TISO BLACKSTAR

Results Announcement June 2015

Tiso Blackstar Group SE
(previously Blackstar Group SE)

Incorporated in Malta
Company number SE 4
Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10
LSE Share code: TBGR
JSE Share code: TBG
ISIN: MT0000620113
("Tiso Blackstar" or the "Company" or the "Group")

HIGHLIGHTS FOR THE SIX MONTHS TO 30 JUNE 2015

- **Buyout of Times Media Group successfully concluded;**
- **Acquisition of 22.9% interest in Kagiso Tiso Holdings held by Tiso Investment Holdings and The Tiso Foundation;**
- **NAV increase to R4.4 billion (£230 million), R16.51 (£0.86) per share post transaction;**
- **Reduction of acquisition leverage ahead of schedule from R534 million (£28 million) to R440 million (£23 million);**
- **Strategic focus on core investments and disposal of all smaller investments; and**
- **Robor and CSI well positioned to benefit from growing African infrastructure spend.**

Annexure A – Intrinsic NAV

Intrinsic NAV as at 30 June 2015

	Unaudited 30 June 2015 R'000	Unaudited 30 June 2015 £'000
Times Media Group Limited	2,541,707	133,033
Kagiso Tiso Holdings Proprietary Limited	1,729,513	90,522
Consolidated Steel Industries Proprietary Limited	365,100	19,109
Robor Proprietary Limited	80,000	4,187
Tiso Blackstar Real Estate Proprietary Limited and the property subsidiaries	76,598	4,009
Other listed & unlisted investments[4]	25,866	1,354
Cash and cash equivalents of consolidated companies	22,777	1,192
Access facility	(440,000)	(23,030)
Intrinsic NAV	**4,401,561**	**230,376**
Number of shares in issue net of treasury shares	266,665	266,665
Intrinsic NAV/Share (in Rands/Pounds Sterling)	**16.51**	**0.86**

Notes:

1. The Intrinsic NAV provides a measure of the underlying value of the Group's assets and does not indicate when the investments will be realised, nor does it guarantee the value at which the investments will be realised.
2. For the purposes of determining the intrinsic values, listed investments on recognised stock exchanges are valued using quoted bid prices and unlisted investments are shown at Directors' valuation, determined using the discounted cash flow methodology ("DCF"). This methodology uses reasonable assumptions and estimations of cash flows and terminal values, and applies an appropriate risk-adjusted discount rate that quantifies the investment's inherent risk to calculate a present value. Given the subjective nature of valuations, the Group is cautious and conservative in determining the valuations and has a track record of selling its unlisted investments in the ordinary course of business above the levels at which it values them.
3. All amounts have been translated using the closing exchange rates at 30 June 2015. The ZAR/GBP closing exchange rate at 30 June 2015 was 19.106.
4. Other listed and unlisted investments include investments in Shoprite Holdings Limited (Zambia) and Bataung Capital Advisors Proprietary Limited. This number also includes the net asset value of the Group's consolidated entities.

Consolidated statement of comprehensive income

for the six months ended 30 June 2015

Twelve months ended 31 December 2014 R'000	Six months ended 30 June 2015 R'000		Six months ended 30 June 2015 £'000	Twelve months ended 31 December 2014 £'000
245,289	**405,274**	Income	**22,316**	13,737
(92,172)	**(66,126)**	Operating expenses	**(3,638)**	(5,162)
153,117	**339,148**	**Operating profit**	**18,678**	8,575
(7,266)	**(5,330)**	Net finance costs	**(294)**	(407)
1,458	**517**	Finance income	**28**	82
(8,724)	**(5,847)**	Finance costs	**(322)**	(489)
145,851	**333,818**	**Profit before taxation**	**18,384**	8,168
137	**289**	Taxation	**15**	8
145,988	**334,107**	**Profit for the period**	**18,399**	8,176
		Other comprehensive loss – items that may subsequently be reclassified to profit and loss:		
–	**–**	Currency translation differences on the translation of Rand denominated Group entities	**(12,900)**	(2,431)
–	**–**	**Total other comprehensive loss recognised directly in equity**	**(12,900)**	(2,431)
145,988	**334,107**	**Total comprehensive income for the period**	**5,499**	5,745
		Profit for the period attributable to:		
146,584	**334,277**	Equity holders of the parent	**18,408**	8,210
(596)	**(170)**	Non controlling interests	**(9)**	(34)
145,988	**334,107**		**18,399**	8,176
		Total comprehensive income/(loss) attributable to:		
146,584	**334,277**	Equity holders of the parent	**5,508**	5,779
(596)	**(170)**	Non controlling interests	**(9)**	(34)
145,988	**334,107**		**5,499**	5,745
181.77	**317.81**	**Basic and diluted earnings per ordinary share attributable to equity holders (in cents/pence)**	**17.50**	10.18
80,642	**105,181**	**Weighted average number of shares (net of treasury shares, in thousands)**	**105,181**	80,642
		Basic and diluted headline earnings per share^		
146,584	**334,277**	Profit for the period attributable to equity holders of the parent	**18,408**	8,210
		Adjusted for:		
–	**62**	Loss on disposal of equipment	**3**	–
–	**875**	Impairment of goodwill	**46**	–
–	**(262)**	Total tax effects of adjustments	**(14)**	–
146,584	**334,952**	Headline earnings	**18,443**	8,210
181.77	**318.45**	Basic and diluted headline earnings per ordinary share attributable to equity holders (in cents/pence)	**17.53**	10.18

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

Consolidated statement of financial position

as at 30 June 2015

31 December 2014 R'000	30 June 2015 R'000		30 June 2015 £'000	31 December 2014 £'000
		Assets		
875	**–**	Goodwill	**–**	49
2,777	**3,208**	Deferred tax assets	**167**	154
1,189	**1,079**	Equipment	**56**	66
1,467,639	**4,813,605**	Financial assets at fair value through profit and loss	**251,944**	81,532
468,218	**2,983,436**	Net investments in subsidiaries	**156,153**	26,011
867,612	**1,734,013**	Net investments in associates	**90,758**	48,199
131,809	**96,156**	Financial assets held for trading	**5,033**	7,322
7,888	**–**	Investments classified as loans and receivables	**–**	438
155	**150**	Current tax assets	**9**	9
1,923	**32,317**	Trade and other receivables	**1,691**	107
63,020	**19,727**	Cash and cash equivalents	**1,032**	3,501
1,545,466	**4,870,086**	**Total assets**	**254,899**	85,856
		Liabilities		
(55)	**(141)**	Deferred tax liabilities	**(7)**	(3)
(15)	**(22)**	Other financial liabilities	**(1)**	(1)
(72,673)	**(440,000)**	Borrowings	**(23,030)**	(4,037)
–	**(72)**	Current tax liabilities	**(4)**	–
(22,537)	**(27,537)**	Trade and other payables	**(1,441)**	(1,252)
(95,280)	**(467,772)**	**Total liabilities**	**(24,483)**	(5,293)
1,450,186	**4,402,314**	**Total net assets**	**230,416**	80,563
		Equity		
574,672	**2,535,442**	Share capital	**163,310**	55,347
23,143	**701,781**	Share premium	**39,391**	2,024
52,173	**52,173**	Capital redemption reserve	**4,599**	4,599
(9,284)	**–**	Treasury shares reserve	**–**	(713)
–	**–**	Foreign currency translation reserve	**(41,662)**	(28,762)
809,688	**1,113,252**	Retained earnings	**64,796**	48,079
1,450,392	**4,402,648**	**Total equity attributable to equity holders**	**230,434**	80,574
(206)	**(334)**	Non controlling interests	**(18)**	(11)
1,450,186	**4,402,314**	**Total equity**	**230,416**	80,563
1,784	**1,651**	**Net asset value per share (in cents/pence)**	**86**	99
81,297	**266,665**	**Actual number of shares in issue (net of treasury shares)**	**266,665**	81,297

