	**(12.63)**	**(0.72)**
(15.79)	(339.12)	Diluted headline losses per ordinary share attributable to equity holders (in cents/pence)	**(12.56)**	**(0.71)**

8. Net cash and cash equivalents

Net cash and cash equivalents for the current reporting period can be analysed as follows:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	**30 June 2017 £'000**
BHG (core subsidiary)	**15,478**	**911**
CSI (non-core subsidiary)	**(347,422)**	**(20,457)**
Robor (non-core subsidiary)	**(393,965)**	**(23,197)**
Other	**13,968**	**822**
	(711,941)	**(41,921)**
Cash and cash equivalents	**174,901**	**10,298**
Bank overdrafts and other short term borrowing facilities	**(886,842)**	**(52,219)**
Net cash and cash equivalents per the statement of cash flow	**(711,941)**	**(41,921)**

9. Business combinations

Effective 1 July 2016, there was a change in the Group's status as an Investment Entity as defined in IFRS 10 and from this date, the Group applied IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss. The fair value of the subsidiary as at 1 July 2016 ("Deemed Acquisition Date") represents the transferred "Deemed Consideration" when measuring any goodwill or gain from bargain purchase that arises from the deemed acquisition. All subsidiaries were consolidated in accordance with IFRS 10 from the date of change of status.

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

9. Business combinations (continued)

9.1 Deemed Acquisitions

Subsidiaries which are no longer carried at fair value but rather consolidated ("the Deemed Acquisitions") comprise of:

Principal place of business	Principal activity	Name of consolidated subsidiaries	Proportion of ownership rights held on Deemed Acquisition Date
South Africa	Media	Blackstar Holdings Group Proprietary Limited (previously Times Media Group Proprietary Limited) ("BHG")	100.0%
South Africa	Industrial steel company	Consolidated Steel Industries Proprietary Limited ("CSI")	100.0%
South Africa	Industrial steel company	Robor Proprietary Limited ("Robor")	51.0%
South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited ("TBRE")	100.0%
South Africa	Investment property company	Fantastic Investments 379 Proprietary Limited ("Fantastic")	100.0%
South Africa	Investment property company	Firefly Investments 223 Proprietary Limited ("Firefly")	70.0%

9.2 Other businesses acquired

During the year other less significant acquisitions of subsidiaries and businesses took place ("Other Business Acquisitions") and comprise of:

Principal place of business	Principal activity	Name of business acquired	Proportion of ownership rights held on Acquisition Date
South Africa	Web Applications	Smartcall Technology Solutions Proprietary Limited ("STS")	50.0%
South Africa	Printing and Packaging	Triumph Printing and Packaging Proprietary Limited ("Triumph")	100.0%
South Africa	Manufacturing	Mine Support Products Proprietary Limited ("MSP")	50.0%

9.3 Assets acquired and liabilities recognised at the date of acquisition

The book value of the assets and liabilities acquired approximate the fair value on Acquisition/Deemed Acquisition Date.

30 June 2017	BHG R'000	CSI R'000	Robor R'000	TBRE and the property subsidiaries R'000	Other Business Acquisitions R'000	Total R'000
Tangible assets	270,607	116,827	386,571	98,181	46,859	919,045
Intangible assets	1,226,823	88,760	660	–	–	1,316,243
Investments in associates, joint ventures, other investments, and loans and receivables	35,054	6,164	23,115	–	–	64,333
Inventories	215,100	410,258	521,920	–	37,460	1,184,738
Trade and other receivables	678,003	364,733	408,603	665	136,373	1,588,377
Cash and cash equivalents	86,154	16,783	23,176	3,746	47,636	177,495
Non-controlling interest	10,674	(5,803)	(4,486)	–	–	385
Net deferred taxation	(223,015)	(4,928)	(30,352)	(4,659)	4,580	(258,374)
Borrowings and other liabilities	(977,210)	(49,108)	(133,728)	(57,242)	(27,655)	(1,244,943)
Contingent liabilities	(11,873)	(28,478)	(2,250)	–	–	(42,601)
Trade and other payables	(760,895)	(505,539)	(417,400)	(555)	(134,830)	(1,819,219)
Bank overdrafts and other short term borrowing facilities	(95,570)	(261,108)	(362,408)	–	(12,478)	(731,564)
Identifiable assets and liabilities at fair value at Acquisition/Deemed Acquisition Date	453,852	148,561	413,421	40,136	97,945	1,153,915
Non-controlling interest	–	–	(202,576)	(2,103)	4,199	(200,480)
Goodwill	996,148	109,439	–	–	114,780	1,220,367
Gain on bargain purchase	–	–	(1,745)	–	–	(1,745)
	1,450,000	258,000	209,100	38,033	216,924	2,172,057
Less Deemed Consideration on change in status as an Investment Entity and fair value of existing shareholding on step up acquisitions	(1,450,000)	(258,000)	(209,100)	(38,033)	(57,021)	(2,012,154)
Purchase consideration paid in cash	–	–	–	–	159,903	159,903

