Tiso Blackstar Group SE
Reviewed Provisional Condensed Consolidated Financial Statements for the year ended 30 June 2020

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 code: TBG

ISIN: GB00BF37LF46

(“Tiso Blackstar” or the “Company” or together with its subsidiaries the “Group”)

Executive Summary

The highly challenging trading conditions experienced during the six months to December 2019 ("**Interim Period**") deteriorated further during the remainder of the financial year as a result of load shedding, the COVID-19 pandemic and the related lockdowns. Despite challenging trading conditions, the Company managed to significantly progress its strategy of selling its non-core assets and reducing its financial gearing. This included the sales of KTH, Media, Gallo and IFD at reasonable prices considering the current economic malaise.

The sale of KTH for R850m remains subject to the fulfilment of certain suspensive conditions. A loss of R220m has been realised in respect of KTH as indicated in the valuation guidance provided in the Interim Period results. The suspensive conditions to the Group's sale of its Africa Radio investments were not fulfilled within the requisite timeframes resulting in the cancellation of this sale. The subsequent revaluation of the Africa Radio investments resulted in an impairment loss of R40m in respect of these investments during the year under review.

The liquidation of Robor has resulted in lower than expected values being received for assets sold. This is attributed to the severe economic conditions prevalent in the steel sector and the Group has therefore fully provided for its R110m guarantee provided by the Group in favour of Robor's lenders.

The Hirt & Carter Group's, the Group's largest business, trading levels were substantially below the prior year because of the stagnant economy and the COVID-19 related lockdowns. Revenue and EBITDA decreased by 5% and 23%, respectively. The Group's recent acquisition, First Impression Labels, performed robustly during the year but failed to offset the poor financial performance of the rest of the Group. Considering diminished current and expected trading levels and recent valuation processes, the Board resolved to impair the Hirt and Carter Group's carrying value to R1,063bn, resulting in an impairment of goodwill of R148m for the Group in the current year.

The Group's other businesses, comprising the various African and South African Radio assets and Booksite, all reported decreased revenues and reduced profitability compared to the prior year as a result of the challenging economic conditions during the financial year under review.

The Group's debt (excluding lease liabilities) was R602m (R1,285bn in 2019) as at the end of June 2020. This is a decrease of 53% from the prior year as result of utilising the proceeds from the sale of the Media assets and Gallo, towards the repayment of debt but also includes a final payment of R95m relating to the acquisition of First Impression Labels.

On 26 June 2020, the Group announced the proposed sale of KTH, the reacquisition of the Group's shares and subsequent delisting of the Group. The reacquisition by the Group of the Group's shares is proposed to be implemented by way of a scheme of arrangement at a price of R4.15 per share or a standby offer at a price of R3.95 per share. All shareholders can elect to either dispose of all or a portion of their shares for cash or retain all or a portion of their shares and remain as a shareholder in the unlisted Group post the delisting. To date, a majority of the Group's shareholders have indicated that they will vote in favour of the transactions and full details regarding, *inter alia*, the terms of and rationale for these proposed transactions are included in the KTH Circular posted to shareholders on 31 July 2020 and SENS announcements published by the Group.

The Board has resolved not to declare a dividend following consideration of the Group's high levels of gearing, reduction in assets and the significant uncertainty introduced by the continuing effects of the COVID-19 pandemic and low economic activity. The Group's operating environment is expected to remain depressed in the short to medium-term, however, the Board remains committed to its strategy of pursuing opportunities whilst reducing costs and rationalising assets.

The Board would like to thank all its customers, staff, suppliers and funders for the incredible effort and sacrifices made during a period that will likely be remembered as one of the most trying of the twenty-first century.

The provisional condensed consolidated financial statements were approved by the Tiso Blackstar Board and authorised for issue on 16 September 2020.

AD Bonamour
Chief Executive Officer

DKT Adomakoh
Non-executive Chairman

Provisional condensed consolidated statements of profit or loss and other comprehensive income

for the year ended 30 June 2020

	Notes	**Reviewed Year ended 30 June 2020 R'000**	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Continuing operations			
Revenue	**2**	**2,209,252**	2,319,169
Net loss	**3**	**(180,106)**	(127,118)
Net finance costs		**(152,365)**	(140,293)
Finance income		**4,899**	4,464
Finance costs		**(157,264)**	(144,757)
Share of loss of associates - equity accounted		**(71,070)**	(118,760)
Impairment loss on associates - equity accounted		**(39,757)**	(158,778)
Loss before taxation		**(443,298)**	(544,949)
Taxation		**41,523**	(17,357)
Loss from continuing operations		**(401,775)**	(562,306)
(Loss)/Profit from discontinued operations, net of taxation	**5**	**(262,910)**	14,524
Loss for the year		**(664,685)**	(547,782)
Other comprehensive income/(loss), net of taxation		**37,847**	(33,674)
Items that may subsequently be reclassified to profit or loss:			
Currency translation differences on the translation of foreign operations		**40**	(4,955)
Other comprehensive income/(loss) of equity accounted associates		**31,710**	(33,409)
Items subsequently reclassified to profit or loss:			
Reclassification of foreign currency translation reserve on disposal of subsidiary		**-**	11,644
Items that will not subsequently be reclassified to profit or loss:			
Actuarial loss on Post-retirement medical aid ("PRMA")		**-**	(1,784)
Other comprehensive income/(loss) of equity accounted associates		**6,097**	(5,170)
Total comprehensive loss for the year		**(626,838)**	(581,456)
(Loss)/Income for the year attributable to:			
Equity holders of the parent		**(665,440)**	(560,242)
Non-controlling interests		**755**	12,460
		(664,685)	(547,782)
Other comprehensive income/(loss), net of taxation attributable to:			
Equity holders of the parent		**37,939**	(33,674)
Non-controlling interests		**(92)**	-
		37,847	(33,674)
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the parent		**(627,501)**	(593,916)
Non-controlling interests		**663**	12,460
		(626,838)	(581,456)
Basic loss per ordinary share (in cents) attributable to equity holders	**4**	**(253.18)**	(213.07)
Diluted loss per ordinary share (in cents) attributable to equity holders	**4**	**(249.64)**	(206.52)
Basic loss per ordinary share (in cents) attributable to equity holders from continuing operations	**4**	**(153.49)**	(221.45)
Diluted loss per ordinary share (in cents) attributable to equity holders from continuing operations	**4**	**(151.34)**	(214.64)

*Refer note 1.4.

Provisional condensed consolidated statement of financial position

as at 30 June 2020

	Notes	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
ASSETS			
Non-current assets		**2,307,136**	3,107,450
Property, plant and equipment		**170,820**	340,287
Right-of-use assets	**6**	**746,955**	-
Investment property		**25,490**	-
Goodwill	**7**	**476,182**	661,098
Intangible assets		**727,216**	758,862
Investment in associates - equity accounted	**8**	**120,884**	1,254,640
Other investments, loans and receivables		**3,200**	25,600
Deferred taxation assets		**36,389**	66,963
Current assets		**684,322**	858,278
Other financial assets		**18,400**	-
Inventories		**158,189**	175,236
Trade and other receivables		**380,427**	535,448
Current taxation assets		**21,359**	12,264
Cash and cash equivalents	**9**	**105,947**	135,330
Non-current assets held for sale	**5**	**846,181**	1,291,794
TOTAL ASSETS		**3,837,639**	5,257,522
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders		**1,693,934**	2,333,263
Share capital	**10**	**259,685**	2,554,036
Share premium	**10**	**-**	701,212
Other reserves		**(125)**	30,818
Foreign currency translation reserve		**(41,380)**	(73,222)
Retained earnings/(Accumulated losses)		**1,475,754**	(879,581)
Non-controlling interests		**9,838**	38,509
TOTAL EQUITY		**1,703,772**	2,371,772
LIABILITIES			
Non-current liabilities		**1,271,802**	1,175,626
Borrowings		**312,514**	748,279
Lease liabilities	**6**	**746,357**	-
Finance lease and instalment sale obligations		**-**	129,799
Straight lining of lease liabilities		**-**	22,069
Other financial liabilities		**2,048**	6,787
Provisions		**3,106**	4,138
Deferred taxation liabilities		**207,777**	264,554
Current liabilities		**851,854**	1,223,060
Borrowings		**96,052**	187,101
Lease liabilities	**6**	**84,074**	-
Finance lease and instalment sale obligations		**-**	42,099
Straight lining of lease liabilities		**-**	616
Other financial liabilities		**8,662**	171,422
Provisions		**126,886**	28,164
Trade and other payables		**392,063**	512,561
Current taxation liabilities		**10,527**	8,295
Bank overdrafts and other short term borrowing facilities	**9**	**133,590**	272,802
Non-current liabilities associated with non-current assets held for sale	**5**	**10,211**	487,064
TOTAL LIABILITIES		**2,133,867**	2,885,750
TOTAL EQUITY AND LIABILITIES		**3,837,639**	5,257,522

*Refer note 1.4.