Consolidated statement of cash flows

for the six months ended 30 June 2015

Twelve months ended 31 December 2014 R'000	Six months ended 30 June 2015 R'000		Six months ended 30 June 2015 £'000	Twelve months ended 31 December 2014 £'000
		Cash flow from operating activities		
145,851	**333,818**	Profit before taxation	**18,384**	8,168
(197,227)	**(392,988)**	Adjustments for non cash items	**(21,641)**	(11,044)
9,603	**(25,386)**	Net movements in working capital	**(1,398)**	537
(242,492)	**(493,480)**	Cash flows from investment additions	**(27,171)**	(13,580)
(242,492)	**(3,120,817)**	Additions to investments	**(171,836)**	(13,580)
–	**2,627,337**	Issue of shares to settle share consideration on acquisition of investments in TMG and KTH	**144,665**	–
167,774	**110,080**	Proceeds arising on disposal of investments and repayments of loans from investment companies	**6,061**	9,795
(116,491)	**(467,956)**	Cash absorbed by operations	**(25,765)**	(6,124)
31,782	**74,473**	Dividend and interest income received	**4,101**	1,380
30	**–**	Taxation refunded	**–**	2
(1,502)	**–**	Taxation paid	**–**	(83)
(86,181)	**(393,483)**	**Cash absorbed by operating activities**	**(21,664)**	(4,825)
		Cash flow from investing activities		
(32)	**(63)**	Purchase of equipment	**(3)**	(2)
–	**4**	Proceeds on disposal of equipment	**–**	–
1,458	**517**	Finance income received	**28**	82
(150)	**–**	Acquisition of consolidated subsidiaries, net of cash acquired	**–**	(8)
1,276	**458**	**Cash absorbed by investing activities**	**25**	72
		Cash flow from financing activities		
190,000	**534,200**	Borrowings raised	**29,414**	10,640
(117,327)	**(166,873)**	Borrowings repaid	**(9,189)**	(6,570)
(8,724)	**(5,847)**	Finance costs paid	**(322)**	(489)
(20,449)	**–**	Purchase of treasury shares	**–**	(1,147)
(18,464)	**(11,748)**	Dividends paid to equity holders of the parent	**(647)**	(1,034)
25,036	**349,732**	**Cash generated by financing activities**	**19,256**	1,400
(59,869)	**(43,293)**	**Net decrease in cash and cash equivalents**	**(2,383)**	(3,353)
122,889	**63,020**	Cash and cash equivalents at the beginning of the period	**3,501**	7,050
–	**–**	Exchange losses on cash and cash equivalents	**(86)**	(196)
63,020	**19,727**	**Cash and cash equivalents at the end of the period**	**1,032**	3,501

Consolidated statement of changes in equity

for the six months ended 30 June 2015

	Share capital R'000	Share premium R'000	Capital redemption reserve R'000	Treasury shares reserve R'000	Retained earnings R'000	Attributable to equity holders R'000	Non controlling interests R'000	Total equity R'000
Balance as at 1 January 2014	**574,672**	**21,468**	**52,173**	**(18,848)**	**674,101**	**1,303,566**	**365**	**1,303,931**
Total comprehensive income for the year	–	–	–	–	146,584	146,584	(596)	145,988
Income for the year	–	–	–	–	146,584	146,584	(596)	145,988
Other comprehensive income for the year	–	–	–	–	–	–	–	–
Transactions with owners:								
Purchase of treasury shares	–	–	–	(20,449)	–	(20,449)	–	(20,449)
Treasury shares issued for property acquisition	–	240	–	6,360	–	6,600	–	6,600
Treasury shares issued during the year as part of long term Management Incentive Scheme	–	1,435	–	23,653	(25,088)	–	–	–
Equity settled share based payment	–	–	–	–	32,730	32,730	–	32,730
Reduction in non controlling interests arising on acquisition of further shares in BFM	–	–	–	–	(175)	(175)	25	(150)
Dividend paid	–	–	–	–	(18,464)	(18,464)	–	(18,464)
Balance as at 31 December 2014	**574,672**	**23,143**	**52,173**	**(9,284)**	**809,688**	**1,450,392**	**(206)**	**1,450,186**
Total comprehensive income for the period	–	–	–	–	334,277	334,277	(170)	334,107
Income for the period	–	–	–	–	334,277	334,277	(170)	334,107
Other comprehensive income for the period	–	–	–	–	–	–	–	–
Transactions with owners:								
Shares issued for investment acquisitions	1,950,299	677,038	–	–	–	2,627,337	–	2,627,337
Issue of shares as part of long term Management Incentive Scheme	10,471	1,503	–	–	(11,974)	–	–	–
Treasury shares issued during the period as part of the long term Management Incentive Scheme	–	97	–	9,284	(9,381)	–	–	–
Equity settled share based payment	–	–	–	–	2,432	2,432	–	2,432
Reduction in non controlling interests arising on acquisition of further interest in BFM	–	–	–	–	(42)	(42)	42	–
Dividends paid	–	–	–	–	(11,748)	(11,748)	–	(11,748)
Balance as at 30 June 2015	**2,535,442**	**701,781**	**52,173**	**–**	**1,113,252**	**4,402,648**	**(334)**	**4,402,314**

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares reserve £'000	Foreign Currency Translation Reserve ("FCTR") £'000	Retained earnings £'000	Attributable to equity holders £'000	Non controlling interests £'000	Total equity £'000
Balance as at 1 January 2014	**55,347**	**1,930**	**4,599**	**(1,248)**	**(26,331)**	**40,485**	**74,782**	**22**	**74,804**
Total comprehensive income for the year	–	–	–	–	(2,431)	8,210	5,779	(34)	5,745
Income for the year	–	–	–	–	–	8,210	8,210	(34)	8,176
Other comprehensive loss for the year	–	–	–	–	(2,431)	–	(2,431)	–	(2,431)
Transactions with owners:									
Purchase of treasury shares	–	–	–	(1,147)	–	–	(1,147)	–	(1,147)
Treasury shares issued for property acquisition	–	14	–	357	–	–	371	–	371
Treasury shares issued during the year as part of long term Management Incentive Scheme	–	80	–	1,325	–	(1,405)	–	–	–
Equity settled share based payment	–	–	–	–	–	1,833	1,833	–	1,833
Reduction in non controlling interests arising on acquisition of further shares in BFM	–	–	–	–	–	(10)	(10)	1	(9)
Dividend paid	–	–	–	–	–	(1,034)	(1,034)	–	(1,034)
Balance as at 31 December 2014	**55,347**	**2,024**	**4,599**	**(713)**	**(28,762)**	**48,079**	**80,574**	**(11)**	**80,563**
Total comprehensive income for the period	–	–	–	–	(12,900)	18,408	5,508	(9)	5,499
Income for the period	–	–	–	–	–	18,408	18,408	(9)	18,399
Other comprehensive loss for the period	–	–	–	–	(12,900)	–	(12,900)	–	(12,900)
Transactions with owners:									
Shares issued for investment acquisitions	107,386	37,279	–	–	–	–	144,665	–	144,665
Issue of shares as part of long term Management Incentive Scheme	577	83	–	–	–	(660)	–	–	–
Treasury shares issued during the period as part of the long term Management Incentive Scheme	–	5	–	713	–	(516)	202	–	202
Equity settled share based payment	–	–	–	–	–	134	134	–	134
Reduction in non controlling interests arising on acquisition of further interest in BFM	–	–	–	–	–	(2)	(2)	2	–
Dividends paid	–	–	–	–	–	(647)	(647)	–	(647)
Balance as at 30 June 2015	**163,310**	**39,391**	**4,599**	**–**	**(41,662)**	**64,796**	**230,434**	**(18)**	**230,416**

A 2013 final dividend of 14 South African cents, 0.80 pence, per ordinary share was paid on 30 May 2014.
A 2014 interim dividend of 9 South African cents, 0.49 pence per ordinary share was paid on 10 November 2014.
A 2014 final dividend of 14 South African cents, 0.77 pence per ordinary share was paid on 8 June 2015.

Notes to the consolidated financial statements

for the six months ended 30 June 2015

1. Financial information

The financial information set out above does not constitute the Company's statutory accounts for the six months ended 30 June 2015 or year ended 31 December 2014 as defined in section 171 of the Malta Companies Act 1995. Statutory accounts for the six months ended 30 June 2015 will be delivered to the Malta Registrar of Companies following the Company's annual general meeting. The auditors have reported on those accounts, their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their reports for the six months ended 30 June 2015 and year ended 31 December 2014 did not contain statements under s149 paragraph (10), (11), (12) of the Malta Companies Act 1995.

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

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

2. Distribution of the annual report and accounts to shareholders

The Group's audited statutory accounts for the six months ended 30 June 2015 will be available shortly to shareholders via the Company's website www.tisoblackstar.com.

TISO BLACKSTAR

Results Announcement June 2015

Tiso Blackstar Group SE
(previously Blackstar Group SE)

Incorporated in Malta
Company number SE 4
Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10
LSE Share code: TBGR
JSE Share code: TBG
ISIN: MT0000620113
("Tiso Blackstar" or the "Company" or the "Group")

HIGHLIGHTS FOR THE SIX MONTHS TO 30 JUNE 2015

- **Buyout of Times Media Group successfully concluded;**
- **Acquisition of 22.9% interest in Kagiso Tiso Holdings held by Tiso Investment Holdings and The Tiso Foundation;**
- **NAV increase to R4.4 billion (£230 million), R16.51 (£0.86) per share post transaction;**
- **Reduction of acquisition leverage ahead of schedule from R534 million (£28 million) to R440 million (£23 million);**
- **Strategic focus on core investments and disposal of all smaller investments; and**
- **Robor and CSI well positioned to benefit from growing African infrastructure spend.**

Director's statement

Introduction to Tiso Blackstar Group

Tiso Blackstar Group SE, provides investors with exposure to a unique combination of investments which are well positioned for long term growth on the African continent. The Company offers investors an operationally experienced and proven management team with a consistent track record of delivering value, originating investment opportunities and creating value across the continent. Tiso Blackstar is a capital partner of choice for African businesses contributing strategic insight and operational expertise to support and enhance their own growth initiatives. Tiso Blackstar is focused on achieving sustainable long term growth and value creation for shareholders as well as investment partners.