9. Business combinations (continued)

9.3 Assets acquired and liabilities recognised at the date of acquisition (continued)

30 June 2017	BHG £'000	CSI £'000	Robor £'000	TBRE and the property subsidiaries £'000	Other Business Acquisitions £'000	Total £'000
Cash flow						
Cash consideration paid for Other Business Acquisitions	–	–	–	–	(159,903)	(159,903)
Consolidated cash from acquisitions	(9,416)	(244,325)	(339,232)	3,746	35,158	(554,069)
Cash flow on acquisition	(9,416)	(244,325)	(339,232)	3,746	(124,745)	(713,972)
Tangible assets	13,882	5,995	19,830	5,036	2,714	47,457
Intangible assets	62,938	4,553	34	–	–	67,525
Investments in associates, joint ventures, other investments, and loans and receivables	1,798	316	1,186	–	–	3,300
Inventories	11,035	21,047	26,775	–	2,170	61,027
Trade and other receivables	34,782	18,711	20,962	34	7,899	82,388
Cash and cash equivalents	4,420	861	1,189	192	2,759	9,421
Non-controlling interest	548	(298)	(230)	–	–	20
Net deferred taxation	(11,441)	(253)	(1,557)	(239)	265	(13,225)
Borrowings and other liabilities	(50,132)	(2,519)	(6,860)	(2,937)	(1,602)	(64,050)
Contingent liabilities	(609)	(1,461)	(115)	–	–	(2,185)
Trade and other payables	(39,035)	(25,935)	(21,413)	(29)	(7,810)	(94,222)
Bank overdrafts and other short term borrowing facilities	(4,903)	(13,395)	(18,592)	–	(723)	(37,613)
Identifiable assets and liabilities at fair value at Acquisition/Deemed Acquisition Date	23,283	7,622	21,209	2,057	5,672	59,843
Non-controlling interest	–	–	(10,392)	(107)	243	(10,256)
Goodwill	51,103	5,614	–	–	6,648	63,365
Gain on bargain purchase	–	–	(90)	–	–	(90)
	74,386	13,236	10,727	1,950	12,563	112,862
Less Deemed Consideration on change in status as an Investment Entity and fair value of existing shareholding on step up acquisitions	(74,386)	(13,236)	(10,727)	(1,950)	(3,303)	(103,602)
Purchase consideration paid in cash	–	–	–	–	9,260	9,260
Cash flow						
Cash consideration paid for Other Business Acquisitions	–	–	–	–	(9,260)	(9,260)
Consolidated cash from acquisitions	(483)	(12,534)	(17,403)	192	2,035	(28,193)
Cash flow on acquisition	(483)	(12,534)	(17,403)	192	(7,225)	(37,453)

9.4 Non-controlling interest

The non-controlling interest relates to a 49.0% ownership interest in Robor, a 30.0% ownership interest in Firefly and a 50.0% ownership interest in STS, and was recognised at the fair value of the identifiable assets and liabilities at Acquisition/Deemed Acquisition Date.

9.5 Goodwill arising on acquisitions

30 June 2017	BHG R'000	CSI R'000	Robor R'000	TBRE and the property subsidiaries R'000	Other Business Acquisitions R'000	Total R'000
Consideration transferred	1,450,000	258,000	209,100	38,033	159,903	2,115,036
Plus: Non-controlling interest	–	–	202,576	2,103	(4,199)	200,480
Less: Fair value of net identifiable assets acquired	(453,852)	(148,561)	(413,421)	(40,136)	(40,924)	(1,096,894)
Goodwill arising on acquisition (Gain on bargain purchase)	996,148	109,439	(1,745)	–	114,780	1,218,622

