Tiso Blackstar Group SE
Audited Provisional Summarised Consolidated Financial Statements for the year ended 30 June 2018

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 the "Group")

Highlights

- **Core[1] EBITDA[2] growth of 11.2% (from R370.7 million to R412.4 million)**
- **EBITDA operating cash flow conversion ratio of 88.9%**
- **Revenue growth of 0.9% in a challenging economic environment**
- **Operating profit of R245.0 million (+12.7%)**
- **Reduction in Group debt to R1,000.8 million**
- **Progress on sale of non-core businesses**

[1] Core includes the segments Hirt & Carter Group, Media, Broadcast and Content, and Other

[2] EBITDA is defined as Tiso Blackstar Trading Performance per the Segmental information note, which is calculated from profit before interest and tax after adding back depreciation, amortisation, straight lining of leases and share based payment expenses. It excludes items outside of the ordinary day-to-day activities.

Overview

The financial year under review corresponded with exceptionally ongoing difficult economic conditions with consumers under increasing financial pressure. These conditions are expected to remain in the near term with many consumer facing businesses likely to experience low or negative growth until there is an improvement in the economy and investor sentiment.

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

The business is managed efficiently and is able to act nimbly should there be further macro-economic deterioration. The Group's flat structure means it is able to adapt and implement required changes speedily, as well as take advantage of any opportunities that arise.

The growth in revenue and above inflation growth in its core EBITDA was achieved despite significant investment in digital media to position the business for the future, further investment in quality content and customer delivery, and the impacts of the ongoing task of unwinding the costly historical legacy structures of a traditional media house. The Group made a significant investment in state of the art facilities in Durban to house all the Hirt & Carter Group business units.

The Group has achieved significant reductions in its debt levels and will continue to focus on de-gearing the business going forward and strengthening the balance sheet. A major focus area has been on working capital and terms from suppliers.

Core business review

	Actual	Prior year (1)	Current year Growth
	30 June 2018	30 June 2017	30 June 2018
	R'millions	R'millions	%
Revenue	**3,813.3**	**3,781.1**	**0.9%**
Hirt & Carter Group	1,911.3	1,733.5	10.3%
Media - Excluding Booksite and STS	1,421.5	1,479.7	(3.9%)
Media - Booksite and STS	101.5	112.8	(10.0%)
Broadcast and Content	377.5	441.2	(14.4%)
Other	1.5	13.9	(89.2%)
Tiso Blackstar Trading Performance – core EBITDA	**412.4**	**370.7**	**11.2%**
Hirt & Carter Group	281.0	253.8	10.7%
Media - Excluding Booksite and STS (2)	118.0	104.8	12.6%
Media - Booksite and STS	10.1	13.7	(26.3%)
Broadcast and Content	31.9	32.0	(0.3%)
Other	(28.6)	(33.6)	14.9%

(1) Prior year end amounts have been restated. Refer to note 2 and 4.

(2) Smartcall Technology Solutions Proprietary Limited ("STS") was sold for R21.5 million during August 2018 and Booksite has been ear-marked for sale.

Media

Media delivered a solid performance. After adjusting for loss of earnings from the sale of STS and poor trading by Booksite, EBITDA grew by 12.6%. The growth in profitability is particularly positive given the heavy losses posted by our publishing competitors.

This performance was achieved on the back of better than expected advertising revenue and continued tight cost management supported by innovative new revenue streams in Events, Digital and Magazines, as well as continued stringent cost management.

Media remains driven by its focus on quality content as its core differentiator, with focused content teams enhancing audience and revenues, while scooping most of the country's top media awards. It is this strength that will ensure our products remain relevant in a mature market and produce sustainable returns into the future. While reader revenue in print is under pressure as a result of economic weakness, good growth in digital subscriptions means this now forms part of our core business with new paywall product releases planned.

The cost of distribution remains a challenge and management is pursuing structural changes to its delivery networks to reduce costs. Advertising revenues have plateaued and, in some cases, increased.

Magazines continue to perform well, both as standalone products and as newspaper-inserted supplements, while the closure of the Times newspaper in December 2017 and its replacement with our new digital product, Times Select, has significantly reduced costs in printing and production and had good market response so far with over 200,000 unique users a month.

The Events business, which was started less than three years ago, delivered 48.4% growth in revenue and a swing to profitability for the first time. It is expected to continue to grow aggressively and our events venue – The Empire – has secured the hosting of the State Capture Commission for the next two years.

The launch of our first digital subscription product, BusinessLive, has proved a success, with digital subscriptions now representing almost 30% of the Business Media subscriber base. More paywall products will be launched in the new financial year. Tiso Blackstar remains the second largest digital publisher across its titles with more than 5.5 million monthly unique readers.

The continued growth in magazine and newspaper supplements and native advertising reflected the benefits of a dedicated team focused on content and revenue innovation.

The industry wide decline in advertising revenue has slowed, while a focus on various digital advertising streams such as Native Advertising, Multimedia and Programmatic helped more than offset the decline in traditional CPM advertising.

The focus in the coming year will be on innovative growth opportunities, both organic and acquisitive, while keeping tight control of costs in traditional products. The launch of an integrated editorial system will allow for seamless flow between print and digital, which will create a unique strength for our newsroom as well as create efficiencies in the production process.

Broadcast and Content

The Broadcast and Content business experienced flat EBITDA growth despite lower revenue and difficult market conditions. The division, whose revenues were impacted by tough economic and market conditions, made significant strategic progress in various areas.

Films business, Empire Entertainment, retained its market leading position in independent film distribution across Africa, while increased film attendances on the African continent strengthened its position, especially in Nigeria. Diversification through investment in local and international films offers revenue and earnings growth potential. During the period under review, Empire Entertainment was appointed to represent Metro-Goldwyn-Mayer (MGM) in addition to Warner Bros and 20th Century Fox and the Indigenous Film Distribution released the internationally acclaimed Inxeba, among others. Investing directly in local films through Indigenous Film Distribution will diversify earnings further.

TV channels business, Blackstar TV, was impacted by negative advertising trends in the industry, with revenue down 2.0% but EBITDA was 18.6% higher due to tight cost control. Television Production business Ochre had a softer year due to limited new commissioning from free to air channels, although it is well positioned with a solid pipeline.

Gallo continued to trade profitably in the current year and is well positioned to extract value from the transition to digital although the physical music market continues to decline. The business continues to mine its extensive and popular catalogue – the largest independent catalogue in Africa. Gallo Music continued to develop its frontline offering signing Nathi Mankayi, among others.

The music industry remains in transition with the shift to digital, but Gallo is well positioned for the anticipated growth in revenues from subscription streaming services such as Spotify. Full year performance was impacted by the shift to consignment for physical products at Musica, but overall Gallo continues to trade profitably.

Radio stations, Rise FM and Vuma FM, both continued to improve, growing revenues and reducing losses. Vuma FM has trebled its audience over the past year due to a new programming and music strategy and, according to RAM (Radio Audience Measurement), the official South African radio audience research provided by The Broadcast Research Council of South Africa, Vuma FM was the fastest growing commercial radio in South Africa over the past twelve months. Rise FM has also shown solid growth. Vuma FM and Rise FM reduced operating losses by 21.5% and 22.4%, respectively.