Executive Summary

Overview

The financial year ended 30 June 2015 saw the execution by Tiso Blackstar of several fundamental steps in its growth as a premium investment holding company. These have resulted in the Group's intrinsic net asset value ("Intrinsic NAV") tripling together with fundamental adjustments being made to its investment portfolio's features.

Tiso Blackstar has always and continues to invest management time at an operational level in its investee companies. This was best illustrated at Times Media Group Limited ("TMG" or "Times Media") where significant value was generated over time for the benefit of all TMG shareholders. This value delivery strategy gave rise to the eventual take-over of TMG by Tiso Blackstar, and we now look forward to leveraging off its expertise and experience to generate value as the sole beneficiary.

Past experience has shown us that value is best created when an investor is able to contribute expert management and experience to an asset under its control. These are skills that are only developed over time and with relevant, focused exposure. Additionally, value creation can be significantly enhanced through increased scalability and leverage of or within an investment. It is therefore preferable to apply effort and capital towards projects with critical mass. It therefore stands to reason that the management of a large number of disparate investments would likely dilute value creation efforts.

In light of the above, Tiso Blackstar, as part of its strategic outlook, intends to consolidate the majority of its value within a select number of controlled large investments (four to six) in order to significantly influence strategy and growth. The Group continuously endeavours to achieve complete transparency in its portfolio, providing shareholders with insight into the underlying earnings, composition and future prospects of its investee companies. Tiso Blackstar continues to progress its underlying investments organically together with value enhancing bolt-on acquisitions to develop market leading verticals in its chosen geographies.

Key Events

On 8 June 2015, Blackstar completed two significant transactions which resulted in a fundamental change to the composition of the Group's portfolio, namely:

- The buyout of all the remaining issued ordinary shares in TMG from TMG minorities by way of a scheme of arrangement; and
- The acquisition of a 22.9% direct equity interest in Kagiso Tiso Holdings Proprietary Limited ("KTH") from Tiso Investment Holdings Proprietary Limited (RF) ("Tiso") and The Tiso Foundation Charitable Trust ("Tiso Foundation");

collectively ("the Transactions").

Following the Transactions, the Company changed its name to Tiso Blackstar Group SE. The Transactions enhanced the Group's growth considerably by increasing its Intrinsic NAV by R2.8 billion (£141 million) from a pre-acquisition value of R1.6 billion (£89 million) to R4.4 billion (£230 million). In addition, the Transactions have significantly enhanced the Company's scope and capabilities across the continent by virtue of the Transactions introducing respected African partners into its shareholder and management base. The Transactions represent a significant improvement in the capacity of Tiso Blackstar to achieve its long term strategic goals, better position Tiso Blackstar to access long term debt and equity capital, and establish the Company as an evolving African investment company with a high degree of transparency and governance best practice.

The KTH and TMG transactions and related costs were partially funded with acquisition finance facilities procured directly by Tiso Blackstar and TMG to the amount of R534 million (£28 million) and R500 million (£26 million), respectively. The three year Tiso Blackstar facility bears a higher rate but only requires interest to be serviced during the term and may be settled on maturity whilst the five year, sculpted, amortising facility at TMG bears a lower rate of interest. Group cash shall be allocated towards the repayment of the Tiso Blackstar facility. Following this, cash will be used towards the repayment of the TMG facility so as to reduce borrowing costs and accelerate the repayment of the two separate facilities.

The facilities referred to above were drawn down on 8 June 2015 and, as at 30 June 2015, Tiso Blackstar had reduced the amounts outstanding under its facility by R94 million (£5 million) to R440 million (£23 million) in less than a month and ahead of internal targets. This shall be further reduced by December 2015.

Following completion of the Transactions, the Company resolved to realise its smaller holdings in order to focus on those material investments that can meaningfully affect Tiso Blackstar NAV growth.

These disposals comprise, *inter alia*:

- *Tiso Blackstar Real Estate Proprietary Limited ("TBRE") and the property subsidiaries*
  These entities house the Company's investment property interests. Agreements have been concluded in terms of which the individual properties will be sold for more than their previously reported fair value.
- *Navigare Securities Proprietary Limited ("Navigare")*
  The Company disposed of a 25% interest in Navigare on 28 June 2015. The relative size of this non controlling interest justified this transaction.
- *Blackstar Fund Managers Proprietary Limited ("BFM")*
  This entity housed the Group's hedge fund and portfolio management operations which are immaterial and are not aligned with the Tiso Blackstar strategy. The Group initiated the winding-up and realisation of these interests after year end.

Disposal proceeds received through the non-core asset realisation program will contribute towards the accelerated repayment of Tiso Blackstar's debt facility.

Furthermore, over the past two years Tiso Blackstar management has been extensively involved in TMG at an operational and leadership level, and during this time has developed a deep understanding of TMG's business. This expertise coupled with absolute control over TMG now positions the Group to efficiently implement value creation strategies within TMG for the benefit of and at minimal cost to the Group.

The KTH transaction allowed the Group to forge an ongoing partnership with the management of Tiso (David Adomakoh and Nkululeko Sowazi, now directors and major shareholders of Tiso Blackstar) which is expected to further the Group's South African base and growth into the continent. KTH is one of the largest privately held investment holding companies in South Africa, and its solid track record has positioned it as a well recognised and trusted investor and partner in the South African business community. It maintains a diversified portfolio of investments with a NAV in excess of R9 billion (£471 million) and represents an important building block in the Tiso Blackstar growth strategy. Over the past year, KTH has completed a number of significant acquisitions outside South Africa, a development that has increased the geographic appeal of the company. The Tiso Blackstar acquisition of the KTH shares has increased its ability to access leverage for growth, and has positioned Tiso Blackstar with scope for further growth options.

The Transactions have also resulted in the reconstitution of the Tiso Blackstar shareholder base, which now comprises some of Africa's largest investors as shareholders and investment partners. Importantly, the introduction of the Tiso Foundation as a large Tiso Blackstar shareholder, allows value created with the Group to contribute towards its charitable programmes, which focus on the development of skills and leadership amongst South African youth.

The Tiso Blackstar Intrinsic NAV was R4.4 billion (£230 million) or R16.51 (£0.86) per share as at 30 June 2015.

Head Office

Tiso Blackstar aims to maintain a cost efficient and transparent head office function that contributes value across the Company's portfolio. Management is active at an operational level and maintains a consistent track record of operating cost control, cash generation enhancement and effective growth strategy implementation.

For the six months ended 30 June 2015 head office costs were well below 1% of Intrinsic NAV. Head office costs are expected to increase during the 2016 financial year as a result of the enlarged portfolio and transaction costs related to the Group's strategy, however, these costs will be actively managed to be within 1.5% of Intrinsic NAV, consistent with the Board's strategy.

Investment overview

A summarised overview of the Tiso Blackstar investments has been provided below. Further detail of each investment is included in Annexure B including a summary of their performance for the current financial year.

Times Media Group Limited ("TMG")
Interest – 100% | Intrinsic NAV – R2,542 million (£133 million) | 58% of Group Intrinsic NAV

Over the past three years TMG has actively sought to diversify its media interests in terms of both geography and platform, using free cash flow to build a significant portfolio of broadcast assets in South Africa and other African countries. Today we have investments in market leading broadcast groups in Ghana and Kenya, and will soon conclude similar deals in Nigeria and Uganda, exposing TMG to some of the fastest growing media markets in the world. Our strategy of partnering with existing best-in-market players is proving successful, with our Kenyan investment performing well ahead of expectations and Ghana retaining its leading position in the market despite a tough operating environment. As a result, TMG's earnings and asset mix is becoming more diversified with potential for further significant growth.

Restructuring of TMG's fixed cost base has occurred and benefits will flow in the next year. In the coming year there will be a focus on TMG's key variable costs to deliver further benefit, along with a realignment of print to digital first content production, while retaining the market leading position in traditional print.

Media Division

TMG's media assets comprise newspapers, magazines and digital publishing ("Media division"). The Media division is a premier newspaper and magazine publisher with some of the most recognised brands in Africa. Titles include *Sunday Times, Business Day, Sowetan, The Herald, Daily Dispatch, Times, Financial Mail* and *BD Live*, amongst others.

The Media division's earnings were down 11% as a result of continued economic weakness. As the largest general newspaper in South Africa, the Sunday Times is the title most affected by the cyclical nature of advertising markets, but is also likely to be one of the first to benefit from a future upswing. Changing consumption patterns are beginning to affect ad spend, but market leading newspapers remain a trusted home for advertising.