9. Business combinations (continued)

9.5 Goodwill arising on acquisitions (continued)

30 June 2017	BHG £'000	CSI £'000	Robor £'000	TBRE and the property subsidiaries £'000	Other Business Acquisitions £'000	Total £'000
Consideration transferred	**74,386**	**13,236**	**10,727**	**1,950**	**9,260**	**109,559**
Plus: Non-controlling interest	**–**	**–**	**10,392**	**107**	**(243)**	**10,256**
Less: Fair value of net identifiable assets acquired	**(23,283)**	**(7,622)**	**(21,209)**	**(2,057)**	**(2,369)**	**(56,540)**
Goodwill arising on acquisition (Gain on bargain purchase)	**51,103**	**5,614**	**(90)**	**–**	**6,648**	**63,275**

10. 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 for the Group to focus on owning and growing diversified revenues streams from media businesses with leading market position, strong cash flows, historic earnings growth and ability to continue as a going concern.

As a result of its change in status from an Investment Entity, the Group has reviewed its segments and identified its operating segments based on the nature of the operating segment. The reportable segments are as follows:

- Media: this division houses the Group's interest in the distribution of knowledge and content via print, online assets and other platforms;
- Hirt & Carter Group: the division includes the activities on retail advertising production systems and related database management and development, and retail print via H&C and Uniprint;
- Broadcast and Content: the division includes the television and radio platforms, radio assets, films which is the leading all-rights distributor of local and international films business, and Gallo the music business;
- Africa (excluding South Africa): includes the Group's interests in the associates Radio Africa group in Kenya, Multimedia group in Ghana and Coopers in Nigeria (all the African interests are equity accounted and the share of profits from these interests are therefore not shown in the tables 10.1 or 10.2);
- CSI: a wholly-owned subsidiary comprising of Stalcor which 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 which is a steel roofing and cladding company;
- Robor: in which the Group holds a 51.0% interest is a manufacturer and supplier of welded steel tube and pipe and cold formed steel profiles; and
- Other: comprising of investments that are not deemed to be material to the Group including the property subsidiaries and other consolidated Group companies, including head office, holding companies and the investment advisor Tiso Blackstar SA Proprietary Limited ("Tiso Blackstar SA").

KTH was disclosed as a discontinued operation, and classified and disclosed as a non-current asset held for sale in accordance with IFRS 5 at 30 June 2017 and 30 June 2016. The segment information reported does not include any amounts for KTH, which is described in more detail in note 5.

10. Segmental information (continued)

10.1 Reconciliation of Net profit (loss) to EBITDA

30 June 2017	Media R'000	Hirt & Carter Group R'000	Broadcast and Content R'000	CSI R'000	Robor R'000	Other R'000	Total R'000
Revenue	2,045,556	1,733,554	441,186	2,428,645	2,478,212	13,857	9,141,010
Cost of sales	(1,670,344)	(1,075,644)	(313,912)	(2,080,785)	(2,280,755)	–	(7,421,440)
Gross profit	**375,212**	**657,910**	**127,274**	**347,860**	**197,457**	**13,857**	**1,719,570**
Operating expenses	(291,194)	(434,634)	(92,652)	(269,094)	(235,483)	(97,769)	(1,420,826)
Inter-group income (costs)	5,204	1,132	(5,403)	(1,960)	(2,000)	3,027	–
Depreciation	(17,920)	(54,560)	(4,606)	(14,281)	(26,776)	(2.986)	(121,129)
Amortisation	(33,090)	(23,946)	(1,676)	(4,165)	(463)	–	(63,340)
Straight lining of leases charge##	(2,156)	6,917	94	(8,542)	(14,233)	23,575	5,655
Other income	42,015	20,560	6,450	14,086	9,989	749	93,849
Operating profit	**78,071**	**173,379**	**29,481**	**63,904**	**(71,509)**	**(59,547)**	**213,779**
Other gains (losses)	17,076	8,843	(62,558)	(3,006)	26,050	83,789	70,194
Net profit (loss)	**95,147**	**182,222**	**(33,077)**	**60,898**	**(45,459)**	**24,242**	**283,973**
Reconciliation to EBITDA:							
Depreciation	17,920	54,560	4,606	14,281	26,776	2.986	121,129
Amortisation	33,090	23,946	1,676	4,165	463	–	63,340
Straight lining of leases charge##	2,156	(6,917)	(94)	8,542	14,233	(23,575)	(5,655)
Share based payment expense	–	–	–	–	–	4,836	4,836
Other (gains) losses	(17,076)	(8,843)	62,558	3,006	(26,050)	(83,789)	(70,194)
Total Segmental EBITDA	**131,237**	**244,968**	**35,669**	**90,892**	**(30,037)**	**(75,300)**	**397,429**
Other gains (losses)	17,076	8,843	(62,558)	(3,006)	26,050	83,789	70,194
Total Consolidated EBITDA	**148,313**	**253,811**	**(26,889)**	**87,886**	**(3,987)**	**8,489**	**467,623**