Hirt & Carter Group

The Hirt & Carter Group performed well with increased revenue, EBITDA and margins by focusing on costs, efficiencies and servicing key customers. Hirt & Carter Group managed to grow its customer base among retailers and manufacturers.

H&C core print division sales grew by 10.3% driven by growth from both retailers and manufacturers.

Triumph Packaging grew sales by 30.4%, driven by a mix of core customer growth and cross selling opportunities from the rest of the Group.

Silo delivered a flat sales year, as retailers pulled back on their e-commerce projects. This has had a short-term impact on the business and will not affect the long-term strategy.

H&C Software sales remained flat as new customers were bedded down and some projects were put on hold by clients.

Bothma Brandings Solutions Proprietary Limited (“BBS”), acquired at the beginning of the financial year, delivered sales growth of 24.7%, ahead of our acquisition plans.

Uniprint Forms sales declined by 1.2% as the prior year included both the IEC and Zambian election (combined value of R34.0 million) which was only partially offset by the Lesotho election of R7.0 million.

Uniprint Labels experienced a tough year with sales down 4.2%. While volumes remained steady, pricing and margin pressure affected the business adversely, particularly in the petroleum sector.

The new Durban facility in Cornubia, outside Umhlanga, was delivered below budget and on time. The major integration opportunities between H&C, particularly in the new Cornubia facility, are likely to be realised from 1 July 2019, when all business units are housed in one place.

Various cost reduction initiatives are under way, which will reflect positively in the next financial year’s results and key cross selling opportunities have been identified to continue to deliver revenue growth.

H&C was recently awarded a major instore contract spanning 3 years, effective June 2018. The benefit of this contract will be realised in the H&C core print division as well as the newly acquired BBS. Various other growth opportunities have been secured in H&C and these should enhance the top line during the 2019 financial year.

Consolidation of the Group sales teams into a cohesive unit represents the single biggest opportunity to grow the business with smart cross-selling, unlocking opportunities with existing customers.

The market remains tough, and in some products extremely competitive, but opportunities exist for the Group across all divisions.

Key sales leadership in both Uniprint Forms, and Uniprint Labels is a priority to ensure a continued, sustainable push to grow the topline.

Africa (excluding South Africa)

Multimedia group in Ghana has in the past 18 months shown significant improvement after a period of macro-economic instability and investment in its TV platform. A stronger, more stable economy and a turnaround to profitability in TV helped deliver strong 2017 results.

The first half of 2018 has been lagging due to renewed economic instability, however management has put in place contingency measures to endure any further difficulties.

Kenyan business, Radio Africa group, has underperformed in the past two years, driven by weakness in the radio market, investment in TV, and politically driven economic instability. Although the long term view remains positive for the Company, market volatility and continued economic instability are likely to hamper performance in the short to medium-term.

Radio Africa group relies on radio for its profitability and it continues to command significant share of voice, but a highly competitive and soft advertising market has put pressure on revenue.

Both Multimedia group and Radio Africa group are equity accounted for as associates and do not contribute significantly to earnings or cash flow at this stage and are yet to pay a dividend.

Financial review

Group trading from continuing operations was resilient in difficult circumstances through tight cost control and growth in new revenue streams. A significant movement from a R42.7 million gain in the prior year to a R11.4 million loss in the current year in “other gains and losses”, together with an abnormally high taxation charge, and the effects of losses and impairments from discontinued operations, resulted in the strong trading performance not translating to performance on the bottom line and earnings per share basis. Plans have been executed to ensure non-deductible interest and expenses are minimised.

The Group’s financial statements include significant prior year reclassifications, due to both CSI and Robor being reclassified as discontinued operations and therefore being excluded from trading results for continuing operations in the comparative period. Total prior year revenue was impacted by the restatement of STS’s revenue of R453.0 million. The restatement was required as a result of STS incorrectly accounting for revenue on the principle basis, when it should have been accounted for on an agency basis. There was, however, no impact on earnings from this restatement as cost of sales decreased by the corresponding amount.

Trading performance

Total Group revenue from continuing operations increased by 0.9% to R3,813.3 million. The decline in revenue from the closure of The Times and TV production reductions in Ochre was made up for in increases in revenue from Hirt & Carter Group, digital media and Events.

Cost of sales was virtually the same as the prior year at around R2,606 million, resulting in a slight gross profit margin increase to 31.7% from 31.1%. Operating expenses were well controlled, declining 1.7% to R900.8 million.

Operating profit grew 12.7% to R245.0 million, a commendable performance in a challenging economic environment. The Group continues to focus on adding revenue streams and controlling costs.

Other (losses) / gains and finance costs

Other (losses) / gains in the prior year included gains on disposal of investment properties and property, plant and equipment, gains from a reversal of provisions and losses from impairments of associates. As the Group continues to wind down its non-core operations and execute on its media focused strategy, there were fewer transactions of this nature resulting in a substantial reduction of the gain of R42.7 million in the prior year to a loss of R11.4 million in the current year. The majority of the loss in the current year relates to a write-off of current and historic minimum guarantee payments in Empire Entertainment. Net finance costs reduced by 3.3% to R145.6 million due to lower Group debt levels in continuing operations.

Taxation

Taxation expense grew 20.3% to R77.3 million. This charge is significantly above the South African corporate taxation rate. A R10.0 million impairment of tax assets together with non-deductible finance costs on acquisition debt raised for the purchase of KTH shares and non-deductible UK based head office costs, contributed to the majority of this inefficiency. The KTH acquisition debt held at head office has been reduced to R167.4 million at year end from R407.2 million in the prior year. This should improve tax efficiencies going forward.

Discontinued operations

The investments in KTH and Robor, and the CSI disposal group met the definition of discontinued operations at 30 June 2018, due to the active plans implemented to realise these investments and the probability that they will be realised within the next twelve months from the reporting date. In the prior year, KTH met the definition of a discontinued operation. Significant progress has been made in respect of all sales. In particular, KTH shareholder discussions are progressing well with the shareholders having jointly appointed an independent advisor to advise them on the most optimal approach to achieving KTH’s shareholders’ desired objectives.

The loss from discontinued operations of R295.6 million comprises an impairment raised against the goodwill and intangible assets of CSI on remeasurement to fair value less cost to sell of R178.8 million; a R38.5 million loss on sale of a 3.61% interest in KTH; a R25.0 million profit on sale of intangible assets within Robor; a R5.8 million gain on sale of a 3.4% interest in Robor and the balance being ongoing trading losses of both CSI and Robor.

On the balance sheet, the Group's investment in the associates Robor and KTH, and the CSI disposal group are presented as non-current assets held for sale, carried at the lower of their carrying value and fair value less costs to sell, with a total net carrying value of R1,401.1 million.

Earnings

Earnings include income from associates of R13.5 million, of which R10.9 million arises from the Group's equity accounted share of profits in Multimedia group, Radio Africa group and Coopers.