Media Highlights

- Core EBITDA for the twelve months ended 30 June 2015 totalled R179 million (£10 million) before exceptional items (FY2014 R202 million, £11 million), largely the result of a R67 million (£4 million) decline in Sunday Times advertising revenue;
- Key areas of restructuring were implemented during the year including reduction of excess cost base and investment into productive cost base;
- Further initiatives are in process, which involve improving subscriber sales and retention and distribution efficiency. These initiatives are expected to have a material impact by improving profit margins;
- Investment in infrastructure, design and workflows to create a digital first news environment which should improve both quality and production cost of content; and
- Strong market share position in circulation and advertising market share maintained.

Broadcasting and Content

The Broadcasting and Content division specialises in the acquisition, production and distribution of film, music and television content. Broadcasting and Content is integrated across film production and distribution, TV production, TV channel ownership and music which includes ownership of one of South Africa's largest music catalogues through Gallo Music.

Broadcasting and Content Highlights

- Films and Music divisions both post strong results;
- Gallo Music successfully integrated Bula Music and Sheer Sound;
- Films well placed as premier all-rights distributor in Africa;
- TV production and channels remain robust with growth prospects; and
- EBITDA declined during the year under review as a result of early stage investment in radio and losses in home entertainment.

Radio

TMG has made significant strides in diversifying into broadcast markets in South Africa and the broader continent. The focus is primarily on radio but includes certain developmental TV assets in Ghana and Kenya. The group now has interests in 14 radio stations across the continent with at least three more likely to be finalised in the short to medium term.

In South Africa, TMG is building a network of second tier stations which offers unique listenership reach across the country. Investments in radio take time to establish listenership and build market share. Audience drives the desirability and pricing of advertising and therefore revenue. Radio typically takes in excess of four years to breakeven but once this has been achieved, investments in radio tend to be highly profitable.

Both Durban based Vuma (72% shareholding) and Mpumalanga's Rise FM (65% shareholding) are producing good listenership growth with advertising revenues beginning to pick up slowly. Since acquisition, Vuma listenership has grown 126% to 322,000 and Rise showed a 33% quarterly increase in the latest audience data release. TMG has conditionally agreed to purchase a minority stake and manage North West FM in Rustenburg – a station which offers good potential growth. All three stations grew listenership in the latest audience survey in a market where 26 of 38 measured stations registered declines.

Both Vuma and Rise have shown good revenue growth, and continue to increase monthly. Vuma and Rise revenues were up 33% and 72% respectively. In their first full year of operation Vuma and Rise posted a combined R25 million (£1 million) EBITDA loss. Times Media is looking to outsource sales in the stations to a quality third party sales house with scale to help deliver further revenue growth.

African Media Investments (excluding South Africa)

Tiso Blackstar's African Media Investments comprise of its investments into African businesses outside of South Africa, and currently include a 49% interest in Radio Africa Group ("RAG") in Kenya and a 32% interest in Multimedia Group Ghana.

African Media Investments Highlights

- Kenya revenue and earnings growth maintained and is ahead of expectations and budget;
- Bamba TV successfully launched in Kenya and to date 135,000 TV boxes have been sold since February 2015;
- Ghana radio remains resilient and very profitable despite the weak economy and slow TV recovery; and
- Recently concluded a radio acquisition in Lagos Nigeria, the first step in a larger transaction.

We are in the final stages of purchasing a significant minority stake in two Ugandan radio stations, Capital and Beat FM, and we have recently finalised the acquisition of a significant minority stake in a Lagos based radio license, as well as an option to roll our investment into the Nigerian holding company that has a further four radio licenses throughout Nigeria. These acquisitions will extend our footprint in Africa, enhance our exposure to high growth media markets across the continent and strengthen our partnership with RAG.

Industrial

Hirt and Carter ("H&C")

H&C is a division of Times Media Proprietary Limited. H&C uses unique state-of-the-art software and processes to manage the entire print communication process from origination to final distribution, using market innovation, technology and trend monitoring. H&C customers are primarily involved in the retail sector.

The trading environment for the 12 months to June 2015 proved to be extremely challenging for H&C. Despite market conditions H&C grew EBITDA by 16% and extended its customer base. The software division continues to show outstanding growth.

In order to combat the topline trading pressures, management focused on reducing overhead costs and improving margins through commercial negotiations with suppliers and driving efficiencies within the manufacturing facilities nationally.

Uniprint

Uniprint is a division of Times Media Proprietary Limited. Uniprint has the following operating divisions:

- Packaging;
- Labels; and
- Forms and Direct Mail.

Uniprint grew EBITDA by 23% during the year under review.

Uniprint continues to dominate the African election work, having produced the ballet papers for the Mozambique election in 2014.

Kagiso Tiso Holdings Proprietary Limited ("KTH")
Interest – 22.9% | Intrinsic NAV – R1,730 million (£91 million) | 39% of Group Intrinsic NAV

Tiso Blackstar acquired a 22.9% equity interest in KTH, one of the largest privately held pan African investment holding companies. It has an investment portfolio with a gross asset value in excess of R15 billion (£785 million) and is managed by an experienced team of investment professionals. It has strong black empowerment ("BEE") credentials in South Africa and has so far also made successful forays into the rest of the continent.

Similar to Tiso Blackstar, KTH is refocusing its portfolio strategy by establishing key verticals and pursuing growth opportunities across the African continent. The alignment of KTH's strategy and composition of their current portfolio allows potential for mutually beneficial opportunities to be realised between KTH and Tiso Blackstar.

Over 80% of KTH's Intrinsic NAV (post acquisition of Servest) is represented by seven assets:

- 100% interest in Kagiso Media, a market leading African media company. Kagiso Media's assets include two leading radio stations, East Coast Radio and Jacaranda FM as well as a major TV production house, Urban Brew Studios;
- 15% interest in Fidelity Bank Ghana, ranked amongst the top tier banks in Ghana;
- 51% interest in Servest, a market leading integrated facilities management business with global operations across Africa and the UK (post year end);
- 19% interest in Actom, the largest privately owned electrical engineering business in Africa;
- 7% of MMI, one of the largest listed insurance and financial service businesses across Africa;
- 4.2% interest in Exxaro Resources, a South African-based mining group, listed on the JSE; and
- 30% interest in Me Cure Healthcare, the leading healthcare diagnostics business in Nigeria.

The remainder of the portfolio consists of 31 investments. KTH uses conservative valuation techniques to determine its NAV which is further verified by an independent expert valuer and retains a track record of selling assets above carrying value.

Consolidated Steel Industries Proprietary Limited ("CSI")
Interest – 100% | Intrinsic NAV – R365 million (£19 million) | 8% of Group Intrinsic NAV

CSI Highlight

- CSI's African operations continue to show solid growth at higher margins.

CSI comprises Global Roofing Solutions ("GRS") and Stalcor.

GRS is a leading South African roofing material manufacturer. It consists of GRS Brownbuilt (established in 1964) and GRS HH Robertson (established in 1958), making it one of the largest metal roofing manufacturers in South Africa and the African continent.

Stalcor is one of the top two stockists and distributors of stainless steel and aluminium products. Stalcor services more than 4,000 customers, drawn from all economic sectors, in particular the manufacturing, engineering, mining and construction industries.

CSI successfully continued on its growth path during the period under review. This is attributed to its strong sales efforts gaining market share in tough local economic conditions, while retaining margins and managing costs through improved procurement and intergroup synergies. Approximately 40% of GRS sales are derived from African markets outside South Africa, representing significantly increasing exposure to the rest of the continent over the past six years.

GRS Mozambique is expected to be operational during the first quarter of 2016 – in time to participate in the well-publicised international oil and gas infrastructure projects in Mozambique.

Robor Proprietary Limited ("Robor")
Interest – 19.4% | Intrinsic NAV – R80 million (£4 million) | 2% of Group Intrinsic NAV

Robor Highlights

- Tiso Blackstar has agreed to acquire a controlling interest (51%) in Robor after year end;
- Robor is the largest manufacturer and supplier of welded steel tube and pipe in Africa;
- Exports to over 21 countries throughout the world, mostly in Africa with exports making up over 20% of revenue and growth; and
- It has repositioned itself as an engineering steel, tube and pipe company with an African focus participating in large infrastructure growth projects.

At year end the Company held 19.4% of Robor's issued share capital. Tiso Blackstar has entered into a transaction to increase its interest in Robor to 51% through a share buyback by the company from its private equity partner and the issue of 1,740,358 of Tiso Blackstar shares for R30 million (£2 million), being the NAV per share. Once concluded, the Robor management team will hold the remaining 49% of the shares in Robor.