30 June 2017	Media £'000	Hirt & Carter Group £'000	Broadcast and Content £'000	CSI £'000	Robor £'000	Other £'000	Total £'000
Revenue	118,482	100,411	25,554	140,671	143,542	802	529,462
Cost of sales	(96,749)	(62,303)	(18,182)	(120,523)	(132,105)	–	(429,862)
Gross profit	**21,733**	**38,108**	**7,372**	**20,148**	**11,437**	**802**	**99,600**
Operating expenses	(16,866)	(25,175)	(5,367)	(15,586)	(13,640)	(5,659)	(82,293)
Inter-group income (costs)	301	66	(313)	(114)	(116)	176	–
Depreciation	(1,038)	(3,160)	(267)	(827)	(1,551)	(173)	(7,016)
Amortisation	(1,876)	(1,387)	(97)	(241)	(27)	–	(3,628)
Straight lining of leases charge##	(125)	401	5	(495)	(824)	1,365	327
Other income	2,434	1,191	374	816	579	42	5,436
Operating profit	**4,563**	**10,044**	**1,707**	**3,701**	**(4,142)**	**(3,447)**	**12,426**
Other gains (losses)	989	512	(3,623)	(174)	1,509	4,868	4,081
Net profit (loss)	**5,552**	**10,556**	**(1,916)**	**3,527**	**(2,633)**	**1,421**	**16,507**
Reconciliation to EBITDA:							
Depreciation	1,038	3,160	267	827	1,551	173	7,016
Amortisation	1,876	1,387	97	241	27	–	3,628
Straight lining of leases charge##	125	(401)	(5)	495	824	(1,365)	(327)
Share based payment expense	–	–	–	–	–	280	280
Other (gains) losses	(989)	(512)	3,623	174	(1,509)	(4,868)	(4,081)
Total Segmental EBITDA	**7,602**	**14,190**	**2,066**	**5,264**	**(1,740)**	**(4,359)**	**23,023**
Other gains (losses)	989	512	(3,623)	(174)	1,509	4,868	4,081
Total Consolidated EBITDA	**8,591**	**14,702**	**(1,557)**	**5,090**	**(231)**	**509**	**27,104**

Each segment within the Group is assessed by the CODM based on EBITDA excluding gains or losses outside of the ordinary scope of business. However, when the CODM assesses the Group as a whole, gains or losses outside of the ordinary scope of business are included in the CODM's assessment. As a result, when EBITDA is discussed in the summarised consolidated financial statements regarding a segment, the amount does not include other gains or losses, while the total consolidated Group EBITDA does include other gains and losses outside the ordinary scope of business.

Straight lining of leases are required under *IAS 17 Leases* and are excluded to determine actual operating costs

Notes to the summarised consolidated financial statements

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10. Segmental information (continued)

10.2 Reconciliation from 30 June 2016 reported financial information to 30 June 2016 pro forma financial information

30 June 2016	Media R'000	Hirt & Carter Group R'000	Broadcast and Content R'000	CSI R'000	Robor R'000	Other R'000	Total R'000
Operating loss as presented for the period ending 30 June 2016	–	–	–	–	–	–	(677,196)
Adjusted for Investment Entity accounting entries:							
Operating expenses	–	–	–	–	–	–	63,877
Net fair value and foreign exchange losses	–	–	–	–	–	–	1,036,271
Investment-related income	–	–	–	–	–	–	(422,952)
Adjusted for pro forma financial information:							
Revenue	1,722,654	1,581,958	508,995	1,928,257	2,271,893	69,900	8,083,657
Cost of sales	(1,467,548)	(982,665)	(356,242)	(1,671,233)	(1,967,417)	(59,065)	(6,504,170)
Other income	–	–	–	18,968	6,220	5,088	30,276
Investment-related income	–	–	–	–	–	16,987	16,987
Inter-group income (costs)	–	–	–	(3,217)	–	3,217	–
Operating expenses	(150,710)	(364,451)	(108,808)	(217,033)	(242,621)	(85,297)	(1,168,920)
Forex profit (loss)	(69)	–	–	–	15,568	(2,610)	12,889
Total pro forma Segmental EBITDA	**104,327**	**234,842**	**43,945**	**55,742**	**83,643**	**(51,780)**	**470,719**
Other gains (losses)	–	(457)	(18,376)	(44,260)	25,507	(73,514)	(111,100)
Total pro forma Consolidated EBITDA	**104,327**	**234,385**	**25,569**	**11,482**	**109,150**	**(125,294)**	**359,619**