Provisional condensed consolidated statement of changes in equity

for the year ended 30 June 2020

	Notes	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Previously reported balance		**2,371,772**	3,111,973
Effect of amendment (1)		**-**	(174,217)
Previously reported amended balance		**2,371,772**	2,937,756
Adjustments on adoption of IFRS 16 (2)		**(13,990)**	-
Reclassified and amended balance at the beginning of the period		**2,357,782**	2,937,756
Changes in reserves:			
Total comprehensive loss for the year		**(627,501)**	(593,916)
Purchase of treasury shares		**-**	(1,339)
FSP share-based payment expense		**1,097**	26,080
Tax charge on FSP share-based payment expense recognised directly in equity		**9,637**	593
Share buy-back of vested FSP shares		**(7,852)**	-
Release of other reserves		**(158)**	-
Arising on a change in holding		**(562)**	-
On deregistration of business		**-**	51
Changes in non-controlling interests:			
Total comprehensive income for the year		**663**	12,460
On disposal of subsidiary	**12**	**(16,390)**	(3,091)
Arising on a change in holding		**(643)**	-
On deregistration of business		**(562)**	-
Equity loan from non-controlling interests		**(5,500)**	5,500
Dividends paid to non-controlling interests		**(6,239)**	(12,322)
Balance at the end of the period		**1,703,772**	2,371,772

*Refer note 1.4.

(1) Prior year amendment in terms of IFRS 5 and IAS 28 in respect of the Group's investment in KTH as a result of certain events which impacted the Group's ability to dispose of this investment. The interest in KTH was no longer accounted for as a non-current asset held for sale (held at fair value less costs to sell) during 2018 but rather accounted for as an investment in associate being equity accounted and tested for impairment annually with reference to the KTH portfolio valuation. Per IAS 28, when an investment in associate previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from its date of classification as held for sale.

(2) Refer notes 1.3.2 and 6.

Provisional condensed consolidated statement of cash flows

for the year ended 30 June 2020

	Notes	**Reviewed Year ended 30 June 2020 R'000**	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Cash flows from operating activities			
Cash generated by operations		**273,885**	280,505
Dividend income received from investments		**6,154**	4,632
Net finance costs paid		**(202,431)**	(166,140)
Net taxation received/(paid)		**417**	(45,330)
Net cash generated by operating activities		**78,025**	73,667
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(36,951)**	(97,246)
Proceeds on disposal of property, plant and equipment		**3,084**	40,718
Acquisition of investment property		**(25,490)**	-
Additions to intangible assets		**(24,643)**	(32,966)
Proceeds on disposal of intangible assets		**2,350**	600
Acquisition of an associate		**-**	(7)
Proceeds on disposal of an associate		**7,010**	2,580
Additions to loans and receivables invested within Group entities		**-**	(104,458)
Repayments of loans and receivables invested within Group entities		**17,000**	20,000
Proceeds on disposal of investments		**-**	985
Acquisitions of subsidiaries	**11**	**-**	(75,195)
Disposals of subsidiaries	**12**	**879,436**	345,569
Net cash generated by investing activities		**821,796**	100,580
Cash flows from financing activities			
Borrowings raised		**111,870**	102,724
Borrowings repaid		**(601,788)**	(160,428)
Lease liabilities repaid		**(91,003)**	-
Finance leases and instalment sale obligations raised		**-**	43,609
Finance leases and instalment sale obligations repaid		**-**	(69,343)
Other financial liabilities raised		**2,896**	50,000
Other financial liabilities repaid		**(170,974)**	(20,000)
Other financial assets raised		**(18,400)**	-
Purchase of treasury shares		**-**	(1,339)
Share buy-back of FSP shares		**(7,852)**	-
Equity loan from non-controlling interests		**(5,500)**	5,500
Dividends paid to non-controlling interests		**(7,225)**	(12,708)
Net cash utilised by financing activities		**(787,976)**	(61,985)
Net increase in cash and cash equivalents		**111,845**	112,262
Cash and cash equivalents at the beginning of the year		**(137,472)**	(249,734)
Cash and cash equivalents at the end of the year	**9**	**(25,627)**	(137,472)

*Refer note 1.4.

Notes to the provisional condensed consolidated financial statements

for the year ended 30 June 2020

1. Basis of preparation

The provisional condensed consolidated financial statements for the year ended 30 June 2020 have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as endorsed for use by the European Union ("EU IFRS") and IFRS as issued by the IASB, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and includes, at a minimum, information required by *IAS 34 Interim Financial Reporting* and the JSE Listings Requirements.

The financial information for the year ended 30 June 2020 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 ("UK Companies Act") but has been reported on a similar basis. Statutory accounts for the year ended 30 June 2020 will be delivered to the Companies House in the UK following the Company's Annual General Meeting ("AGM"). Further information relating to the AGM will be provided to shareholders in a further announcement.

The directors take full responsibility for the preparation of the provisional condensed consolidated financial statements. The provisional condensed consolidated financial statements were compiled under the supervision of Chantal Meirim (CA)SA, Group Financial Manager.

Deloitte and Touche have issued an unmodified review conclusion on the provisional condensed consolidated financial statements. A copy of their review report on the provisional condensed consolidated financial statements is available for inspection at the Company's registered office and on the website. Any perceived reference to future financial performance included in this announcement has not been audited nor reviewed and reported on by the Group's external auditors and is the responsibility of the directors. The auditor's report does not necessarily report on all of the information contained in this announcement. 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 the auditor's review report together with the accompanying financial information from the Company's website.

The provisional condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets and financial liabilities held at fair value through profit and loss, and non-current assets held for sale, which have been measured at fair value.

The accounting policies and methods of computation used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited Integrated Annual Report for the year ended 30 June 2019, except for the adoption of *IFRS 16 Leases*, refer to note 1.3 for further details.

Comparatives have been adjusted for reclassifications and amendments relating to discontinued operations and non-current assets held for sale (refer note 1.4).

1.1 Going concern

The Tiso Blackstar Board has reviewed the working capital requirements of the Group along with the Group's funding requirements from the date of approval of the provisional condensed consolidated financial statements, and has concluded that the Group has sufficient resources to continue into the foreseeable future as a going concern.

In coming to this conclusion, the Tiso Blackstar Board performed a detailed review of the Group's liquidity and solvency position at the reporting date, taking into account possible future cash flows and scenarios.

The Group had a cash position, net of overdrafts, of R27.6 million and unutilised facilities of R103.0 million as at 30 June 2020, with its total current assets of R1,530.5 million (including non-current assets held for sale of R846.2 million) exceeding its total current liabilities of R862.1 million (including non-current liabilities associated with non-current assets held for sale of R10.2 million).

A combination of factors has led to the change in the Group's liquidity position from that previously reported in the Integrated Annual Report for the year ended 30 June 2019. These include the Transaction (refer note 5.2), the Group's implementation of IFRS 16, and the effects of the Global COVID-19 pandemic.

1. Basis of preparation (continued)

1.1 Going concern (continued)

The net proceeds from the TBG SA Group disposal were predominantly used to settle the Group's debt. The disposal of the Africa Associates for R200.0 million was expected to be finalised by 28 February 2020, however, on 5 March 2020, the Group announced that the sale lapsed due to a condition precedent not being met.

The Group implemented the new IFRS 16 standard effective 1 July 2019, which resulted in the recognition of lease liabilities of R830.4 million and right-of-use assets of R747.0 million as at 30 June 2020.

Upon the finalisation of the Gallo Music Investments Proprietary Limited ("Gallo") and Indigenous Film Distribution Proprietary Limited ("IFD") sale, R75.0 million was received during March 2020, and the majority of these funds were utilised in paying off payments related to the First Impressions Labels Proprietary Limited (“FIL”) acquisition.