Established in 1922, Robor is one of the largest manufacturers and suppliers of welded steel tube and pipe in Africa and is active in most industries including, mining, transport – rail and road, construction, engineering, manufacturing, agriculture, energy, water and automotive. Robor has an existing and growing African footprint that will benefit from the increasing infrastructure spend taking place on the African continent and exports to over 21 countries throughout the world, mostly in Africa (excluding South Africa) with exports making up over 20% of revenue.

The oil and gas projects in Mozambique are a real opportunity for Robor and we are actively pursuing and positioning Robor to capitalise on the growth we believe will come out of Mozambique. Currently Robor generates turnover in excess of R400 million (£22 million) in Africa, outside of South Africa.

Tiso Blackstar Real Estate Proprietary Limited

The disposal of the property portfolio held by TBRE and the property subsidiaries has progressed well. To date six properties have been disposed of for an aggregate amount of R167 million (£9 million), a return of two times invested money over an average holding period of two and a half years.

Surplus funds, post settlement of mortgage bonds, currently estimated to total R65 million (£3 million), shall be utilised by the Group to reduce Tiso Blackstar's term debt. These sales are expected to close by November 2015.

Financial Review

Tiso Blackstar continues to be considered as an Investment Entity and therefore measures its investments, including certain subsidiaries and associates, at fair value through profit and loss as opposed to consolidating and equity accounting. The following subsidiaries, which provide services that relate to the Company's own investment activities, continue to be consolidated: Tiso Blackstar (Cyprus) Limited ("Tiso Blackstar Cyprus"); Tiso Blackstar Group Proprietary Limited ("Tiso Blackstar SA"); and BFM.

As a result of this accounting treatment, the Tiso Blackstar consolidated balance sheet is more closely aligned with the Intrinsic NAV of the Group than it would be under the traditional equity accounting model. The Intrinsic NAV provides shareholders with an analysis of the inherent value of each investment held as at year end. References to the Intrinsic NAV are made based on the 30 June 2015 Intrinsic NAV as included in Annexure A.

In June 2015, as a result of the Transactions, Tiso Blackstar changed its financial year end from 31 December to 30 June. The current reporting is therefore provided for a six month period ended 30 June 2015 and comparatives are for the previous 12 months ended 31 December 2014.

Income for the period ended 30 June 2015 amounted to R405.3 million (£22.3 million) which mainly comprises R78.7 million (£4.3 million) generated from investments in the form of support fees, dividends and interest income and R326.6 million (£18.0 million) net gains on investments.

Net gains on investments include R19.7 million (£1.1 million) realised gains on disposal of its smaller investments and R306.9 million (£16.9 million) unrealised net fair value gains which mainly comprises fair value adjustments recognised post acquisition on the investments in TMG and KTH.

On initial recognition of the equity settled portion of the investments in KTH and TMG, Tiso Blackstar must comply with EU IFRS which requires that the investment in KTH initially be measured at the fair value of the consideration received, being the last traded share price of Tiso Blackstar shares on that date, and, as TMG is listed, the investment in TMG must initially be measured at the fair value of the TMG shares received on that date, calculated using the last traded TMG share price. This differs from the issue price of R16.91 (being the Group's Intrinsic NAV per share as at 30 June 2014) which was utilised by all parties concerned in determining the number of Tiso Blackstar shares to be issued in exchange for the investments acquired in KTH and TMG. A significant net unrealised gain has therefore been recognised in profit and loss on revaluation of the investments in both KTH and TMG to their fair value as at 30 June 2015 (which is more closely aligned to the commercial acquisition cost of the investments determined when the Transactions were agreed upon).

Operating expenses of R66.1 million (£3.6 million) mainly include the day-to-day operational expenses of R14.4 million (£0.8 million) incurred to run Tiso Blackstar and its consolidated subsidiaries, and exceptional, transaction related and non-recurring costs of R48.3 million (£2.7 million) the majority of which are costs arising on the Transactions. Operational expenses for the reporting period amount to 0.3% of the Intrinsic NAV as at 30 June 2015 and transaction related costs incurred amounted to 1.3% of the value of the investments acquired. Costs are closely monitored and action is taken wherever possible to cut any excess expenditure in order to improve the profitability of the Group.

Total equity attributable to equity holders of Tiso Blackstar increased from R1.5 billion (£80.6 million) as at 31 December 2014 to R4.4 billion (£230.4 million) at 30 June 2015 as a result of the successful acquisition of the KTH investment and a buyout of the remaining shares in TMG that it did not already own. The purchase consideration was settled using debt and a fresh issue of 183,566,216 Tiso Blackstar shares thereby increasing the issued share capital of the Company to 266,665,287 shares.

The significant R3.3 billion (£169.0 million) increase in total assets to R4.9 billion (£254.9 million) as at 30 June 2015 arose as a result of the acquisitions of KTH and TMG. At 30 June 2015 net investments in subsidiaries include the TMG investment at a fair value of R2.5 billion (£133.0 million) and net investments in associates include the fair value of the investment in KTH of R1.7 billion (£90.5 million).

On implementation of the TMG and KTH acquisitions, Tiso Blackstar raised debt of R534 million (£28 million) which was used to settle the existing facility held, transaction related costs and the cash consideration of the KTH purchase price. The Group managed to reduce the debt to R440 million (£23 million) by year end utilising proceeds from disposals of smaller investments and free cash. This secured term facility bears interest at the 3 month Johannesburg Interbank Accepted Rate ("JIBAR") plus 500 basis points, with interest capitalised quarterly and repayable semi-annually. Mandatory capital payments calculated based on the outstanding facility balance are due in December 2016 and 2017, with a final bullet payment in June 2018.

Cash and cash equivalents declined by R43.3 million (£2.4 million) during the current financial year to an amount of R19.7 million (£1.0 million). Significant cash flow movements during the year include a R3.1 billion (£171.8 million) cash outflow on acquisitions of investments (mainly the total cost of the KTH and TMG acquisitions), a R110.1 million (£6.1 million) cash inflow on realisation of investments including repayments of loan receivables; R74.5 million (£4.1 million) cash inflow in respect of dividends and interest income; R367.3 million (£20.2 million) cash inflow on acquisition finance net of repayments and R2.6 billion (£144.7 million) cash inflow from the issue of Tiso Blackstar shares to settle part of the consideration for the investments in KTH and TMG.

Dividends

Tiso Blackstar recognises that regular dividends are an important part of shareholder wealth creation. Following the completion of the Transactions, Tiso Blackstar's focus in the short to medium term will be on reducing the Tiso Blackstar debt. Post review of the interim results to 31 December 2015, the Board will consider an interim dividend taking into consideration the fact that Tiso Blackstar has been able to settle acquisition debt in advance of initial targets.

Post year end and looking forward

Part of the Tiso Blackstar strategy is to have meaningful interests in its underlying investments in order to have a degree of influence on the investee companies' strategies, as well as the ability to impact NAV growth of the Company. In line with this, Tiso Blackstar disposed of certain of its smaller investments including its 25% stake in Navigare and its investment in the Blackstar Special Opportunities Fund prior to year end, and post year end the Group sold its 70% stake in BFM and realised its property portfolio.

In line with the aforementioned strategy, and as previously announced, Tiso Blackstar is in the process of concluding a transaction (subject to approval from the South African Competition Authorities) to increase its interest in Robor to 51%. This will be achieved through the purchase of additional ordinary shares in Robor for a consideration of R30 million (£2 million) and Robor completing a share buyback from its private equity partner.

Tiso Blackstar believes that steel is at a low point in the cycle and therefore it is acquiring its additional shareholding in Robor at both an attractive time and price, acquiring control at a significant discount to the tangible balance sheet NAV (excluding goodwill and intangible assets). With a strong balance sheet and an aligned management team Robor is well positioned for expansion and growth in Africa's infrastructure sector.

Following the completion of the Transactions on 8 June 2015, Tiso Blackstar has identified four Investment Silos. Subsequent to the year end, the Company's investments (which include a restructuring of TMG) have been allocated within each Investment Silo and will be reported as such. The number and description of investments within identified Investment Silos, and the Investment Silos themselves, may vary from time to time dependent upon the returns generated from the investments.

Outlook

Tiso Blackstar is currently investigating the possibility of transferring its current trading on AIM to a listing on the Premium Segment of the Official List of the Financial Conduct Authority under Chapter 15 of the Listing Rules (Closed-Ended Investment Funds) and to trading on the London Stock Exchange Main Market for listed securities in order to enhance the Company's visibility and share liquidity. If a transfer is achieved, the Company's shares would simultaneously be admitted to the Main Board of the JSE Limited. The Company will update shareholders in due course.

The Company is currently considering the migration of its registered office from Malta to the United Kingdom ("UK") so as to ensure that its business operations and listing operate from a single jurisdiction and facilitate ease of understanding by investors of its structure. Further updates in this regard will be provided as interactions with the various relevant regulators progress. Subject to the necessary approvals being obtained, the migration of the Company's registered office will take place in the first half of 2016 given the regulatory and administrative requirements both in Malta and the UK that need to be met in order to move its registered office.