30 June 2016	Media £'000	Hirt & Carter Group £'000	Broadcast and Content £'000	CSI £'000	Robor £'000	Other £'000	Total £'000
Operating loss as presented for the period ending 30 June 2016	–	–	–	–	–	–	(31,538)
Adjusted for Investment Entity accounting entries:							
Operating expenses	–	–	–	–	–	–	2,976
Net fair value and foreign exchange losses	–	–	–	–	–	–	48,258
Investment-related income	–	–	–	–	–	–	(19,696)
Adjusted for pro forma financial information:							
Revenue	80,223	73,671	23,704	89,798	105,801	3,254	376,451
Cost of sales	(68,343)	(45,762)	(16,590)	(77,828)	(91,621)	(2,751)	(302,895)
Other income	–	–	–	883	290	237	1,410
Investment-related income	–	–	–	–	–	791	791
Inter-group income (costs)	–	–	–	(150)	–	150	–
Operating expenses	(7,018)	(16,972)	(5,067)	(10,107)	(11,299)	(3,973)	(54,436)
Forex profit (loss)	(3)	–	–	–	725	(122)	600
Total pro forma Segmental EBITDA	**4,859**	**10,937**	**2,047**	**2,596**	**3,896**	**(2,414)**	**21,921**
Other gains (losses)	–	(21)	(856)	(2,061)	1,118	(3,354)	(5,174)
Total pro forma Consolidated EBITDA	**4,859**	**10,916**	**1,191**	**535**	**5,014**	**(5,768)**	**16,747**

Notes to the summarised consolidated financial statements

for the year ended 30 June 2017

11. Changes in Directors

The capacity of Andrew Bonamour changed from a non-executive director to Chief Executive Officer ("CEO") with effect from 17 July 2017. This appointment culminated as a result of the Company's change in status from an Investment Entity to a consolidated group, its migration to the UK and in light of the fact that Andrew Bonamour is the CEO of the Company's investment advisor Tiso Blackstar SA as well as CEO of the Group's core business BHG.

Richard Wight resigned from his position as a non-executive director effective 20 July 2017.

12. Subsequent Events

Effective 1 July 2017, Hirt & Carter Group acquired a 51.0% interest in Botha Branding Solutions Proprietary Limited ("BBS") for R17.0 million (£1.0 million). BBS design, produce and execute branding solutions in the formal and informal retail markets.

Robor acquired Aegion South Africa Proprietary Limited ("Aegion SA") on the 22 August 2017. A joint venture was formed with Robor owning 40.0% and Aegion International Holdings Limited owning the remaining 60.0%. Robor's purchase consideration was R8.7 million (£0.5 million). Aegion SA supply and strengthen sewer, water, energy and mining piping systems, buildings, bridges and tunnels and waterfront structures.

13. Related Parties

In terms of the agreement between SAI Holdings Limited ("SAI") and the Company, consulting services are provided to the Company for assistance in origination of transactions within the African continent for a fee of USD$ 600,000 per annum, payable in quarterly instalments.

In terms of the agreement between Tiso Investment Holdings Proprietary Limited ("TIH") and Tiso Blackstar SA, consulting services are provided to Tiso Blackstar SA for assistance in origination of transactions and the ongoing management of KTH, for a fee of R223,500, £12,945 (excluding Value Added Taxation) per month. In terms of the TIH agreement, the TIH payment will cease following the realisation of KTH.

TIH and SAI are related parties under the AIM Rules as David Adomakoh and Nkululeko Sowazi in addition to being Directors, both have interests in SAI and TIH. Accordingly the directors, other than David Adomakoh and Nkululeko Sowazi, having consulted with Northland Capital Partners, the Company's nominated adviser, consider that the terms of the consultancy arrangements with both TIH and SAI are fair and reasonable insofar as shareholders are concerned.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

27 September 2017

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