It is important to note that profit from continuing operations of R19.9 million includes amortisation of intangible assets of R58.7 million. This is a non-cash, notional expense arising from the allocation of the purchase price to intangible assets on the deemed acquisition of subsidiaries when the Company changed its reporting from being an investment entity in the prior year.

Basic loss attributable to shareholders declined to R276.0 million from a profit of R7.8 million, mostly due to the loss from discontinued operations. Headline loss declined to R124.8 million from R33.5 million. Weighted average number of shares, net of treasury shares amounted to 265,061,804 resulting in a basic loss per share of 104.11 cents from basic earnings per share of 2.95 cents in the prior year. Headline loss per share was 47.09 cents per share from 12.63 cents per share in the prior year. The losses in the per share metrics were due to the discontinued operations impairments and trading losses.

Cash flow

Cash generated from operations declined by 19.9% to R366.6 million but was still an impressive 88.9% of reported EBITDA. Finance costs paid in an amount of R220.3 million were high due to the settlement of accrued interest and fees in the debt restructure during the year. Taxation paid of R61.8 million was lower than the tax charge of R77.3 million with the difference mainly due to the impairment of taxation assets and current year deferred taxation.

Cash flow from investing activities showed a net inflow of R487.9 million from an outflow of R897.9 million. Inflows this year included R197.9 million on the disposal of a 3.61% interest in KTH; R431.1 million reduction of working capital facilities related to Robor recognised as a result of it no longer being consolidated; and proceeds of R20.8 million arising on the disposal of property, plant and equipment and investments. Cash outflows from investing activities mainly arose as a result of additions to property, plant and equipment of R130.8 million and a R40.9 million investment in computer software for both Media and the Hirt & Carter Group. The significant move in the prior year was the notional cash outflow of R714.0 million relating to the Deemed Acquisition of subsidiaries on the change from an Investment Entity to applying consolidated accounting. Cash outflow from financing was flat year-on-year at around R115 million.

Statement of financial position / Balance sheet

The balance sheet strengthened substantially with total liabilities decreasing by R941.0 million and non-controlling interests decreasing by R154.8 million. This, and most of the other significant changes in balances, was due to the effects of no longer consolidating Robor, and both the investment in Robor and the CSI disposal group being classified as non-current assets held for sale. Total interest bearing borrowings of R1,000.3 million decreased by R189.8 million through scheduled repayments of debt and additional capital settlement of a portion of the debt, utilising the proceeds from the KTH sale.

Net asset value per share declined by 8.3% to R11.68 predominantly due to impairments and losses from discontinued operations.

Long term incentives

During the financial year, the Company issued 4,015,973 new shares under the Group's long term Management Incentive Scheme – a Forfeitable Share Plan ("FSP"). In the prior year 3,012,349 shares were issued out of treasury shares. For accounting purposes, shares issued under the FSP are not considered as issued. The total share based payment expense amounted to R9.9 million for the current financial year.

Dividends and buy backs

During the current year, the Company repurchased a total of 1,995,542 Tiso Blackstar shares in the open market at an average price per share of R4.90 and a total cost of R9.8 million. These shares are held as treasury shares. At 30 June 2018, Tiso Blackstar held 9,023,864 treasury shares, of which 6,887,236 shares (net of shares forfeited on resignation) have been awarded under the long term Management Incentive Scheme, and are not considered issued for International Financial Reporting Standards ("IFRS") purposes.

Tiso Blackstar has taken the prudent approach of not declaring an interim or final dividend for the year ended 30 June 2018 in light of its current gearing levels. Dividends will be reconsidered as soon as some or most of the non-core investments are realised and earnings permit.

Financial strength

The realisation of the KTH investment will give Tiso Blackstar a stronger financial position and allow the Group to capitalise on growing the Group's media platforms and reducing leverage. The financial effects of the non-core businesses are dealt with in more detail in the Financial Review, but disposals in the near future have further strengthened the Group's financial position.

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

Sustainability

Sustainability guides our strategy, and informs our business operations. At all times, we are guided by global standards of best practice and responsible corporate citizenship. Internal policies articulate our philosophy and our progress will be detailed in our Integrated Annual Report.

Given the Group's leadership in newspaper publishing and its resulting position in society, a strong ethical foundation underpins all our businesses and our continued compliance with the laws and regulations during the period and into the future remains critical. Our leadership role as a good corporate citizen advocating transformation is important to the Group. We are proud of the operating business maintaining a Level 2 rating under the Broad-Based Black Economic Empowerment Act, 53 of 2003 and for being more than a 51.0% black owned business. The Group expects that the operating business will improve on its existing rating on the completion of its verification. At the signature date of this report BHG was a level 2, however, BHG was in the process of being audited by its verification agency and BHG's management believe that a level 1 will be achieved.

Subsequent events

The disposal processes of both CSI and Robor are progressing well and finalisation of these exits is expected in the next few months. Subsequent to year end, an amount of R50.0 million was transferred to CSI as a short term, interest free equity loan repayable on transfer of ownership of CSI. The Company was released from its guarantee of R50.0 million on transfer of these funds. The shareholders of KTH have appointed an independent party to advise on the most optimal approach to meet the shareholders desired objectives. It is anticipated that the KTH implementation plan will be finalised and approved by KTH shareholders shortly with execution well under way, if not completed by 30 June 2019. STS was sold during August 2018 for R21.5 million.

Outlook

The core business has evolved significantly over the past year and we look forward to ongoing growth in the Hirt and Carter Group and continuous improvement in the Media and Broadcast and Content's performance. The Group's focus on quality content through employing the best people, as well as prioritising client service through innovative and quality products, will continue to drive organic growth. The Group is continually assessing several bolt on acquisition opportunities to drive inorganic growth and broaden our audiences and products to meet our client's needs.

The much appreciated hard work and dedication of the Tiso Blackstar Board, the management and all our employees, has resulted in a credible operating performance in an extremely challenging economic environment. With our diversified market leading brands and businesses and lean operating structure, the Group is well positioned to benefit from any upturn in the economy.

AD Bonamour
Chief Executive Officer
26 September 2018

DKT Adomakoh
Non-executive Chairman

Summarised consolidated statement of profit and loss and other comprehensive income
for the year ended 30 June 2018