The successful integration and management of the assets acquired through the Transactions and successful implementation of strategy will be enhanced by the migration of the Company's registered office. The migration and listing will further enable investors' accessibility to and understanding of Tiso Blackstar.

The Group endeavours to present investors with the exclusive opportunity of accessing largely untapped African markets via a London based, premium listed structure underpinned by a sustainable capital base offering leverage and access to unique value opportunities. Tiso Blackstar supports the investment proposition presented by the fast-emerging African continent. The initial stages of the Group's development have now been achieved by successfully positioning the Company to competitively access high quality, market leading opportunities within some of the highest growth markets in the world. We look forward to developing this position into realised value for our stakeholders over the next phase of the Group's maturation.

We would like to thank the Tiso Blackstar Board and our management team for their dedication and hard work in implementing our complex and diverse transactions during the last year as well as the staff at TMG for embracing significant and positive changes in the business, designed to help secure its long term future.

AD Bonamour
Non-executive Director
5 October 2015

DKT Adomakoh
Non-executive Chairman

TISO BLACKSTAR

Results Announcement June 2015

Tiso Blackstar Group SE
(previously Blackstar Group SE)

Incorporated in Malta
Company number SE 4
Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10
LSE Share code: TBGR
JSE Share code: TBG
ISIN: MT0000620113
("Tiso Blackstar" or the "Company" or the "Group")

HIGHLIGHTS FOR THE SIX MONTHS TO 30 JUNE 2015

- **Buyout of Times Media Group successfully concluded;**
- **Acquisition of 22.9% interest in Kagiso Tiso Holdings held by Tiso Investment Holdings and The Tiso Foundation;**
- **NAV increase to R4.4 billion (£230 million), R16.51 (£0.86) per share post transaction;**
- **Reduction of acquisition leverage ahead of schedule from R534 million (£28 million) to R440 million (£23 million);**
- **Strategic focus on core investments and disposal of all smaller investments; and**
- **Robor and CSI well positioned to benefit from growing African infrastructure spend.**

Annexure B – Overview of Tiso Blackstar's Investments

TMG – Ownership 100%, Valuation R2,542 million (£133 million) – 58% of NAV

Income Statement

	Twelve months to 30 June 2015 R'million	Twelve months to 30 June 2014 R'million[3]	Twelve months to 30 June 2015 £'million	Twelve months to 30 June 2014 £'million[3]
Revenue	3,946	3,984	219	236
EBITDA	344	404	19	24
EBIT	228	297	13	18

Valuation Summary

	30 June 2015 R'million
EBITDA	344
Multiple	8.81
Enterprise value	3,031
Net debt[1]	(860)
Minority investments[2]	371
Equity value R'million	**2,542**
Equity value £'million	**133**

Notes:

1. Net debt is made up of term debt of R800 million (£42 million), asset based finance of R113 million (£6 million) and net cash of R53 million (£3 million).
2. Minority investments comprise a 32% shareholding in Multimedia Ghana (R144 million, £8 million), a 49% shareholding in Radio Africa Kenya (R195 million, £10 million), a 50% shareholding in Smartcall Technology Solutions Proprietary Limited (R22 million, £1 million) and Other investments (R9 million, £0.5 million). All of these are held at acquisition cost.
3. Prior year numbers have been restated for IFRS allocations.
4. Equity value equates to the blended buyout price of R24.05 per TMG share which equates to R22.00 per share for all shares which were settled in cash and R24.50 per share for all shares that were settled in new Tiso Blackstar shares.
5. AMD and ELS ceased trading during the year and have since been closed. The two businesses sustained a combined trading loss of R14 million (£1 million) which will not reoccur.

TMG is well placed in the market to deliver growth and sustainability. Management is focused on diversification to broadcast in South Africa and the rest of Africa as well as realignment of print to digital first, while retaining its market leading position in traditional print media. Restructuring of the fixed cost base has occurred and management expects the benefits to flow in next year. There is also a focus on key variable costs in the coming year to deliver further benefit.

Media

Media produced core EBITDA of R179 million (£10 million) before exceptional items for the twelve months ended 30 June 2015 (FY2014 R202 million, £11 million). Restructuring costs of R33 million (£2 million) were related primarily to management restructuring and the closure and reorganisation of unviable digital ventures and provisioning in respect of our investment in Allied Publishing.

Advertising revenues remained soft as the effects of weak general economic performance continued to be felt. Total newspaper advertising revenue declined 9%. Circulation revenues grew 2% as a result of a combination of price increases and a mild decline in sales. Digital revenues grew at a fast rate of 35% but remain at a low base relative to print.

The newspaper business underwent significant restructuring and streamlining of management layers towards the end of the financial year, resulting in flatter and more accountable structures that we believe will allow for higher levels of innovation, integration, communication and efficiency.

A number of these changes and cost savings initiatives in response to the decline in revenue will only bear fruit in the year to come. Further initiatives are in process including improving subscriber sales and retention and improving distribution efficiency. These should have a material impact in improving profit margins. Investment made in infrastructure, design and workflows to create a digital first news environment should also improve both quality and production cost of content.

Change remains a constant theme in the industry and further changes to the newspaper business model are inevitable as market readership and advertising patterns shift. One consistent theme though is the requirement for quality, unbiased and interesting content, an area where TMG continues to invest despite the recent downturn.

From a market share perspective, our titles have performed well in both advertising and circulation, albeit in a climate of a declining print market. Latest circulation figures will reflect declines in certain titles as we reduce our sale of low-yielding copy sales in order to create a more sustainable future for our products. The lower numbers are likely to represent the core of readership base and provide a profitable platform from which to deliver an integrated digital offering.

The flagship Sunday Times suffered from a decline in economic activity, both in traditional brand advertising markets as well as a declining jobs market. The title remains SA's largest newspaper by circulation, advertising and size and significant focus is being given to build readership and revenue for the Sunday Times. New initiatives such as quality subscriber magazines, property guides and a renewed digital focus will ensure the paper remains at the helm of SA's newspaper and digital market.

The Sowetan and Sunday World posted a R15 million (£1 million) EBITDA turnaround to both trade profitably, while Eastern Cape titles The Herald and Daily Dispatch grew core EBITDA a combined 66% to R26 million (£2 million) before one-off restructuring costs of R8 million (£0.4 million). These gains were despite flat revenues, reflecting solid cost management and a focus on margins.

Business Day and Financial Mail performed well in the face of difficult operating conditions in the sectors they serve. Financial Mail almost doubled EBITDA. Combined, the two produced an EBITDA of R23 million (£1 million) for the financial year ended 30 June 2015, including BDLive earnings.

Magazines posted a solid performance and had a particularly strong last quarter. The division generated EBITDA of R16 million (£1 million). It made significant gains in producing magazines for the group's sizeable newspaper subscriber base, and SA HomeOwner remains a star performer in a difficult consumer magazine marketplace.

Times Media's new events business contributed positively to earnings and reflected the potential of substantial new revenues from this area. Newspapers provide a perfect platform from which to launch events that are relevant to their consumers and advertisers and offer an opportunity to diversify and sustain overall revenues. Successful events in the year include the Sunday Times Generation Next Conference, The Future of Media Conference and the MTN Radio Awards. Our digital publishing websites also showed solid revenue growth in line with market trends. Events and digital revenues are becoming major revenue generators for publishers internationally, and there is no reason that South Africa cannot mirror that trend.

While both augur well for the future, the revenue and cost base of the business remain print driven for the moment.

Media Outlook

The business is increasingly gearing itself for the transition to digital from a reader and advertising perspective. We are investing in a new multi-media content management system to enable our newsrooms to become digitally integrated and be prepared for a digital-first world. At the same time we are investing in new and diverse means of revenue generation from web to mobile to innovative technology-based advertising solutions.

We are also investing in the best talent and have made a series of appointments to bring in international and outside expertise which we believe will aid the business going forward. A key area of innovation will be positioning our titles to remain relevant in an increasingly digital and fragmented news marketplace. To this end, we have engaged world class designers to create fresh looks for our titles and experts to support the digital integration of our newsrooms.

Further to the innovation and growth initiatives within Media, this year will see a major focus on circulation and we have begun a project to unlock significant value in our distribution platform nationwide. The current newspaper distribution model is structured for a different era and we will be drawing on international best practice to create efficiencies and reduce costs in the coming months. We believe this is crucial for the sustainability of newspapers and pilot projects have already shown significant benefits to the group.

Broadcast and Content

TMG's core Broadcast and Content businesses performed well despite difficult market conditions. The division is comprised of businesses in South Africa and across the African continent and represent part of the long term strategy for TMG's business sustainability and growth.

Profitability in South Africa is lower overall as a result of investment in certain early stage businesses such as radio and video on demand and restructuring of the physical home entertainment business. Core divisional revenues were steady and earnings higher despite soft advertising markets. As a result of investment costs in radio the division reported an EBITDA decline from ongoing operations to R21 million (£1 million).