In determining the cash flows to September 2021, assessments were made regarding the following: the trading profits and cash flows to be generated by the existing continuing businesses (being predominantly the Hirt & Carter Group); the disposal of Kagiso Tiso Holdings Proprietary Limited ("KTH”); the share buy-back under the proposed delisting; the anticipated cash realisations from the ongoing execution of the strategy to dispose of non-core assets; other anticipated capital related cash inflows; and the cash outflows to meet the Group’s obligations with regards to the debt and financing facilities currently in place at the end of the reporting period.

Detailed sensitivity analyses and “scenario modelling” were performed at various points in time. These calculations included: assessing the impact of a change in forecasts of cash flows from trading operations; the likelihood of the capital cash inflows and the impact of a change in timing or amount of each of these inflows; the likelihood of existing guarantees being called upon (including the R110.0 million Robor guarantee provided for); and the availability of existing banking facilities. The banking covenants were also considered for all scenarios to assess the impact thereof and the possibility of any breaches arising in the next twelve months.

Based on irrevocables received, the Tiso Blackstar Board is confident that shareholders will vote in favour of the KTH deal and subsequent share buy-back and delisting by the Company, which would result in significant cash inflows for the Group. However, if the deal is not approved, and the Robor guarantee is called upon, the Group would need to negotiate extended facilities in order to settle the guarantee. The Tiso Blackstar Board believes that in the unlikely event of this happening, the Group would be able to get extended facilities from the bank.

The COVID-19 Task Team put measures in place across the business to ensure the health and safety of the various stakeholders, and ongoing continuity of the business throughout these uncertain and difficult economic times. As South Africa is now in Level 2 of the national lockdown, the Group’s business operations are steadily normalising. The Group expects that further changes will require them to remain flexible and adapt the business to operate within uncertain conditions. The Group remains focussed on steering ahead through this challenging period and will continue monitoring all the factors closely including any others that may arise in due course. The Group is confident that they will work together with all of their stakeholders to overcome the factors noted and continue operating into the foreseeable future.

Taking the above into consideration and in light of the current situation, the Tiso Blackstar Board are satisfied that the Group will have adequate resources to continue into the foreseeable future as a going concern.

1. Basis of preparation (continued)

1.2 Foreign currencies

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.

1.3 New standards and interpretations

1.3.1 IFRS standards that became effective during the period

IFRS 16 Leases became effective for the Group on 1 July 2019. The fundamental principle of the IFRS 16 standard is that the lessee and lessor should recognise all the rights and obligations relating to lease arrangements on the statement of financial position. There is no longer a distinction to be made between operating and finance leases for lessees, and payments made under operating leases (including consideration of any incentives received from the lessor) are no longer charged to the consolidated statement of profit or loss on a straight line basis over the period of the lease.

The Group has applied the modified retrospective approach on transition, resulting in the right-of-use asset being equal to the lease liability, with the exception of the lease smoothing liability adjustment. The Group has elected not to restate the comparatives but rather recognise the cumulative effect of applying the new standard in equity at the date of initial application, in accordance with IFRS 16 par C5(b). Refer to note 1.3.2 for more information of this impact on the financial results.

The Group's revised policy regarding leases is summarised below:

The Group leases various buildings, equipment and vehicles. Rental contracts are typically entered into for fixed periods, but may sometimes have extension options. Lease terms are negotiated on an individual basis by the underlying business components and contain a range of terms and conditions. The Group's lease periods are generally:

- Buildings: Up to 15 years
- Equipment: Up to 3 years
- Plant and machinery: Up to 5 years
- Vehicles: Up to 5 years

Although none of the lease agreements impose any covenants, leased assets may not be used as security for borrowing purposes.

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition and measurement principles

From 1 July 2019, on implementation of IFRS 16, the Group recognised a right-of-use asset and a corresponding lease liability at the lease commencement date, being the date at which the leased asset is available for use by the Group.

The right-of-use asset is measured at cost initially, which will equal the amount of the lease liability and any applicable initial costs and dismantling liabilities. The Group excluded any initial direct costs from the measurement of the right-of-use assets at the date of initial application, as allowed under the practical expedients of IFRS 16. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements in the lease liability. Depreciation of the right-of-use asset is determined using the straight line method, over the lease term or the useful life of the underlying leased asset, whichever is shorter. In addition, the right-of-use asset is tested for impairment when there are indicators of impairment and periodically reduced by impairment losses, if required.

The lease term is determined to be the non-cancellable period of a lease, together with periods covered by any options for the lessee to either extend or terminate a lease, where the lessee is reasonably certain to exercise these options.

The lease liability is measured initially at the present value of the lease payments not paid at commencement date, discounted using the implicit rate in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

1. Basis of preparation (continued)

1.3 New standards and interpretations (continued)

1.3.1 IFRS standards that became effective during the period (continued)

Recognition and measurement principles (continued)

The lease liability is subsequently increased by interest costs and decreased for lease payments made. It is only remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In accordance with the practical expedients of IFRS 16, lease payments associated with short term leases and leases of low value assets are expensed. The expense is presented within operating expenses in the consolidated statement of profit or loss. Short term leases are leases with a lease term of twelve months or less. Low value assets are assets that, when new, have a value of R100 000 or less.

Significant judgements and areas of estimation

For most leases in the Group, the interest rate implicit in the lease cannot be readily determined, and the lessee's incremental borrowing rate is used as the discount rate. A single discount rate was applied to a portfolio of leases with reasonably similar characteristics within the Group, as allowed under the practical expedients of IFRS 16.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in the management of contracts. The Group has applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The Group applied hindsight in determining the lease terms for contracts that contain extension and termination options, as allowed by the practical expediency of IFRS 16.

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2020

1. Basis of preparation (continued)

1.3 New standards and interpretations (continued)

1.3.2 Impact of implementation of IFRS 16

The table below shows a summary of the effects of implementing IFRS 16 on the financial statements:

Changes in the consolidated statement of financial position	1 July 2019 Audited R'000	Impact of IFRS 16 adjustment R'000	1 July 2019 Adjusted R'000
Non-current assets			
Right-of-use assets	-	624,295	624,295
Deferred taxation	66,963	(10,801)	56,162
	66,963	613,494	680,457
Current asset			
Trade and other receivables	535,448	(1,359)	534,089
Equity			
Accumulated losses	(879,581)	(13,990)	(893,571)
Non-current liabilities			
Lease liabilities	-	(775,974)	(775,974)
Straight lining of lease liabilities	(22,069)	22,069	-
Finance lease and instalment sale obligations	(129,799)	129,799	-
Deferred taxation	(264,554)	13,929	(250,625)
	(416,422)	(610,177)	(1,026,599)
Current liabilities			
Lease liabilities	-	(688,274)	(688,274)
Straight lining of lease liabilities	(616)	616	-
Finance lease and instalment sale obligations	(42,099)	42,099	-
	(42,715)	(645,559)	(688,274)

Changes in the consolidated statement of changes in equity	1 July 2019 Audited R'000	Impact of IFRS 16 adjustment R'000	1 July 2019 Adjusted R'000
Accumulated losses	(879,581)	(13,990)	(893,571)

Changes in the consolidated statements of profit or loss and other comprehensive income	**30 June 2020 R'000**	**Impact of IFRS 16 adjustment R'000**	**30 June 2020 Pre-IFRS 16 R'000**
Operating expenses	**605,262**	**71,145**	**676,407**
Depreciation	**144,743**	**(97,942)**	**46,801**
Straight lining of leases	**-**	**26,284**	**26,284**
Finance costs	**157,263**	**(69,131)**	**88,132**
Taxation	**(41,523)**	**(3,949)**	**(45,472)**
	865,745	**(73,593)**	**792,152**

Earnings were negatively impacted by 28.00 cents per share for the period to 30 June 2020 as a result of the adoption of IFRS 16.

1. Basis of preparation (continued)

1.4 Reclassification and amendments of comparative period

The following reclassifications and amendments were made to the comparative period disclosures:

- Reclassification in terms of *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* as a result of the Group entering into an agreement to dispose of KTH (refer note 5.1);

- Amendments in terms of IFRS 5 and *IAS 28 Investments in Associates and Joint Ventures* in respect of the Group's investment in Africa Radio as a result of certain events which impacted the Group's ability to dispose of this investment (refer note 5.2) and reclassified under continuing operations; and

- Reclassification in terms of IFRS 5 as a result of the Group entering into an agreement to dispose of the music business Gallo and IFD (refer note 5.3).