	Notes	Audited 30 June 2018 R'000	Audited Restated and reclassified 30 June 2017 * R'000
Continuing operations			
Revenue		**3,813,318**	3,781,139
Cost of sales		**(2,606,329)**	(2,606,892)
Gross profit		**1,206,989**	1,174,247
Operating expenses		**(900,847)**	(916,250)
Depreciation and amortisation		**(150,943)**	(138,784)
Straight lining of leases		**(8,650)**	28,431
Operating income		**98,453**	69,763
Operating profit		**245,002**	217,407
Other (losses) / gains		**(11,386)**	42,651
Net profit		**233,616**	260,058
Net finance costs		**(145,565)**	(150,515)
Finance income		**7,026**	4,891
Finance costs	3	**(152,591)**	(155,406)
Share of profit / (loss) of associates - equity accounted		**13,538**	(282)
Impairment loss of investment in associates - equity accounted		**(4,351)**	-
Profit before taxation		**97,238**	109,261
Taxation		**(77,254)**	(64,212)
Profit from continuing operations		**19,984**	45,049
Loss from discontinued operations, net of taxation	4	**(295,643)**	(60,496)
Loss for the year		**(275,659)**	(15,447)
Other comprehensive income / (loss), net of taxation	5	**9,746**	(67,804)
Items that may subsequently be reclassified to profit and loss:			
Currency translation differences on the translation of foreign operations		**7,494**	(70,471)
Items that will not subsequently be reclassified to profit and loss:			
Actuarial gains on post-retirement medical aid benefits		**2,252**	2,667
Total comprehensive loss for the year		**(265,913)**	(83,251)
Loss for the year attributable to:			
Equity holders of the parent		**(275,959)**	7,823
Non-controlling interests		**300**	(23,270)
		(275,659)	(15,447)
Other comprehensive income / (loss), net of taxation attributable to:			
Equity holders of the parent		**9,169**	(66,524)
Non-controlling interests		**577**	(1,280)
		9,746	(67,804)
Total comprehensive loss for the year attributable to:			
Equity holders of the parent		**(266,790)**	(58,701)
Non-controlling interests		**877**	(24,550)
		(265,913)	(83,251)
Basic (loss) / earnings per ordinary share (in cents) attributable to equity holders	6	**(104.11)**	2.95
Diluted (loss) / earnings per ordinary share (in cents) attributable to equity holders	6	**(102.36)**	2.93
Basic earnings per ordinary share (in cents) attributable to equity holders from continuing operations	6	**3.19**	15.27
Diluted earnings per ordinary share (in cents) attributable to equity holders from continuing operations	6	**3.13**	15.17
Weighted average number of shares in issue (net of treasury shares, in thousands)	6	**265,062**	265,279
Weighted average number of shares in issue (in thousands)	6	**269,601**	266,879

* Refer notes 2 and 4

Summarised consolidated statement of financial position
as at 30 June 2018
Company registration number: SE 000110

	Notes	Audited 30 June 2018 R'000	Audited 30 June 2017 R'000
ASSETS			
Non-current assets		**3,064,213**	3,964,466
Property, plant and equipment		**376,147**	965,816
Investment property		**-**	12,674
Straight lining of lease asset		**15**	169
Goodwill	7	**1,080,696**	1,224,936
Intangible assets		**1,175,147**	1,289,933
Investment in associates - equity accounted		**360,316**	346,161
Other investments, loans and receivables		**18,173**	29,704
Deferred taxation		**53,719**	95,073
Current assets		**1,505,846**	2,953,348
Inventories		**241,730**	1,088,622
Straight lining of lease asset		**2,462**	3,282
Trade and other receivables		**847,360**	1,656,453
Current tax assets		**19,798**	30,090
Cash and cash equivalents	8	**394,496**	174,901
Non-current assets held for sale	4	**2,449,829**	1,500,000
TOTAL ASSETS		**7,019,888**	8,417,814
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders		**3,076,011**	3,378,132
Share capital and premium		**3,255,248**	3,255,248
Other reserves		**28,383**	39,637
Foreign currency translation reserve		**(62,276)**	(68,455)
(Accumulated losses) Retained earnings		**(145,344)**	151,702
Non-controlling interests		**35,962**	190,762
TOTAL EQUITY		**3,111,973**	3,568,894
LIABILITIES			
Non-current liabilities		**1,412,276**	1,737,972
Borrowings		**909,874**	1,069,260
Straight lining of lease liability		**24,914**	83,907
Other financial liabilities		**6,397**	8,491
Finance lease and instalment sale obligations		**123,610**	135,956
Post-retirement benefits liabilities		**25,359**	54,355
Provisions		**5,734**	11,246
Deferred taxation		**316,388**	374,757
Current liabilities		**1,446,942**	3,110,948
Borrowings		**90,967**	120,885
Straight lining of lease liability		**2**	-
Other financial liabilities		**5,673**	6,660
Finance lease and instalment sale obligations		**50,259**	59,495
Post-retirement benefits liabilities		**4,506**	7,551
Provisions		**60,520**	115,441
Trade and other payables		**922,350**	1,882,123
Current tax liabilities		**27,103**	31,951
Bank overdrafts and other short term borrowing facilities	8	**285,562**	886,842
Non-current liabilities associated with non-current assets held for sale	4	**1,048,697**	-
TOTAL LIABILITIES		**3,907,915**	4,848,920
TOTAL EQUITY AND LIABILITIES		**7,019,888**	8,417,814

Summarised consolidated statement of changes in equity

for the year ended 30 June 2018

	Notes	Audited 30 June 2018 R'000	Audited 30 June 2017 R'000
Balance at beginning of the year		**3,568,894**	3,493,549
Changes in reserves:			
Total comprehensive loss for the year		**(266,790)**	(58,701)
Deemed Acquisitions		**-**	1,235
Acquisition of subsidiaries/businesses		**-**	(31,080)
FSP share based payment expense		**9,456**	-
Tax charge on FSP share based payment expense recognised directly in equity		**2,558**	-
Arising on change in holding in a subsidiary		**(8,542)**	-
Purchase of treasury shares		**(9,772)**	(18,326)
Equity loan from non-controlling interests	9	**(16,486)**	15,258
Dividends paid		**(12,545)**	(23,803)
Changes in non-controlling interests:			
Total comprehensive income / (loss) for the year		**877**	(24,550)
Arising on change in holding in a subsidiary		**8,542**	-
Deemed Acquisitions		-	204,295
Acquisition of subsidiaries/businesses	9	**5,913**	20,407
Equity loan from non-controlling interests		**16,486**	-
Interest accrued on equity loan from non-controlling interests		**363**	-
Loss of control in Robor	9	**(177,113)**	-
Dividends paid to non-controlling interests		**(9,868)**	(9,390)
Balance at the end of the year		**3,111,973**	3,568,894

Summarised consolidated statement of cash flows
for the year ended 30 June 2018

	Notes	Audited 30 June 2018 R'000	Audited Restated and reclassified * 30 June 2017 R'000
Cash flow from operating activities			
Cash generated by operations		**366,555**	457,791
Dividend income received from investments		**5,321**	24,738
Cash settled share based payment of subsidiary		**-**	(24,128)
Net finance costs paid		**(220,267)**	(129,572)
Net taxation paid		**(61,795)**	(40,831)
Net cash generated by operating activities		**89,814**	287,998
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(130,839)**	(279,784)
Proceeds on disposal of property, plant and equipment		**10,728**	55,925
Additions to investments		**(3,042)**	(34,505)
Proceeds on disposal of KTH		**197,940**	-
Proceeds on disposal of investments		**10,041**	6,638
Additions to investment properties		**-**	(412)
Proceeds on disposal of investment properties		**-**	88,484
Additions to intangible assets		**(40,902)**	(27,890)
Proceeds on disposals of intangible assets		**25,003**	-
Acquisition of subsidiaries/businesses	9	**(13,887)**	(713,972)
Disposal of subsidiaries/businesses	9	**1,728**	7,643
Loss of control in Robor	9	**431,145**	-
Net cash generated (utilised) by investing activities		**487,915**	(897,873)
Cash flow from financing activities			
Borrowings raised		**322,407**	250,028
Borrowings repaid		**(406,172)**	(328,919)
Equity loan from non-controlling interest		**-**	15,258
Purchase of treasury shares		**(9,772)**	(18,326)
Dividends paid		**(12,545)**	(23,803)
Dividends paid to non-controlling interests		**(9,440)**	(9,390)
Net cash utilised by financing activities		**(115,522)**	(115,152)
Net increase / (decrease) in cash and cash equivalents		**462,207**	(725,027)
Cash and cash equivalents at the beginning of the year		**(711,941)**	13,086
Cash and cash equivalents at the end of the year	**8**	**(249,734)**	(711,941)