The South African division comprises:

- African Business Channel ("ABC");
- Ochre Moving Pictures;
- Radio – Vuma FM and Rise FM;
- TM Films; and
- Music – Gallo Records and Publishing (which incorporates Bula Music and Sheer Sound).

TMG's Content businesses are showing earnings growth as increased focus on rights ownership and their commercialisation yields results. The films distribution business operates in a fast changing market and has good prospects as a market leader in its field. It posted an 8% increase in EBITDA to R37 million (£2 million). In order to sustain earnings, TM Films, is investing in local distribution and production as well as in local films capable of international release.

Our Music division continued its turnaround following a fundamental shift in the business model. We believe the music division is well positioned for the new models being forged in the industry. We have invested in a music events business to complement the earlier acquisitions of the Bula Music and Sheer Sound catalogues. Gallo is the largest independent catalogue in SA and the acquisitions bring increased scale in the face of declining physical markets. Digital income continues to build and represents an increasingly important revenue stream. Once finalised, the business will provide a 360 degree offering including events and artist management. From being a loss maker two years ago, our combined music business now produces EBITDA of almost R9 million (£1 million).

TV production business Ochre and channels business ABC both produced solid core earnings growth producing EBITDA of R6 million (£0.3 million) and R12 million (£1 million) respectively. Ochre's year-on-year EBITDA decline of R2 million (£0.1 million) was the result of lower throughput as a result of the cyclical nature of TV production. ABC posted good EBITDA growth of 41%. Both are successfully working on expanding their market position and earnings in a competitive environment with ABC securing a further channel on the DSTV platform focusing on health and fitness and Ochre shortlisted for a slate of new productions in the current fiscal period.

Our physical Home Entertainment business is in managed decline in line with the reduced consumption of DVDs in the market. It has been restructured to take into account market conditions and showed a R21 million (£1 million) exceptional cost related to stock write downs and retrenchments, legal costs as well as an EBITDA loss of R9 million (£1 million). The model for Home Entertainment is now based largely on a variable cost structure and is significantly leaner. It is in the process of being wound down as the contracts with studios expire.

Radio is a long term investment as it takes time to establish listenership and build market share from an audience and revenue perspective. The unit is an early stage development business with two start-up regional radio stations still establishing a footprint in their markets. Both Durban based Vuma (72% shareholding) and Mpumalanga's Rise FM (65% shareholding) are producing good listenership growth with advertising revenues beginning to pick up slowly. Vuma is currently SA's fastest growing commercial radio station in terms of audience. In their first full year of operation Vuma and Rise posted a combined R25 million (£1 million) EBITDA loss.

50%-owned Smartcall Technology Services ("STS") is showing strong revenue growth in mobile services, providing products across sub-Saharan Africa producing EBITDA of R12 million (£1 million). STS has more than doubled EBITDA since we bought into STS in 2013.

The business holds and manages video-on-demand platform VIDI, which has struggled to gain traction in the market. Management is working hard at reengineering the business in light of weak market penetration and the slow pace of meaningful broadband growth in SA.

TMG sold its Interactive Junction business to Saon Group in January as part of a strategy to dispose of its non-core assets.

African Media Investments (excluding South Africa)

Radio Africa Group Kenya

RAG in Kenya, the leading independent radio business in Kenya, owns three of the top five radio stations in Nairobi: Jambo, Classic and Kiss. It also owns the Star newspaper and free-to-air Digital Terrestrial Television ("DTT") platform Bamba TV. RAG has delivered 37% EBITDA growth to R47 million (£3 million) in the year to June 2015 from its established brands. Including investment in the costs of launching Bamba, EBITDA was up 11% to R38 million (£2 million). Demand for the Bamba service is high and over 130,000 boxes have already been sold in Kenya since its launch in January. The Star newspaper produced a breakeven result after posting a loss in the prior year.

Multimedia Group

Based in Ghana, 32% held Multimedia Group produced flat results as a result of difficult economic conditions, but radio remains highly profitable producing an EBITDA of R30 million (£2 million) for its year to end December 2014 and is on track for this financial year. Multimedia is the leading independent broadcaster in the country. Its Joy (Joy is No 1 radio station in Accra) and Adom radio stations command significant audience and advertising market share, reaching 43% of the Accra radio market, while TV platform Multi TV has over 2 million boxes in homes in Ghana for a viewing market share of 25%, and with further reach across the rest of West Africa. This position provides a significant opportunity for growth but the business has been hampered by weak macro-economic and advertising markets. TV remains under pressure and has recently consolidated its positioning to focus on three key channels from seven. As an advertising led business it will rely on an improvement in economic performance in the country for any upside. The TV business has received several partnership proposals by international TV players to partner them in Ghana using Multi TV as the platform.

We are in the final stages of purchasing a significant minority stake in two Ugandan radio stations, Capital and Beat FM, and have agreed a memorandum of understanding for the acquisition of a significant minority stake in a Lagos based radio license, as well as an option roll of our investment into the Nigerian holding company that has a further four radio licenses throughout Nigeria. These acquisitions will extend our footprint in Africa and enhance our exposure to high growth media markets across the continent.

Industrial

Hirt and Carter ("H&C")

The focus on margins and overheads allowed the group to deliver a 16% growth in EBITDA to R145 million (£8 million) for the twelve months ended 30 June 2015. On a like for like basis excluding Bates Printing ("Bates"), H&C delivered a 11% growth in EBITDA to R126 million (£7 million). Bates grew EBITDA from the prior year by 66% to R20 million (£1 million), although the prior year measure only included eight months of trading due to acquisition timing.

The cornerstone of H&C strategy continues to be a focus on the key Retail FMCG and Retail Apparel customers, to expand the H&C service offering and ensure alignment with customer's growth strategies. In terms of driving "strategic entanglement" with customers, H&C have positioned the data and analytics businesses as well as the software business to drive growth.

The launch of loyalty and reward programs in South Africa by the major Retail FMCG players has allowed H&C to grow its product and services offering. The retailers need to ensure that they have the latest consumer market pricing information, and H&C are integrating these services into retailer's back-end decision making processes.

In addition to pursuing growth in the South Africa market, most of our customers are driving an Africa expansion strategy. We are well placed to grow our business on the back of this strategy. Our Africa team has seen excellent growth over the past two years, delivering solutions to the beverage and branded goods manufacturers in Africa.

H&C Software division, which developed the country's leading Advertising Marketing and Promotions System ("AMPS") software, was separated into a stand-alone business during the year. Management has focused on ensuring that each instance of our software solutions has a direct billing, at a value that delivers the right returns. Software solutions also provide annuity revenue for the business.

The business is being positioned to capitalise on the growth in the data and software offerings, while also ensuring that we continue to offer products in the "print that performs" category.

H&C are currently reviewing their print based products, and looking to exit any sectors of the market that may have been commoditised in favour of investing in technology that will grow the business and deliver the best returns.

Uniprint

Uniprint was able to increase its turnover by 24% to R520 million (£29 million) (FY2014 R421 million, £23 million) for the year ended 30 June 2015, despite a difficult economic climate in South Africa. As a result of the increase in turnover, EBITDA increased by 23% to R67 million (£4 million) (FY2014 R55 million, £3 million). Management of Uniprint did an outstanding job keeping overheads under control. All operating divisions of Uniprint performed reasonably well in the period under review.

The Labels division successfully integrated Ferroprint Proprietary Limited ("Ferroprint") during the period under review. The result of the Ferroprint acquisition was that Uniprint is able to achieve benefits of scale and increased market share in its key markets and create one of the largest manufacturers of labels and sleeves for FMCG markets in Africa. The labels market is currently under pressure due to the high levels of imported materials which effects prices and many customers are struggling to achieve market growth.

The Forms and Direct Mail division of Uniprint had severe challenges due to the non-functioning of SA Post Office. Many of Uniprint's customers elected to switch their communication channel away from SA Post Office. As a result the Forms division lost turnover of approximately R70 million (£4 million). During the period under review the division was underpinned by contracts obtained in Africa for election work. Due to the lost turnover, Uniprint acquired the tally roll converting business from Bytes Technology Group on 1 April 2015. This business has now been successfully integrated into Uniprint and is expected to contribute approximately R60 million (£3 million) of turnover in the new financial year.

The Packaging division remains small and the intention is to grow this division both organically and through acquisitions.

Uniprint has identified Africa (excluding South Africa) as a core growth market and has recruited staff to exploit these markets further. Uniprint has already been awarded a contract to produce the election material for Tanzania and are busy negotiating for several other contracts in Africa.