1.5 Restructure of the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income was restructured in the prior financial year. This was done in an attempt to declutter the financial statements after taking into consideration the impact of the significant changes in the Group, including the Transaction (refer note 5.2), and the nature of the remaining businesses post the disposal.

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2020

2. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services, over time and at a point in time, from the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment (refer note 13).

Disaggregation of revenue by major category:

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Design	**111,046**	96,033
Printing	**1,783,480**	2,086,508
Packaging products	**134,943**	-
Storage/warehousing	**24,380**	8,179
Software solutions	**15,015**	12,804
Digital marketing solutions	**8,770**	11,812
Imaging & photography	**6,739**	4,627
Digital asset management	**40,916**	26,396
Distribution income from the sale of published material	**62,400**	67,258
Other	**21,563**	3,473
Sold and discontinued during the year^	**-**	2,079
	2,209,252	2,319,169

*Refer note 1.4.
^ In the prior year, revenue earned by STS had been included for the period the company was still a subsidiary of the Group. STS earned its revenue through offering technology solutions.

Disaggregation of revenue by timing of revenue recognition:

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Revenue recognised at a point in time	**2,120,171**	2,259,978
Revenue recognised over time	**89,081**	59,191
	2,209,252	2,319,169

*Refer note 1.4.

The Group does not enter into arrangements with deferred payment terms that exceed twelve months, therefore there is no significant financing component accounted for.

The Group applies the practical expedient approach which allows revenue to be recognised in line with the value of the Group's performance completed to date.

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2020

3. Loss for the period

Loss for the period from continuing operations is arrived at after taking into account the following significant items:

Items by nature

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Depreciation, amortisation and lease expenses		
Depreciation on property, plant and equipment	**(46,801)**	(72,208)
Depreciation on right-of-use assets	**(97,942)**	-
Amortisation	**(25,833)**	(50,084)
Straight lining of leases	**-**	(12,234)
Other (losses)/gains		
Net foreign exchange (losses)/gains	**(1,297)**	2,153
Movement in provisions and other financial liabilities	**(10,406)**	(2,230)
Non-recurring costs relating to capital reduction and related matters	**(8,977)**	-
Provision for Robor guarantee	**(110,000)**	-
Fair value gain/(loss) on contingent consideration owing on acquisition of subsidiary	**16,122**	(46,483)
Loss on disposal of right-of-use assets	**(2,851)**	-
Impairment of goodwill	**(148,263)**	-
Gains/(Losses) arising on consolidated subsidiaries and equity accounted associates	**16,474**	(83,553)

* Refer note 1.4.

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2020

4. Loss per ordinary share, Net asset value per ordinary share, Tangible net asset value per ordinary share and Dividends per ordinary share

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Basic loss per ordinary share (in cents)		
From continuing operations	**(153.49)**	(221.45)
From discontinued operations	**(99.69)**	8.38
Total basic loss per ordinary share (in cents)	**(253.18)**	(213.07)
Diluted loss per ordinary share (in cents)		
From continuing operations	**(151.34)**	(214.64)
From discontinued operations	**(98.30)**	8.12
Total diluted loss per ordinary share (in cents)	**(249.64)**	(206.52)
Net asset value per ordinary share (in cents)		
Net asset value	**1,693,934**	2,333,263
Number of shares in issue (net of treasury shares, in thousands)	**262,833**	262,942
Net asset value per ordinary share (in cents)	**644.49**	887.37
Tangible net asset value per ordinary share (in cents)		
Tangible net asset value	**490,536**	913,303
Number of shares in issue (net of treasury shares, in thousands)	**262,833**	262,942
Tangible net asset value per ordinary share (in cents)	**186.63**	347.34
Dividends per ordinary share (in cents)		
Dividends paid	**-**	-
Number of shares in issue (in thousands)	**275,753**	275,753
Dividends per ordinary share (in cents)	**-**	-

* Refer note 1.4.

4.1 Basic loss and weighted average number of shares

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Loss for the year attributable to equity holders of the parent from continuing operations	**(403,413)**	(582,274)
Loss for the year attributable to equity holders of the parent from discontinued operations	**(262,027)**	22,032
Loss for the year attributable to equity holders of the parent	**(665,440)**	(560,242)
Weighted average number of shares in issue (net of treasury shares, in thousands) ^^	**262,833**	262,942

* Refer note 1.4.
^^ Shares issued during the prior financial periods (either as a fresh issue or out of treasury shares held) under the long term Management Incentive Scheme are contingently returnable shares and are excluded from the loss per shares calculation until such date as they are not subject to recall.

4. Loss per ordinary share, Net asset value per ordinary share, Tangible net asset value per ordinary share and Dividends per ordinary share (continued)

4.2 Diluted loss and weighted average number of shares

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Loss for the year attributable to equity holders of the parent from continuing operations	**(403,413)**	(582,274)
Loss for the year attributable to equity holders of the parent from discontinued operations	**(262,027)**	22,032
Loss for the year attributable to equity holders of the parent	**(665,440)**	(560,242)
Reconciliation of weighted average number of shares in issue		
Weighted average number of shares in issue (net of treasury shares, in thousands)	**262,833**	262,942
Add: Number of shares expected to vest (in thousands)	**3,727**	8,332
Diluted weighted average number of shares in issue (in thousands)	**266,560**	271,274

* Refer note 1.4.

4.3 Basic and diluted headline (loss)/earnings per ordinary share

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Loss for the year attributable to equity holders of the parent	**(665,440)**	(560,242)
Profit on disposal of property, plant and equipment	**(222)**	(2,296)
Impairment of property, plant and equipment	**199**	197
Loss on disposal of intangible assets	**11**	30
Impairment of intangible assets	**-**	9,493
Impairment of goodwill	**148,263**	-
(Profit)/Loss on disposal of subsidiaries	**(47,851)**	16,400
Impairment of subsidiary on deregistration	**299**	-
Impairment loss on associates	**85,537**	150,697
Loss on remeasurement of fair value less costs to sell	**22,204**	69,973
Release of foreign currency translation reserve on disposal of subsidiary	**-**	11,644
Gain on disposal of associates	**(7,010)**	(1,150)
Total non-controlling interests effects of adjustments	**-**	-
Total tax effects of adjustments	**5,211**	902
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	**29,826**	102,933
Headline loss for the year	**(428,973)**	(201,419)
Basic headline loss per ordinary share (in cents) attributable to equity holders of the parent	**(163.21)**	(76.60)
Diluted headline loss per ordinary share (in cents) attributable to equity holders of the parent	**(160.93)**	(74.25)
Headline (loss)/earnings for the year		
From continuing operations	**(228,504)**	(416,681)
From discontinued operations	**(200,469)**	215,262
Total headline loss for the year	**(428,973)**	(201,419)
Basic headline (loss)/earnings per ordinary share (in cents)		
From continuing operations	**(86.94)**	(158.47)
From discontinued operations	**(76.27)**	81.87
Total basic headline loss per ordinary share (in cents)	**(163.21)**	(76.60)
Diluted headline (loss)/earnings per ordinary share (in cents)		
From continuing operations	**(85.72)**	(153.60)
From discontinued operations	**(75.21)**	79.35
Total diluted headline loss per ordinary share (in cents)	**(160.93)**	(74.25)

* Refer note 1.4.

5. Discontinued operations and non-current assets held for sale

5.1 Reclassification in terms of IFRS 5 – KTH disposal group

On 26 June 2020, Tiso Blackstar announced that, through its wholly-owned subsidiary Tiso Blackstar Holdings SE, it had entered into a written agreement titled "Sale of Shares Agreement" with Tiso Investment Holdings (RF) Proprietary Limited ("TIH") to dispose of its entire interest in KTH to TIH for an aggregate consideration of R850.0 million. KTH is valued at its fair value less costs to sell of R835.0 million at 30 June 2020.

A circular to shareholders detailing the disposal of KTH, share buy-back of Tiso Blackstar shares and the proposed delisting ("KTH Circular"), as well as some other matters, was distributed to shareholders on 31 July 2020. The Scheme as detailed in the KTH Circular requires the approval by registered shareholders at the Court Meeting and the passing of a special resolution by registered shareholders at the General Meeting. The Court Meeting and General Meeting are to be held at the registered offices of the Company on 21 September 2020.

KTH is a leading black-owned investment holding company established in July 2011 by a merger between Kagiso Trust Investments Proprietary Limited and Tiso Group Proprietary Limited and carries on the business of investing into various sectors in the local and foreign market through its subsidiary companies, joint ventures and associated companies. It has a strong and diversified asset portfolio comprising a mix of listed and private investments in the media, financial services, industrial, services and healthcare sectors.