* Refer note 2

Notes to the summarised consolidated financial statements
for the year ended 30 June 2018

1. Basis of preparation

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

The principal accounting policies adopted in the preparation of the provisional summarised consolidated financial statements for the year ended 30 June 2018 have been consistently applied across all periods presented in the provisional summarised consolidated financial statements. All the provisional summarised consolidated financial statements are presented in South African Rands and all financial information has been rounded to the nearest thousand unless stated otherwise.

While the financial information included in this announcement has been prepared in accordance with the framework concepts, recognition and measurement criteria of IFRS published by the International Accounting Standards Board ("IASB") as endorsed for use by the European Union ("EU IFRS") and IFRS as issued by the IASB ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. The financial information is a set of provisional summarised consolidated financial statements extracted from the consolidated financial statements included in the Integrated Annual Report which was approved by the Tiso Blackstar Board on 26 September 2018. The provisional summarised 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, non-current assets held for sale and investment property that has been measured at fair value.

The accounting policies and methods of computation are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2017. The provisional summarised consolidated financial statements are only a summary of the financial information in the consolidated financial statements included in the Integrated Annual Report for the year ended 30 June 2018 and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the consolidated financial statements included in the 2018 Integrated Annual Report to be published on the Company's website as a whole.

1.1 JSE listing

These provisional summarised consolidated financial statements for the year ended 30 June 2018, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting 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.

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

The Group's South African auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 June 2018. The audit was conducted in accordance with International Standards on Auditing. Deloitte & Touche has issued an unmodified opinion on the Group's consolidated financial statements. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These provisional summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. The provisional summarised consolidated financial statements have been audited by Deloitte & Touche, who have issued an unmodified opinion. The auditors' report does not necessarily report on all of the information contained in this announcement. Shareholders are advised, that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the company's registered office. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

1. Basis of preparation (continued)

1.2 UK Statutory requirements

The financial information for the year ended 30 June 2018 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 ("Companies Act 2006") but has been derived from those accounts. Statutory accounts for the year ended 30 June 2018 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.

Deloitte LLP, the external auditor registered in the UK, has reported on the statutory accounts for the year ended 30 June 2018. Their report was unqualified, did not include a reference to any matters to which auditors draw attention by way of emphasis of matter and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. Copies of their audit report are available for inspection at the Company's registered office. The statutory accounts have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations adopted for use by the EU, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

1.3 Going concern

The Tiso Blackstar Board has reviewed the working capital requirements of the Group along with the funding requirements for the Group, from the date of approval of the provisional summarised consolidated financial statements, and has concluded that the Group will remain a going concern for at least the next twelve months and there is a reasonable expectation that the Group has adequate resources to continue into the foreseeable future.

To make this determination, the Group closely monitors and manages its liquidity through reviewing Group management accounts and producing cash forecasts regularly. Sensitivities to forecast revenue, forecast costs, forecast liquidity and impacts on banking covenants are considered in cash flow forecasting scenarios. The Tiso Blackstar Board believe that the Group's cash position net of overdrafts of R108.9 million and unutilised facilities of R245.4 million at 30 June 2018 provides sufficient liquidity.

In reaching their conclusion, the Tiso Blackstar Board have considered a range of factors, including the disposal of CSI and Robor, and the realisation of the investment in KTH. The Tiso Blackstar Board is not aware of any material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

1.4 Foreign currencies

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.

Previously, Tiso Blackstar had two presentational currencies being South African Rands ("Rands") and Pounds Sterling. During the current year, Tiso Blackstar determined that only one presentational currency, being Rands, was necessary as this is more reflective of the Group's activities and operations. In terms of *IAS 21 The Effects of Changes in Foreign Exchange Rates* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, there is no impact on the Rands information previously presented and therefore there are no retrospective adjustments required.

Notes to the summarised consolidated financial statements continued
for the year ended 30 June 2018

2. Correction of prior period errors

2.1 Restatement of statement of cash flows

It is noted that the following classification errors were made in the summarised consolidated statement of cash flows for the year ended 30 June 2017:

- Cash payments to and on behalf of employees were incorrectly shown under "*Cash flow from financing activities*" instead of "*Cash flow from operating activities*"; and
- Equity loans from non-controlling interests were incorrectly shown under "*Cash flow from investing activities*" instead of "*Cash flow from financing activities*".

The prior period error was identified through the JSE's proactive monitoring process.

The misallocation of these amounts in the prior year is a prior period accounting error which has been adjusted for retrospectively in terms of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. Consequently, the Group has restated comparative amounts as detailed below.

The summarised consolidated statement of cash flows for the year ended 30 June 2017 was restated as follows:

	Previously reported 30 June 2017 R'000	Restatement for classification errors 30 June 2017 R'000	Restated 30 June 2017 R'000
Cash flow from operating activities			
Cash settled share based payment of subsidiary	-	(24,128)	(24,128)
Net cash generated by operating activities	312,126	(24,128)	287,998
Cash flow from investing activities			
Equity loan from non-controlling interests	15,258	(15,258)	-
Net cash utilised by investing activities	(882,615)	(15,258)	(897,873)
Cash flow from financing activities			
Cash settled share based payment of subsidiary	(24,128)	24,128	-
Equity loan from non-controlling interests	-	15,258	15,258
Net cash utilised by financing activities	(154,538)	39,386	(115,152)

This accounting restatement only affected the line items within the summarised consolidated statement of cash flows, and had no impact on profit for the year, basic and headline earnings per share or any line items within the summarised consolidated statement of financial position.

2.2. Restatements for STS

Smartcall Technology Solutions Proprietary Limited ("STS"), a subsidiary in which the Group holds a 50.0% interest plus one share option, has historically recognised revenue on a principal basis in terms of *IAS 18 Revenue*. An entity is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. In accordance with IAS 18, an entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. On further inspection of the manner in which STS accounts for its revenue with its clients, it was noted that STS was acting as an agent and the revenue earned by STS should therefore have been recognised on an agency basis. This is a prior period accounting error and it has been adjusted retrospectively in terms of IAS 8. Because STS was only acquired during the 2017 financial period, the restatement only relates to the year ended 30 June 2017 and it does not impact on any earlier periods.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

2. Correction of prior period errors (continued)

2.2. Restatements for STS (continued)

The condensed statement of profit and loss for the year ended 30 June 2017 was restated as follows:

	Previously reported	Restatement for STS	Reclassification for discontinued operations *	Restated and reclassified
	30 June	30 June	30 June	30 June
	2017	2017	2017	2017
	R'000	R'000	R'000	R'000
Continuing operations				
Revenue	9,141,010	(453,014)^	(4,906,857)	3,781,139
Cost of sales	(7,421,440)	453,014	4,361,534	(2,606,892)
Gross profit	1,719,570	-	(545,323)	1,174,247

* Refer note 4
^ Agency revenue

This accounting restatement only affected the line items revenue and cost of sales, and had no impact on profit for the year, basic, diluted and headline earnings per share or any line items within the summarised consolidated statement of financial position.