KTH – Interest 22.9%, Valuation R1,730 million (£91 million) – 39% of NAV

KTH Investment Portfolio[1]

	30 June 2015 R' million
MMI Holdings Limited[2]	3,059
Kagiso Media Proprietary Limited[3]	2,845
Fidelity Bank Ghana Limited[4]	417
Exxaro Resources Limited[5]	378
AECI Limited[6]	378
Other assets[7]	3,259
Net debt and Other liabilities[8]	(1,129)
Total NAV	9,207
Discount	18.0%
Total NAV post discount	7,553
Tiso Blackstar shareholding	22.9%
Tiso Blackstar value R'million	**1,730**
Tiso Blackstar value £'million	**91**

Notes:

1. The values as at 30 June 2015 represent the value of the underlying investment after deducting net debt at an individual asset level.
2. KTH's investment in MMI Holdings Limited ("MMI") is held through a special purpose vehicle and comprises an aggregate exposure to 113.6 million MMI ordinary shares with closing price of R30.15 (£1.58) per share as at 30 June 2015 through an interest in 32.23 million MMI A3 Preference Shares and 81.37 million MMI ordinary shares. MMI A3 Preference Shares accrue dividends and are convertible into MMI ordinary shares on a one-to-one basis without restriction save for mandatory redemption on 30 June 2017, however, pursuant to a lock-in arrangement, 50 million of the MMI ordinary shares and/or MMI A3 Preference Shares may not be sold before 30 June 2017. A 5% liquidity discount has been applied to the 50 million MMI ordinary shares and/or MMI A3 Preference Shares subject to the trading restriction. The MMI A3 Preference Shares are valued using an option pricing model and the MMI ordinary shares are valued at the closing price less the liquidity discount.
3. Investment value of Kagiso Media has been determined using a DCF methodology. For the financial year ended 30 June 2015 Kagiso Media's EBITDA was R435 million (£24 million) and net external debt totalled R746 million (£41 million). Its enterprise value has been determined as R3,591 million (£198 million) representing an EV/EBITDA of 8.2x.
4. KTH holds a 15% investment in the ordinary shares and a 19% investment in the preference shares of Fidelity Bank. KTH purchased US$10 million preference shares in April 2014 which are non-redeemable, non-cumulative and convertible into ordinary equity. The preference shares have a right to receive a US Dollar denominated dividend of 10.5%, semi-annually on the nominal value (US$10 million). These preference shares are valued at R144.4 million (£8 million). The ordinary equity value was determined using the market multiple valuation methodology based on a price to earnings multiple as the primary methodology, and a price to book multiple as the secondary methodology. The value attributable to KTH's ordinary shares in Fidelity Bank is equal to R233.6 million (£12 million) equating to a price to earnings ratio of 7.2x after deducting liquidity discounts.
5. KTH holds an indirect interest of 7.97% in Mainstreet 333 Proprietary Limited ("Mainstreet") which in turn owns 52.09% of the ordinary shares in Exxaro. The shares in Exxaro have been valued at the closing price of R86.92 (£4.55) as at 30 June 2015 and a lock in discount of 2.5% has been applied to this value. Following the deduction of liabilities of R3,771 million (£197 million), Mainstreet has a NAV of R12,039 million (£630 million). Further minority and liquidity discounts of 20% are applied to KTH's interest in Mainstreet. This value is further reduced by liabilities attached to KTH's interest in Mainstreet to establish the NAV of the indirect interest in Exxaro via, *inter alia*, Mainstreet.
6. KTH indirectly holds 3,509,000 shares in AECI which had a closing price of R114.50 (£5.99) per share as at 30 June 2015. A 2.5% lock in discount has been applied which falls away on 31 December 2015. Liabilities attached to the holding net of cash amounted to R12.5 million (£1 million).
7. Other assets include R217 million (£11 million) in listed assets and R2,994 million (£157 million) of unlisted assets, amongst others. Assets valued above R100 million (£5 million) include investments in Actom Investment Holdings, First Rand Empowerment Trust, ERIS, Idwala Industrial Holdings, Infrastructure Finance Corporation, Kagiso Asset Management, Me Cure Health Limited, Metropolitan Health Corporate, Mototolo Joint Venture, and Sea Harvest Holdings.
8. Includes the present value of KTH's forecast head office overheads.
9. The valuation of the KTH investment portfolio is independently performed by the corporate finance division of a top 4 accounting firm in South Africa.
10. Tiso Blackstar has applied a further discount of 18% to KTH's Intrinsic NAV to account for head office costs and any potential CGT liability that would be realised on disposal of the investments held by KTH.

CSI – Ownership 100%, Valuation R365 million (£19 million) – 8% of NAV

Income Statement[1]

	Twelve months to 30 June 2015 R'million	Twelve months to 30 June 2015 £'million
Revenue	1,907	106
EBITDA	67	4
EBIT	52	3

Note:

1. Income statement represents a 12 month pro-forma period from 1 July 2014 to 30 June 2015. No consolidated results are available for the comparative period as a result of the change in the year end from 31 December to 30 June.

Valuation Summary

	30 June 2015 R'million
EBITDA	67
Multiple	5.73
Enterprise value	384
Net debt	(19)
Equity value R'million	**365**
Equity value £'million	**19**

CSI African operations continued to reflect impressive results with annualised sales growth of 31.8% and profits ahead of budget. Growth in sales to the contractor market is also improving for the pierced fix products. Despite the trading environment in the South African market proving to be very challenging, compared to the same period last year, CSI has increased its gross revenues by 10.7% and held its prime gross profit margin.

CSI African operations

CSI currently has operational presence in Namibia, Botswana, Zambia, Zimbabwe and Ghana with manufacturing equipment for GRS Mozambique expected to be operational during the first quarter of 2016 – in time to participate in the well-publicised international oil and gas infrastructure projects in Mozambique. In addition, CSI has been awarded preferred supplier status for a unique housing development in Abidjan, Cote d'Ivoire, co-funded by the Industrial Development Corporation of South Africa Limited, which project is expected to commence during the latter part of 2015. Currently, sales through CSI's African operations comprise more than one third of all sales made by GRS and at higher margins. We expect this growth to continue as we enter new territories. The principal projects giving rise to Africa growth are shopping centre developments.

Robor – Ownership 19.4%, Valuation R80 million (£4 million) – 2% of NAV

Price to Book Valuation

	30 June 2015 R'million
Robor tangible balance sheet NAV	519
Robor 100% Equity value per valuation	412
Discount to balance sheet	**21%**

Valuation Summary

	30 June 2015 R'million
EBITDA[1]	130
Multiple	3.65
Enterprise value	474
Net debt	(62)
Equity value	412
Tiso Blackstar shareholding	19.4%
Tiso Blackstar Equity value R'million	**80**
Tiso Blackstar Equity value £'million	**4**

Notes:

1. EBITDA is for the Robor financial year ended 30 September 2014.
2. Current Robor management accounts forecast an EBITDA to year end 30 September 2015 of R30 million (£2 million), which excludes the steel price devaluation of R60 million (£3 million).

Robor has had a difficult year given the current issues in the steel markets, slow down in the general economy and delays in the proposed South African infrastructure spend. During the period under review, Robor restructured its business to adapt to the changing market conditions which resulted in R75 million (£4 million) in annual cost savings. Most of these savings were negated by stock devaluations in the current year. Volumes and margins were impacted due to the overcapacity in the South African market.

Robor's objectives have shifted from being a commodity supplier, to an engineering steel, tube and pipe company with an African focus participating in large infrastructure growth projects. The markets where Robor sees growth are all critical for South Africa. Water is a key focus, in all areas and this is receiving extra attention. As a large tube and pipe producer Robor is well placed to assist with the ageing infrastructure in sewerage, portable water and the rising level of acid mining water.

The energy segment is also key, and Robor has just acquired 100% of Tricom Structures which designs, develops and manufactures steel structures for telecom tower companies, cell phone operators and power sectors. The demand for Tricom products/solutions is growing in Africa and will add value to Robor's capabilities in terms of providing solutions across various market segments. This, coupled with Robor's proven track record in solar makes it a meaningful player in the energy infrastructure roll out plans. Robor has a new mill coming on line in the first quarter of next year which will position it very well in the oil and gas sector and the opportunities on the continent in particular Mozambique.

All Robor's offerings are ideal for Africa and management is focusing on growing its footprint in the region significantly. The objective in Africa is to be a local partner of choice with additional capacity in South Africa. Infrastructure development plays a critical role in job creation and economic performance. The goals of South Africa's Infrastructure Development Plan will have a marked impact on Robor when they are implemented.

For further enquiries, please contact:

Tiso Blackstar Group SE	Leanna Isaac	+ 356 2137 3360
Zai Corporate Finance Limited		
– Corporate Finance	Tom Price/Richard Morrison	+44 (0) 20 7060 2220
– Sales	Steven Baird	
PSG Capital Proprietary Limited	David Tosi	+27 (0) 21 887 9602
Powerscourt (International Media)	Juliet Callaghan/Simon Compton	+44 (0) 20 7250 1446