5.2 Disposal transactions

On 27 June 2019, Tiso Blackstar announced that it signed an agreement for the disposal of TBG SA Group to Lebashe Investment Group Proprietary Limited ("Lebashe") for a purchase consideration of R800.0 million adjusted for debt, cash and normalised working capital and for any movement in tangible net asset value. On 29 July 2019, the Company further announced that it had formalised the agreements to dispose of Africa Radio and SA Radio to Lebashe for additional considerations of R200.0 million and R50.0 million respectively. The sale of TBG SA Group, Africa Radio and SA Radio are collectively referred to as the "Transaction". The total purchase consideration in respect of the Transaction was R1,050.0 million.

A circular to shareholders detailing the Transaction ("Transaction Circular"), as well as some other matters was distributed to shareholders on 20 September 2019 and the resolutions were approved at the Extraordinary General Meeting of the Company's shareholders on 23 October 2019.

a) The TBG SA Group sale

The Group disposed of its entire interest in Arena Holdings Proprietary Limited ("Arena", previously Tiso Blackstar Group Proprietary Limited ("TBG")), housing the TBG SA Group, on 5 November 2019 to Lebashe. The Group received proceeds of R800.0 million, R760.0 million on disposal of TBG SA Group and R40.0 million in February 2020, which were predominately used to settle the Group's debt, and the resulting loss on disposal of R59.0 million is included in other (losses)/gains (refer note 5.7.2).

b) The Africa Radio sale

On 5 March 2020, Tiso Blackstar announced that due to the non-fulfilment of a condition precedent thereto, the Africa Radio sale had lapsed and would not proceed. The relevant condition precedent related to the conclusion of a deed of adherence, as detailed more fully in the abovementioned Transaction Circular. Despite great effort, it proved impossible to obtain the required signature of a minority shareholder of Multimedia Group Limited.

The Company and Lebashe considered concluding a new transaction relating to the abovementioned media, broadcast and content assets in Ghana, Nigeria and Kenya, however, they could not come to reasonable sale terms. As a result, the interests in Radio Africa Kenya, Multimedia Ghana and Coopers Nigeria (collectively "Africa Associates") are no longer accounted for as non-current assets held for sale (held at fair value less costs to sell) but rather accounted for as investment in associates being equity accounted and tested for impairment annually.

5. Discontinued operations and non-current assets held for sale (continued)

5.2 Disposal transactions (continued)

Per IAS 28, when an investment in associate previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from its date of classification as held for sale. The annual financial statements for the periods since classification as held for sale have been amended accordingly. The interests in the Africa Associates have therefore been accounted for as investment in associates in accordance with IAS 28 effective from the initial date on which they were classified as held for sale being 30 June 2019. Comparative figures have been amended for this change in classification.

5.3 Reclassification in terms of IFRS 5 – Gallo and IFD disposal groups

On 6 March 2020, Tiso Blackstar announced that, through its wholly-owned subsidiary Blackstar Holdings Group Proprietary Limited ("BHG"), it had signed an agreement with Arena, Gallo and IFD, in terms of which BHG would sell all shares held by it in Gallo and IFD, as well as all loans and other claims of whatever nature owing by them to BHG, to Arena for a total purchase consideration of R75.0 million, resulting in a profit on disposal of R88.2 million included in other (losses)/gains (refer note 5.7.2). The sale was concluded on 23 March 2020 and the proceeds were predominantly used to settle the FIL acquisition cost.

Gallo is a full service music publishing and record company, whose business involves the acquisition and/or exploitation of all rights of ownership, including copyrights, in music compositions (both the musical works and lyrics), as well as representing artists, recording, manufacturing, distributing digitally and physically and selling pre-recorded music and video in South Africa and internationally under the names of "Gallo Record Company" and "Gallo Music Publishers".

The business of IFD involves the acquisition, marketing and distribution of motion pictures and other film media produced in South Africa and the African continent and distributed globally.

5.4 CSI disposal group

The investment in CSI met the requirements of IFRS 5 in the prior financial periods, and was separately classified and presented as a non-current asset held for sale and a discontinued operation at 30 June 2018 and up to the date of disposal. During the prior year, an amount of R50.0 million was transferred to CSI as a short term, interest bearing equity loan repayable on transfer of ownership of CSI. During the current year, an agreement was reached with CSI, which was subject to achievement of certain conditions precedent, to settle the outstanding liability owing to Tiso Blackstar with a payment of R25.0 million. As a result, the loan was impaired by R5.0 million at 30 June 2019. R35.0 million has been received and the remaining R10.0 million was expected by June 2020. Due to the COVID-19 pandemic and government lockdown regulations in South Africa, CSI was not able to meet these obligations and the sale of shares and claims agreement was cancelled. The Group entered into an agreement with an external party and the remaining loan was sold for R5.0 million, of which R2.0 million was received in cash and the remaining R3.0 million will be paid once Competition Commission approval has been obtained. At 30 June 2020, a further impairment of R5.0 million has been raised.

5. Discontinued operations and non-current assets held for sale (continued)

5.5 Reclassification and amendment of the consolidated statements of profit or loss and other comprehensive income

The effect of the aforementioned IFRS 5 reclassifications for the Gallo and IFD disposal groups and KTH, and IFRS 5 amendment for Africa Associates, had the following impact on the provisional condensed consolidated statements of profit or loss and other comprehensive income:

30 June 2019	Previously reported (1) R'000	Adjustments: Reclassified and amended discontinued operations - Gallo and IFD disposal groups R'000	Previously reported (2) R'000	Adjustments: Reclassified and amended discontinued operation - KTH disposal group R'000	Adjustments: Amendment for Africa Associates - previously a discontinued operation R'000	Reclassified and amended R'000
Continuing operations						
Revenue	2,362,296	(41,650)	2,320,646	(1,477)	-	2,319,169
Net loss	(133,054)	5,697	(127,357)	239	-	(127,118)
Net finance costs	(146,113)	5	(146,108)	5,815	-	(140,293)
Finance income	4,464	-	4,464	-	-	4,464
Finance costs	(150,577)	5	(150,572)	5,815	-	(144,757)
Share of loss of associates - equity accounted	(150,689)	-	(150,689)	18,038	13,891	(118,760)
Reversal of impairment loss/(Impairment loss) on associates - equity accounted	3,917	-	3,917	(7,935)	(154,760)	(158,778)
Loss before taxation	(425,939)	5,702	(420,237)	16,157	(140,869)	(544,949)
Taxation	(17,754)	397	(17,357)	-	-	(17,357)
Loss from discontinued operations	(443,693)	6,099	(437,594)	16,157	(140,869)	(562,306)
(Loss)/Profit from discontinued operations, net of taxation	(104,089)	(6,099)	(110,188)	(16,157)	140,869	14,524
Loss for the year	(547,782)	-	(547,782)	-	-	(547,782)
Other comprehensive loss, net of taxation	(33,674)	-	(33,674)	-	-	(33,674)
Items that may subsequently be reclassified to profit or loss:						
Currency translation differences on the translation of foreign operations	(4,955)	-	(4,955)	-	-	(4,955)
Other comprehensive loss of equity accounted associates	(33,409)	-	(33,409)	-	-	(33,409)
Items subsequently reclassified to profit or loss						
Reclassification of foreign currency translation reserve on disposal of subsidiary	11,644	-	11,644	-	-	11,644
Items that will not subsequently be reclassified to profit or loss:						
Actuarial loss on Post-retirement medial aid ("PRMA")	(1,784)	-	(1,784)	-	-	(1,784)
Other comprehensive loss of equity accounted associates	(5,170)	-	(5,170)	-	-	(5,170)
Total comprehensive loss for the year	(581,456)	-	(581,456)	-	-	(581,456)
Basic loss per ordinary share (in cents) attributable to equity holders	(213.07)	-	(213.07)	-	-	(213.07)
Diluted loss per ordinary share (in cents) attributable to equity holders	(206.52)	-	(206.52)	-	-	(206.52)
Basic headline loss per ordinary share (in cents) attributable to equity holders	(76.60)	-	(76.60)	-	-	(76.60)
Diluted headline loss per ordinary share (in cents) attributable to equity holders	(74.25)	-	(74.25)	-	-	(74.25)

(1) Amounts previously reported as per the 30 June 2019 Integrated Annual Report.
(2) 30 June 2019 amounts previously reported as per the 31 December 2019 Unaudited Condensed Consolidated Interim Financial Statements.