3. Finance costs

Finance costs for the reporting periods can be analysed as follows:

	30 June 2018 R'000	30 June 2017 * R'000
Finance costs		
Interest expense on bank overdrafts	**(16,618)**	(8,745)
Interest expense and finance costs on borrowings from banks	**(119,026)**	(132,433)
Amortisation of loan raising fee	**(1,525)**	-
Interest expense on non-controlling interest loan	**(324)**	(873)
Interest expense on finance lease and instalment sale obligations	**(14,945)**	(13,246)
Interest expense on other financial liabilities and trade and other payables	**(153)**	(109)
	(152,591)	**(155,406)**

* Refer note 4

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

4.1 Reclassification in terms of IFRS 5

During 2016, Tiso Blackstar announced its change in strategy to focus on investments in media and related industries, and to therefore dispose of its non-core assets. As the Group progresses the disposal of its non-core investments, to move towards being a single sector investment holding company, the Group commenced negotiations to dispose of its interests in CSI and Robor, the terms of which will be finalised during the 2019 financial year.

The investments in CSI and Robor met the requirements of *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, and have been separately classified and presented as non-current assets held for sale and discontinued operations at 30 June 2018. It is anticipated that the disposal of CSI and Robor will be through a sale of shares and the Group has received various offers after actively marketing the investments. In accordance with IFRS 5, profit and loss for the comparative year ended 30 June 2017 has been reclassified, to reflect CSI and Robor as discontinued operations in the prior year.

KTH was classified as a discontinued operation, and classified and presented as a non-current asset held for sale in accordance with IFRS 5 at 30 June 2017. The investment in KTH remains classified and presented as a non-current asset held for sale in the condensed statement of financial position and is carried at its fair value less costs to sell. The Tiso Blackstar Board, together with other KTH shareholders, have jointly appointed an independent advisor to advise them on the most optimal approach to achieving the shareholders desired objectives, which includes Tiso Blackstar exiting KTH within the next twelve months.

During the current year, the Group disposed of a 3.4% interest in Robor for R16.5 million, reducing its interest from 51.0% to 47.6% and thereby resulting in a loss of control and step down from a subsidiary to an associate, and a 3.61% interest in KTH for R197.9 million, reducing its interest from 22.9% to 20.01%.

Notes to the summarised consolidated financial statements continued
for the year ended 30 June 2018

4. Discontinued operations and Non-current assets held for sale (continued)

4.1 Reclassification in terms of IFRS 5 (continued)

The effect of restating STS for the correct revenue recognition principles, and reclassifying CSI and Robor as discontinued operations, had the following impact on the condensed statements of income and other comprehensive income:

	Previously reported 30 June 2017 R'000	Reclassification for discontinued operations 30 June 2017 R'000	Restatement for STS * 30 June 2017 R'000	Restated and reclassified 30 June 2017 R'000
Continuing operations				
Revenue	9,141,010	(4,906,857)	(453,014)	3,781,139
Cost of sales	(7,421,440)	4,361,534	453,014	(2,606,892)
Gross profit	1,719,570	(545,323)	-	1,174,247
Operating expenses	(1,420,826)	504,576	-	(916,250)
Depreciation and amortisation	(184,469)	45,685	-	(138,784)
Straight lining of leases	5,655	22,776	-	28,431
Other income	93,849	(24,086)	-	69,763
Operating profit	213,779	3,628	-	217,407
Other gains / (losses)	70,194	(27,543)	-	42,651
Net profit	283,973	(23,915)	-	260,058
Net finance costs	(240,700)	90,185	-	(150,515)
Finance income	8,175	(3,284)	-	4,891
Finance costs	(248,875)	93,469	-	(155,406)
Share of profit / (losses) of associates - equity accounted	7,395	(7,677)	-	(282)
Profit before taxation	50,668	58,593	-	109,261
Taxation	(58,508)	(5,704)	-	(64,212)
(Loss) / Profit from continuing operations	(7,840)	52,889	-	45,049
Loss from discontinued operations, net of taxation	(7,607)	(52,889)	-	(60,496)
Loss for the year	(15,447)	-	-	(15,447)

* Refer note 2

4.2 Discontinued operations

Results from the discontinued operations

The results from the discontinued operations which are included in the condensed statements of Profit and Loss are as follows:

	30 June 2018 R'000	30 June 2017 * R'000
Loss for the year from discontinued operations		
Revenue	**3,515,847**	4,907,992
Cost of sales	**(3,150,416)**	(4,361,534)
Gross profit	**365,431**	546,458
Income	**32,297**	52,501
Expenses	**(455,979)**	(553,037)
Net finance costs	**(75,088)**	(90,185)
Loss before taxation	**(133,339)**	(44,263)
Taxation	**16,467**	3,767
Loss before remeasurement to fair value less costs to sell	**(116,872)**	(40,496)
Loss on remeasurement to fair value less costs to sell	**(178,771)**	(20,000)
Loss for the year from discontinued operations	**(295,643)**	(60,496)

* Refer notes 2 and 4.1

4.3 Non-current assets and liabilities held for sale

The investments in Robor and KTH, and the CSI disposal group, are classified and presented as non-current assets held for sale at 30 June 2018 and are valued at the lower of carrying value and fair value less costs to sell.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

5. Other comprehensive income / (loss), net of taxation

Other comprehensive income / (loss) mainly comprises the foreign currency translation adjustments recognised in the foreign currency translation reserve. These currency adjustments arise on translation of the Group's investments in its African-based associates, Radio Africa group, Multimedia group and Coopers, as well as the African based foreign operations held by CSI and BHG, to the Group's functional currency Rands at the closing rate at 30 June 2018.