5. Discontinued operations and non-current assets held for sale (continued)

5.6 Amendment of the provisional condensed consolidated statement of financial position

The effect of the investment in the Africa Associates, previously classified as a non-current asset held for sale no longer meeting the requirements to be classified, had the following impact on the prior year's consolidated statement of financial position.

30 June 2019	Previously reported [1] R'000	Reclassified and amended discontinued operations - Gallo and IFD disposal groups R'000	Previously reported [2] R'000	Adjustments Reclassified and amended discontinued operation - KTH disposal group R'000	Amendment for Africa Associates - previously a discontinued operation R'000	Reclassified and amended R'000
ASSETS						
Non-current assets						
Investment in associates – equity accounted	1,054,640	-	1,054,640	-	200,000	1,254,640
Non-current assets held for sale	1,491,794	-	1,491,794	-	(200,000)	1,291,794
	2,546,434	-	2,546,434	-	-	2,546,434

(1) Amounts previously reported as per the 30 June 2019 Integrated Annual Report.
(2) 30 June 2019 amounts previously reported as per the 31 December 2019 Unaudited Condensed Consolidated Interim Financial Statements.

5. Discontinued operations and non-current assets held for sale (continued

5.7 Amendment of the provisional condensed consolidated statement of financial position

5.7.1 Results from the discontinued operations

The results from the discontinued operations which are included in the provisional condensed consolidated statement of profit or loss are as follows:

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Discontinued operations		
Revenue	**557,491**	2,960,531
Net (loss)/profit	**(29,245)**	24,351
Other net finance costs and equity accounted losses of associates	**(234,604)**	(37,226)
Loss before taxation	**(263,849)**	(12,875)
Taxation	**939**	27,399
(Loss)/Profit for the year from discontinued operations	**(262,910)**	14,524
(Loss)/Profit for the year attributable to:		
Equity holders of the parent	**(262,027)**	22,032
Non-controlling interest	**(883)**	(7,508)
	(262,910)	14,524

*Refer note 1.4.

5.7.2 Loss for the year from discontinued operations

Loss for the year from discontinued operations has been arrived at after (charging)/crediting the following:

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Depreciation, amortisation and straight lining of leases		
Depreciation	**(152)**	(27,205)
Amortisation	**(446)**	(35,705)
Straight lining of leases	**-**	(6,467)
Other (losses)/gains:		
Loss on remeasurement to fair value less costs to sell	**(22,204)**	(69,973)
Release foreign currency translation reserve on disposal of CSI	**-**	(11,644)
Loss on disposal of Media	**(58,952)**	-
Profit on disposal of Gallo and IFD	**88,203**	-
Gain on disposal of associate	**7,010**	-
Costs relating to disposal of Media and KTH	**(65,611)**	-
Non-recurring costs	**(2,360)**	(9,933)

*Refer note 1.4.

5. Discontinued operations and non-current assets held for sale (continued)

5.8 Non-current assets and liabilities held for sale

The non-current assets and liabilities held for sale consists of the KTH disposal group, and the Media, Broadcast and Content disposal groups, which were classified and presented as non-current assets held for sale at 30 June 2020 and 30 June 2019, respectively, valued at the lower of carrying value and fair value less costs to sell.

	Reviewed Year ended 30 June 2020 R'000	Amended* Audited Year ended 30 June 2019 R'000
Non-current assets held for sale[#]		
Investment in associates - equity accounted	**835,000**	2,206
Other assets	**11,181**	1,289,588
	846,181	1,291,794
Non-current liabilities associated with non-current assets held for sale		
Other liabilities	**10,211**	487,064

* Refer note 1.4.
[#] Reflected net of impairment raised on remeasurement to fair value less costs to sell.

6. Lease assets and liabilities

6.1 Right-of-use assets

	Reviewed Year ended 30 June 2020 R'000
Net carrying value at 1 July 2019	**-**
Transition adjustment	**637,658**
Reclassification from property, plant and equipment	**149,127**
Lease modification	**(689)**
Additions	**75,810**
Disposals	**(3,049)**
Disposal of subsidiaries/businesses	**(13,445)**
Depreciation	**(98,057)**
Gallo and IFD disposal groups	**(400)**
Net carrying value at 30 June 2020	**746,955**
Cost	**928,378**
Accumulated depreciation and impairment	**(181,423)**

6. Lease assets and liabilities (continued)

6.2 Amounts recognised in profit or loss

	Reviewed Year ended 30 June 2020 R'000
Depreciation expense on right-of-use assets	**(98,057)**
Interest on lease liabilities	**(86,748)**

6.3 Lease liabilities

	Reviewed Year ended 30 June 2020 R'000
Bearing interest at rates varying between 9% and 15% which are repayable within four years and are secured by the underlying assets	**830,431**

6.4 Undiscounted contractual cash flows

	Reviewed Year ended 30 June 2020 R'000
Due within one year	**162,508**
Due between two to five years	**451,160**
Due after more than five years	**891,406**
	1,505,074

7. Goodwill

	Reviewed Year ended 30 June 2020 R'000	Audited Year ended 30 June 2019 R'000
Cost	**624,445**	661,098
Accumulated impairments	**(148,263)**	-
	476,182	661,098

The Group assesses goodwill annually for impairment, or more frequently if there are indicators of impairment. Based on the assessment performed at 30 June 2020, an impairment of R148.3 million was recognised on goodwill noted above. There were no indicators of impairment at 30 June 2019.

All of the goodwill held at 30 June 2020 and 30 June 2019 is attributable to the Hirt & Carter Group segment. Goodwill of R36.7 million was disposed of in the current year on the disposal of Bothma Branding Solutions Proprietary Limited ("BBS").

8. Investment in associates

Investment in associates comprises the following:

	Reviewed Year ended 30 June 2020 R'000	Amended* Audited Year ended 30 June 2019 R'000
Investment in associates - equity accounted	**120,884**	1,254,640
Non-current assets held for sale	**835,000**	2,206
	955,884	1,256,846

* Refer note 1.4.

9. Net cash and cash equivalents

	Reviewed Year ended 30 June 2020 R'000	Audited Year ended 30 June 2019 R'000
Cash and cash equivalents	**105,947**	135,330
Cash on hand	**43**	445
Deposits and cash at bank	**105,904**	134,885
Bank overdrafts and other short term borrowing facilities		
Bank overdrafts	**(133,590)**	(272,802)
Net cash and cash equivalents	**(27,643)**	(137,472)
Cash and bank overdrafts included in disposal groups held for sale	**2,016**	-
Net cash and cash equivalents per the consolidated statement of cash flows	**(25,627)**	(137,472)

10. Share capital and share premium

The share capital reduction, as detailed in the Transaction Circular, was approved by the shareholders at the Company's Annual General Meeting in December 2019, and by the courts under the UK Companies Act on 3 March 2020. There was no change in the number of the Company's issued ordinary shares as a result of the share capital reduction. Furthermore, the share capital reduction, in itself, did not involve any distribution or repayment of capital or share premium by the Company nor reduce its underlying net assets.

The table below shows the impact of the share capital reduction on equity.

	Share capital R'000	Share premium R'000	Retained earnings/ (Accumulated loss) R'000	Total R'000
Balance as at 1 July 2019	**2,554,036**	**701,212**	**(879,581)**	**2,375,667**
Share capital reduction	**(2,294,351)**	**(701,212)**	**2,995,563**	**-**
Balance post share capital reduction	**259,685**	**-**	**2,115,982**	**2,375,667**

11. Business combinations

11.1 Acquisitions during the current year

There were no acquisitions of subsidiaries nor businesses during the year ended 30 June 2020.

11.2 Acquisitions during the prior year

On 13 March 2019, the Hirt & Carter Group acquired the entire issued share capital of FIL for a purchase consideration of R190.0 million, which was payable in two separate tranches as follows:
- an initial payment of R95.0 million, which was paid on 13 March 2019; and
- a second payment of R100.0 million, including interest, was paid in March 2020 as full and final settlement.

FIL is a Durban based business which prints flexo and digital labels, shrink sleeves, wrap around labels and coupons for blue-chip customers. The acquisition of FIL, and subsequent merger with Uniprint Labels, will create a world-class labels business with a unique and innovative offering.