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

	30 June 2018 R'000	30 June 2017 R'000
On translation of the following foreign operations and associates:	**7,494**	(70,471)
Foreign operations held by CSI and BHG	**(1,805)**	(3,648)
Investment in associate Radio Africa group	**14,882**	(27,388)
Investment in associate Multimedia group	**(4,915)**	(37,297)
Investment in associate Coopers	**(668)**	(2,138)
Actuarial gain on post-retirement medical aid benefits	**2,252**	2,667
	9,746	(67,804)

6. (Loss) / earnings per ordinary share, Net asset value per ordinary share, Tangible net asset value per ordinary share and Dividends per ordinary share

	30 June 2018	30 June 2017
Basic (loss) / earnings per ordinary share (in cents)		
From continuing operations	**3.19**	15.27
From discontinued operations	**(107.30)**	(12.32)
Total basic (loss) / earnings per ordinary share (in cents)	**(104.11)**	2.95
Diluted (loss) / earnings per ordinary share (in cents)		
From continuing operations	**3.13**	15.17
From discontinued operations	**(105.49)**	(12.24)
Total diluted (loss) / earnings per ordinary share (in cents)	**(102.36)**	2.93
Net asset value per ordinary share (in cents)		
Net asset value	**3,076,011**	3,378,132
Number of shares in issue (in thousands)	**263,283**	265,279
Net asset value per ordinary share (in cents)	**1,168.33**	1,273.43
Tangible net asset value per ordinary share (in cents)		
Tangible net asset value	**820,168**	863,263
Number of shares in issue (in thousands)	**263,283**	265,279
Tangible net asset value per ordinary share (in cents)	**311.52**	325.42
Dividends per ordinary share (in cents)		
Dividends paid	**12,545**	23,803
Number of shares in issue (in thousands)	**272,307**	268,291
Dividends per ordinary share (in cents)	**4.61**	8.87

6.1 Basic (loss) / earnings and weighted average number of shares

	30 June 2018 R'000	30 June 2017 R'000
Profit for the year attributable to equity holders of the parent from continuing operations	**8,448**	40,496
Loss for the year attributable to equity holders of the parent from discontinued operations	**(284,407)**	(32,673)
(Loss) / Profit for the year attributable to equity holders of the parent	**(275,959)**	7,823
Weighted average number of shares in issue (net of treasury shares, in thousands) ^^	**265,062**	265,279

^^ Shares issued during the current and prior financial years (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

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

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

6.2 Diluted (loss) / earnings and weighted average number of shares

	30 June 2018 R'000	30 June 2017 R'000
Profit for the year attributable to equity holders of the parent from continuing operations	**8,448**	40,496
Loss for the year attributable to equity holders of the parent from discontinued operations	**(284,407)**	(32,673)
(Loss) / Profit for the year attributable to equity holders of the parent	**(275,959)**	7,823
Weighted average number of shares in issue (in thousands)	**269,601**	266,879
Reconciliation of weighted average number of shares in issue		
Weighted average number of shares in issue (in thousands)	**269,601**	266,879
Less number of shares expected to vest (in thousands)	**(4,539)**	(1,600)
Weighted average number of shares in issue (net of treasury shares, in thousands)	**265,062**	265,279

6.3 Basic and diluted headline loss per ordinary share

	30 June 2018 R'000	30 June 2017 R'000
(Loss) / Profit for the year attributable to equity holders of the parent	**(275,959)**	7,823
Profit on disposal of property, plant and equipment	**(1,488)**	(22,133)
Profit on disposal of intangible assets	**(25,000)**	(49)
Reversal of impairment of property, plant and equipment	**-**	(11,379)
Impairment of intangible assets	**761**	-
Gains arising on investment properties	**(36)**	(2,858)
Impairment of investments	**-**	25,270
Loss on disposal of subsidiaries/businesses	**2,099**	1,695
Gains on investments	**-**	(256)
(Gains) / Loss on disposal of associates	**(187)**	718
Impairment of associates	**4,351**	-
Gain on loss of control in Robor	**(5,821)**	-
Loss on part disposal of KTH	**38,523**	-
Loss on remeasurement of fair value less costs to sell CSI	**178,771**	-
Gains recognised on step up acquisitions	**-**	(41,697)
Gain on bargain purchase	**-**	(1,745)
Total non-controlling interests and tax effects of adjustments	**(40,825)**	11,099
Headline loss	**(124,811)**	(33,512)
Basic headline loss per ordinary share (in cents) attributable to equity holders of the parent	**(47.09)**	(12.63)
Diluted headline loss per ordinary share (in cents) attributable to equity holders of the parent	**(46.29)**	(12.56)

Notes to the summarised consolidated financial statements continued
for the year ended 30 June 2018

7. Goodwill

The aggregate carrying amounts of goodwill per segment are as follows:

	30 June 2018 R'000	30 June 2017 R'000
Media	**420,421**	420,421
Hirt & Carter Group	**616,121**	579,468
Broadcast and Content	**44,154**	44,154
CSI	**-**	109,439
Robor	**-**	71,454
	1,080,696	1,224,936

8. Net cash and cash equivalents

	30 June 2018 R'000	30 June 2017 R'000
Cash and cash equivalents	**394,496**	174,901
Cash on hand	**442**	526
Deposits and cash at bank	**394,054**	128,430
Other cash and cash equivalents	**-**	45,945
Bank overdrafts and other short term borrowing facilities	**(285,562)**	(886,842)
Bank overdrafts	**(285,562)**	(94,194)
Working capital facilities	**-**	(792,648)
Net cash and cash equivalents	**108,934**	(711,941)
Cash and bank overdrafts included in the CSI disposal group held for sale	**(358,668)**	-
Net cash and cash equivalents per the condensed statement of cash flows	**(249,734)**	(711,941)

9. Business combinations

9.1 Acquisition during the current year

Effective 1 July 2017, the Hirt & Carter Group acquired a 51.0% interest in Bothma Branding Solutions Proprietary Limited ("BBS") for R15.9 million. BBS design, produce and execute branding solutions in the formal and informal retail markets.

BBS was acquired to continue with the expansion of the Group's media focused strategy. Goodwill of R36.7 million arose on acquisition of BBS. The goodwill recognised was for a control premium and expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for intangible assets. Goodwill is not expected to be deductible for tax purposes. BBS has contributed revenue of R77.6 million and a profit for the year of R7.8 million to the Group's results for the year ended 30 June 2018.

The carrying value of the assets and liabilities acquired approximated the fair value on acquisition date.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

9. Business combinations (continued)

9.1 Acquisition during the current year (continued)

The Group acquired a 51.0% controlling interest in BBS and has two representatives on the BBS board. On this basis, BBS was accounted for as a subsidiary and consolidated.

	30 June 2018 R'000
Property, plant and equipment	**5,644**
Intangible assets	**4**
Inventories	**2,687**
Trade and other receivables	**7,553**
Cash and cash equivalents	**1,971**
Net deferred taxation	**(682)**
Borrowings and other financial liabilities	**(1,361)**
Current tax payable	**(1,015)**
Trade and other payables	**(3,173)**
Identifiable assets and liabilities at fair value at acquisition date	**11,628**
Non-controlling interest (1)	**(5,913)**
Goodwill	**36,653**
Purchase consideration	**42,368**
Less: Purchase consideration included in trade and other payables	**(26,510)**
Purchase consideration paid in cash	**15,858**
Cash flow	
Purchase consideration paid in cash	**(15,858)**
Add: Cash and cash equivalents acquired	**1,971**
Net cash flow on acquisition of subsidiaries/businesses	**(13,887)**

(1) Measured with reference to the non-controlling interest's share of the identifiable assets and liabilities at fair value, at acquisition date

9.2 Disposals of subsidiaries and changes in holdings during the current year

The Group disposed of a 3.4% interest in Robor during the current year for R16.5 million reducing its interest in Robor from 51.0% to 47.6% and thereby resulting in a loss of control and a step down from a subsidiary to an associate. Subsequent to this, the investment in Robor was classified and disclosed as a non-current asset held for sale at 30 June 2018 (refer note 4).