The acquisition will add scale to the existing business, further diversify the technology offering and capabilities for clients, and enhance the earnings base for the Group. In addition, the merged business will operate out of the new integrated facility in Cornubia, Durban, and will leverage off the efficiencies and cost savings this facility has created. FIL has a strong leadership team and will assume management of the combined business, which will operate under the First Impression Labels brand. There is very little customer overlap in the merged entity.

The new leadership team has a proven track record in building strong customer relationships, has built a diverse client base, and will complement the existing Labels business. The labels market is fragmented and requires consolidation to benefit from scale and ultimately synergies from lower input costs.

11.3 Assets acquired and liabilities recognised at the date of acquisition

	Audited 30 June 2019 R'000
Identifiable assets and liabilities at fair value at acquisition date (1)	111,031
Goodwill	78,969
Purchase consideration	190,000
Less: Purchase consideration included in other financial liabilities	(95,000)
Purchase consideration paid in cash	95,000
Cash flows	
Purchase consideration paid in cash	(95,000)
Add: Cash and cash equivalents acquired	19,805
Net cash flow on acquisition of subsidiaries/businesses	(75,195)
Cash flows	
Cash generated by operating activities	106,530
Cash utilised by investing activities	(193,932)
Cash utilised by financing activities	76,310
Net cash outflows	(11,092)

(1) In respect of the acquisition of FIL, identifiable assets and liabilities are shown at book value, except for property, plant and equipment and intangible assets, whose fair values were determined in the purchase price allocation ("PPA") done for FIL.

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2020

12. Disposal of subsidiaries

12.1 Disposals of subsidiaries during the current year

Effective 5 November 2019, the Group's entire shareholding and claims in its wholly-owned subsidiary Arena, which houses the TBG SA Group, was sold to Lebashe. The Group received proceeds of R800.0 million, R760.0 million on disposal of TBG SA Group and R40.0 million in February 2020, and realised a loss on disposal of R59.0 million.

Effective 6 March 2020, the Group's entire shareholding and claims in its wholly-owned subsidiaries Gallo and IFD were sold to Lebashe. The Group received proceeds of R75.0 million and realised a gain on disposal of R88.2 million.

In March 2020, the Hirt & Carter Group signed a share sale agreement whereby Hirt and Carter Group Proprietary Limited ("Hirt and Carter") effectively sold its 51.0% shareholding in BBS to other existing shareholders, for a purchase consideration of R16.4 million, and realised a gain on disposal of R18.6 million. The shareholding prior to the share sale agreement signed in August 2017, in which Hirt and Carter acquired its shareholding, has been reinstated.

12.2 Disposals of subsidiaries during the prior year

The Group disposed of the following investments during the prior year:

- effective 30 November 2018, the Group's entire shareholding and claims in its wholly-owned subsidiary CSI, for a purchase consideration of R50.0 million. An amount of R50.0 million was transferred to CSI as a short term, interest bearing equity loan repayable on transfer of ownership of CSI. The outstanding balance accrues interest repayable monthly until full settlement; and

- effective 1 August 2018, the Group's 50.0% plus one share option interest in STS for R21.5 million.

12.3 Reconciliation of disposals

The net assets of the disposed subsidiaries at the date of disposal were as follows:

	Reviewed 30 June 2020 R'000
Net assets disposed of	**417,980**
Attributable goodwill	**441,959**
Identifiable assets and liabilities disposed of	**859,939**
Gain on disposal	**47,851**
Non-controlling interests	**(16,390)**
Proceeds received	**891,400**
Proceeds received	
Consideration received in cash and cash equivalents	**638,856**
Consideration received as simultaneous settlement of Group bank overdrafts	**252,544**
Total proceeds received	**891,400**
Cash flows	
Consideration received in cash and cash equivalents	**638,856**
Consideration received as simultaneous settlement of Group bank overdrafts	**252,544**
Less: cash and cash equivalents disposed of	**(11,964)**
Net cash flow on disposal of subsidiaries/businesses	**879,436**

12. Disposal of subsidiaries (continued)

12.3 Reconciliation of disposals (continued)

	Audited 30 June 2019 R'000
Net assets disposed of	56,999
Attributable goodwill	33,992
Identifiable assets and liabilities disposed of	90,991
Loss on disposal	(16,400)
Non-controlling interests	(3,091)
Proceeds received	71,500
Proceeds received	
Cash consideration received	41,500
Consideration receivable included in loans and receivables	30,000
Total proceeds received	71,500
Cash flows	
Consideration received in cash and cash equivalents	41,500
Plus: Cash and cash equivalents disposed of	304,069
Net cash flows on disposal of subsidiaries	345,569

13. Segmental information

The Group has identified its operating segments based on their nature. At 30 June 2020 certain operating segments included both continuing and discontinued operations, details of which are also provided below:

Media: distribution of knowledge and content via print, online assets and other platforms. Continuing operations include Booksite and STS up to date of sale in the prior year, and discontinued operations include the remainder of the segment which was disposed of;

Hirt & Carter Group: activities on retail advertising production systems and related database management and development, and retail print via Hirt & Carter, First Impression Labels and Uniprint. Hirt & Carter Group is a continuing operation;

Broadcast and Content: television and radio platforms, radio assets, Empire Entertainment (the leading all-rights distributor of local and international films business), all of which are discontinued operations disposed of. Gallo and IFD were classified and presented as non-current assets held for sale and discontinued operations at 31 December 2019 (refer note 5.3);

Africa (excluding South Africa): interests in the associates Radio Africa Kenya, Multimedia Ghana and Coopers Nigeria (all of which are equity accounted and the share of profits from these interests are therefore not shown in the tables below);

KTH (20.01% interest): an investment holding company established in July 2011. Its 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. Its major investments are Kagiso Media, MMI and Servest. KTH was classified and presented as a non-current asset held for sale and discontinued operation at 30 June 2020 (refer note 5.1); and

Other: other consolidated Group companies, including head office, holding companies, the investment advisor, investments that are not deemed to be material to the Group as well as consolidation adjustments and eliminations which cannot be allocated to a specific segment.

13. Segmental information (continued)

The Chief Operating Decision Maker utilises Trading Performance, as defined, in the assessment of a segment's performance and allocation of resources. Tiso Blackstar's Trading Performance is calculated from (loss)/profit before interest and tax after adding back depreciation, amortisation, straight lining of leases in the prior periods, share-based payment expenses and other (losses)/gains. The impact of IFRS 16 has been included in determining the Group's Trading Performance for the current period. Leases are no longer recognised on a straight line basis, the right-of-use asset is rather depreciated and tested for impairment, and additional finance costs are raised for the lease liability. It therefore excludes items outside of the ordinary day-to-day activities.

Group consolidation adjustments and line items which can directly be attributed to a specific trading segment, have been re-allocated from Other to the specific segment, in order to assist the Chief Operating Decision Maker in assessing the individual segment's performance. Comparative figures have been updated for this adjustment.

13.1 Revenue for the year^

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Revenue from continuing operations	**2,209,252**	2,319,169
- Hirt & Carter Group	**2,146,566**	2,246,359
- Media	**62,400**	69,337
- Other	**286**	3,473
Revenue from discontinued operations	**557,491**	2,960,531
- Media	**398,052**	1,313,453
- Broadcast and Content	**151,575**	373,520
- KTH	**3,317**	-
- CSI	**3,744**	1,272,012
- Other	**803**	1,546
Total revenue for the year	**2,766,743**	5,279,700

^ Revenue is disclosed net of inter-segmental revenue.
* Refer note 1.4.

13. Segmental information (continued)

13.2 Trading Performance reconciliation to loss before taxation - continuing operations ^^

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Trading Performance (Core EBITDA) from continuing operations		
- Hirt & Carter Group	**285,584**	285,966
- Media	**16,177**	3,616
- Broadcast and Content	**-**	(1,914)
- Other	**(78,173)**	(87,518)
Trading Performance	**223,588**	200,150
Depreciation and amortisation	**(170,576)**	(122,292)
Share-based payment expense	**6,363**	(14,944)
Straight lining of leases	**-**	(12,234)
Other (losses)/gains	**(239,481)**	(177,798)
Net loss	**(180,106)**	(127,118)
Finance income	**4,899**	4,464
Finance costs	**(157,264)**	(144,757)
Share of loss of associates - equity accounted	**(71,070)**	(118,760)
Impairment loss on associates - equity accounted	**(39,757)**	(158,778)
Loss before taxation	**(443,298)**	(544,949)

^^ The Chief Operating Decision Maker utilises Trading Performance (as defined) in the assessment of a segment's performance.
* Refer note 1.4.

13.3 Trading Performance reconciliation to loss before taxation - discontinued operations ^^

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Trading performance from discontinued operations		
- Media	**23,949**	93,627
- Broadcast and Content	**13,206**	54,538
- KTH	**3,317**	-
- CSI	**9,498**	46,815
- Other	**(12,232)**	20,638
Trading Performance	**37,738**	215,618
Depreciation and amortisation	**(598)**	(62,910)
Share-based payment expense	**(7,460)**	(11,136)
Straight lining of leases	**-**	(6,467)
Other (losses)/gains	**(58,925)**	(110,754)
Net (loss)/profit	**(29,245)**	24,351
Other net finance costs and equity accounted losses of associates	**(234,604)**	(37,226)
Loss before taxation	**(263,849)**	(12,875)

^^ The Chief Operating Decision Maker utilises Trading Performance (as defined) in the assessment of a segment's performance.
* Refer note 1.4.

13.4 Trading Performance from operations

	Reviewed Year ended 30 June 2020 R'000	Reclassified and amended* Audited Year ended 30 June 2019 R'000
Trading Performance from continuing operations	**223,588**	200,150
Trading Performance from discontinued operations	**37,738**	215,618
Total	**261,326**	415,768

* Refer note 1.4.

Notes to the provisional condensed consolidated financial statements
for the year ended 30 June 2020

13. Segmental information (continued)

13.5 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services, over time and at a point in time, from the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment.

Disaggregation of revenue from continuing operations by major category:

30 June 2020	**Hirt & Carter Group R'000**	**Media R'000**	**Other R'000**	**Total R'000**
Design	**111,046**	**-**	**-**	**111,046**
Printing	**1,783,480**	**-**	**-**	**1,783,480**
Packaging products	**134,943**	**-**	**-**	**134,943**
Storage/warehousing	**24,380**	**-**	**-**	**24,380**
Software solutions	**15,015**	**-**	**-**	**15,015**
Digital marketing solutions	**8,770**	**-**	**-**	**8,770**
Imaging & photography	**6,739**	**-**	**-**	**6,739**
Digital asset management	**40,916**	**-**	**-**	**40,916**
Distribution income from the sale of published material	**-**	**62,400**	**-**	**62,400**
Other	**21,277**	**-**	**286**	**21,563**
Total	**2,146,566**	**62,400**	**286**	**2,209,252**

30 June 2019*	Hirt & Carter Group R'000	Media R'000	Other R'000	Total R'000
Design	96,033	-	-	96,033
Printing	2,086,508	-	-	2,086,508
Storage/warehousing	8,179	-	-	8,179
Software solutions	12,804	-	-	12,804
Digital marketing solutions	11,812	-	-	11,812
Imaging & photography	4,627	-	-	4,627
Digital asset management	26,396	-	-	26,396
Distribution income from the sale of published material	-	67,258	-	67,258
Other	-	-	3,473	3,473
Sold and discontinued during the year^	-	2,079	-	2,079
	2,246,359	69,337	3,473	2,319,169

* Refer note 1.4.

14. Financial instruments and financial risk management

14.1 Financial risk factors

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 provisional condensed consolidated financial statements for the year ended 30 June 2020 does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2020. There have been no material changes in the Group's credit, liquidity and market risk, or key inputs in measuring fair value since 30 June 2019.

14.2 Fair value of assets and liabilities

14.2.1 Fair value hierarchy

IFRS 13 Fair Value Measurement 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; or
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Recurring fair value measurement of assets and liabilities

As at 30 June 2020	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Total R'000**
Financial assets				
Non-current assets and liabilities held for sale	**-**	**835,970**	**-**	**835,970**

Amended* As at 30 June 2019	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Non-current assets and liabilities held for sale	-	804,730	-	804,730
Financial liabilities				
Contingent consideration payable	-	(68,121)	-	(68,121)

* Refer note 1.4.

Transfers between levels
There were no transfers between levels during the current and prior year.

14.3 Valuation techniques

14.3.1 Level 1 and Level 3
The Group does not have any Level 1 nor Level 3 financial assets.

14.3.2 Level 2
Non-current assets and liabilities held for sale
The KTH disposal group was classified and presented as a non-current asset held for sale valued at the lower of carrying value and fair value less costs to sell at 30 June 2020 (2019: Media, Broadcast and Content disposal groups) (refer note 5). Their fair values were determined with reference to the agreed upon selling prices less costs to sell.

Contingent consideration payable
The contingent consideration payable included in other financial liabilities in the prior year, related to the acquisition of BBS and the liability raised at 30 June 2019 was calculated with reference to the original sales agreement. BBS was sold during the current year (refer note 12) and the contingent consideration payable was reversed on disposal. The purchase price adjustment was calculated as the difference between the profit before tax for the year ended 30 June 2019 and the year ended 30 June 2018, multiplied by the number of sale shares acquired, at BBS' non-controlling interest percentage holding of 49%.

15. Contingencies and guarantees

15.1 Guarantees and contingencies

Robor was placed in liquidation in September 2019 and the guarantee of R110.0 million was amended, so that the guarantee would only be called in the event that Robor's funders were unable to recover the debt through the realisation of the other security. Based on an independent restructuring and liquidation consultant's analysis of Robor's assets and debt as well as the Group's own assessment as at 30 June 2019, the probability of the guarantee being called upon was considered to be remote and thus no value was recorded in the Integrated Annual Report for the year ended 30 June 2019 in this respect. Due to the unprecedented negative economic environment, which has lowered business and consumer confidence, together with the recent COVID-19 pandemic, it has been determined that there are now insufficient realisable proceeds to settle Robor's obligation to its funder. This has been largely due to the major business and asset sales achieving lower realisations than the initial valuations and bids. Furthermore, the liquidation has taken longer than anticipated and its costs have been higher than forecasted. It is now anticipated that the Tiso Blackstar guarantee will be called upon in the future and the Group has raised a provision for the full guarantee being called upon in June 2020 of R110.0 million.

Hirt & Carter (South Africa) Proprietary Limited, entered into a guarantee agreement with a bank for a maximum guaranteed amount of R11.0 million relating to the property acquired in the current year.

As part of the 3.61% disposal of KTH in 2018, RMB issued a guarantee for R225.4 million to the company which had recourse to Tiso Blackstar. Guarantee fees of R6.0 million (2019: R5.8 million) were paid to RMB during the current year and are included in finance costs. The guarantee expired on 30 June 2020.

There have been no other significant changes to the Group's guarantees and contingencies from what was disclosed in the Integrated Annual Report for the year ended 30 June 2019.

15.2 Commitments

There have been no significant changes to the Group's commitments from what was disclosed in the Integrated Annual Report for the year ended 30 June 2019.

16. Events after the reporting period

ICASA approval was obtained for the SA Radio sale post year end. The Group is attempting to resolve certain legal matters and conditions precedent impacting on the finalisation of the transaction.

Main Street 505 Proprietary Limited ("Main Street") was sold to Hirt & Carter. Main Street owns a property which is rented to Hirt & Carter.

17. Related parties

There have been no significant changes to related parties from what was disclosed in the Integrated Annual Report for the year ended 30 June 2019.

18. Change in directors

Sheenagh Grota was appointed as the Group Financial Director of the Company on 29 November 2019 and resigned on 29 February 2020.

19. Change in registered address

The Company changed its registered address to North West House, 119 Marylebone Road, London, NW1 5PU, United Kingdom.

London, United Kingdom
16 September 2020

For further enquiries, please contact:

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INDEPENDENT AUDITOR'S REVIEW REPORT ON PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF TISO BLACKSTAR GROUP SE

We have reviewed the provisional condensed consolidated financial statements of Tiso Blackstar Group SE, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 30 June 2020, the condensed consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement cash flows for the year then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

Directors' Responsibility for the Provisional Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a provisional report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Tiso Blackstar Group SE for the year ended 30 June 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements.

Emphasis of Matter

We draw attention to notes 5.1 and 1.1, which describes the material impact that the transaction to dispose of the group’s associate investment in Kagiso Tiso Holdings (KTH) has on the preparation of the financial statements and its cash flow. Our conclusion is not modified in this respect.

Deloitte & Touche
Registered Auditor

Per: JAR Welch
Partner
16 September 2020

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