During the year, other less significant disposals of subsidiaries and businesses took place ("Other Disposals") and comprise of:

- the disposal of the Group's entire shareholding in its wholly owned subsidiary Fantastic Investments 379 Proprietary Limited ("Fantastic") for R2.0 million; and
- the disposal of the Group's 51.0% interest in Backbone Studios Proprietary Limited (previously Orange View Studios Proprietary Limited) for R26,000.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

9. Business combinations (continued)

9.2 Disposals of subsidiaries and changes in holdings during the current year (continued)

30 June 2018	Robor R'000	Other Disposals R'000	Total R'000
Property, plant and equipment	465,637	-	465,637
Investment property	-	12,710	12,710
Intangible assets	127	-	127
Goodwill	71,454	-	71,454
Investments in associates, joint ventures, other investments, loans and receivables	11,800	-	11,800
Other financial assets	687	133	820
Inventories	358,466	-	358,466
Trade and other receivables	406,143	185	406,328
Current tax receivable	3,847	19	3,866
Cash and cash equivalents	63,544	297	63,841
Net deferred taxation	(22,842)	913	(21,929)
Borrowings and other financial liabilities	(141,314)	(9,644)	(150,958)
Provisions	(11,575)	-	(11,575)
Trade and other payables	(374,246)	(489)	(374,735)
Bank overdrafts and other short term borrowing facilities	(494,689)	-	(494,689)
Identifiable assets and liabilities disposed of	337,039	4,124	341,163
Less: Fair value of remaining shareholding on loss of control	(149,261)	-	(149,261)
Less: Consideration received	(16,486)	(2,025)	(18,511)
Less: Non-controlling interests	(177,113)	-	(177,113)
(Gain) / Loss on disposal	(5,821)	2,099	(3,722)
Consideration received			
Cash consideration received in cash	-	2,025	2,025
Deferred sales proceeds	16,486	-	16,486
Total consideration received	16,486	2,025	18,511
Cash flow			
Consideration received in cash and cash equivalents	-	2,025	2,025
Less: Cash and cash equivalents disposed of	431,145	(297)	430,848
Net cash flow on disposal of subsidiaries/businesses	431,145	1,728	432,873

9.3 Business combinations in the prior year

Business combinations in the prior year, mainly comprised subsidiaries which were no longer carried at fair value but rather consolidated (the "Deemed Acquisitions"), due to change in the Group's status from an Investment Entity to a trading entity.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

10. Segmental information

For the purpose of reporting to the Tiso Blackstar Board (who are considered to be the Chief Operating Decision Maker ("CODM") of the Company), the Group is organised into segments. The CODM's strategy for the Group to focus on owning and growing diversified revenues streams from media businesses with leading market positions, strong cash flows, historic earnings growth and an ability to continue as a going concern.

The Group has identified its operating segments based on their nature, and the reportable segments are as follows:

Core operations:

- Media: the division houses the Group's interest in the distribution of knowledge and content via print, online assets and other platforms;

- Hirt & Carter Group: the division includes the activities on retail advertising production systems and related database management and development, and retail print via H&C and Uniprint;

- Broadcast and Content: the division includes the television and radio platforms, radio assets, Empire Entertainment which is the leading all-rights distributor of local and international films business, and Gallo the music business;

- Africa (excluding South Africa): includes the Group's interests in the associates Radio Africa group in Kenya, Multimedia group in Ghana and Coopers in Nigeria (all the African interests are equity accounted as associates and the share of profits from these interests are therefore not shown in the tables below); and

- Other: comprising of investments that are not deemed to be material to the Group (including the property subsidiaries) and other consolidated Group companies, including head office, holding companies and the investment advisor Tiso Blackstar SA Proprietary Limited ("Tiso Blackstar SA").

Non-core operations:
The investments in KTH and Robor, and the CSI disposal group, are classified and presented as discontinued operations and non-current assets held for sale (refer note 4).

- CSI: a wholly owned subsidiary comprising of Stalcor which is a processor, distributor and stockist of carbon steel, stainless steel and aluminium in the form of high quality sheet, plate and coil as well as structural and other long product profiles, and GRS which is a steel roofing and cladding company;

- Robor: in which the Group holds a 47.6% interest is a manufacturer and supplier of welded steel tube and pipe and cold formed steel profiles; and

- KTH: in which the Group holds a 20.01% interest is 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.

Each segment within the Group is assessed by the CODM based on EBITDA. EBITDA is defined as Tiso Blackstar Trading Performance, which is calculated from profit before interest and tax after adding back depreciation, amortisation, straight lining of leases and share based payment expenses. It excludes items outside of the ordinary day-to-day activities. Segmental EBITDA is defined as net profit before depreciation, amortisation, straight lining of leases, share based payment expenses and other gains / (losses).

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

10. Segmental information (continued)

10.1 Reconciliation of net profit to Tiso Blackstar Trading Performance – Core EBITDA

30 June 2018	Media R'000	Hirt & Carter Group R'000	Broadcast and Content R'000	Other R'000	Total R'000
Revenue	1,523,035	1,911,297	377,496	1,490	**3,813,318**
Segmental revenue including inter-segmental spend	1,523,528	1,915,659	379,889	1,490	**3,820,566**
Inter-segmental revenue	(493)	(4,362)	(2,393)	-	**(7,248)**
Cost of sales	(1,172,366)	(1,181,375)	(252,588)	-	**(2,606,329)**
Gross profit	**350,669**	**729,922**	**124,908**	**1,490**	**1,206,989**
Operating expenses	(272,380)	(493,409)	(91,379)	(43,679)	**(900,847)**
Depreciation, amortisation and straight lining of leases	(65,035)	(88,252)	(6,242)	(64)	**(159,593)**
Operating income	48,580	40,597	7,079	2,197	**98,453**
Operating profit / (loss)	**61,834**	**188,858**	**34,366**	**(40,056)**	**245,002**
Other (losses) / gains	717	2,014	(8,677)	(5,440)	**(11,386)**
Net profit / (loss)	**62,551**	**190,872**	**25,689**	**(45,496)**	**233,616**
Reconciliation to Segmental EBITDA after other gains / (losses)					
Depreciation, amortisation and straight lining of leases	65,035	88,252	6,242	64	**159,593**
Share based payment expense	537	1,833	-	7,541	**9,911**
Total Segmental EBITDA after other gains / (losses)	**128,123**	**280,957**	**31,931**	**(37,891)**	**403,120**
Reconciliation to Tiso Blackstar Trading Performance – Core EBITDA					
Impairment of property investment	-	-	-	6,541	**6,541**
Loss on disposal of listed investment	-	-	-	2,714	**2,714**
Total Tiso Blackstar Trading Performance – Core EBITDA	**128,123**	**280,957**	**31,931**	**(28,636)**	**412,375**

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

10. Segmental information (continued)

10.1 Reconciliation of net profit to Tiso Blackstar Trading Performance (continued)

30 June 2017	Media* R'000	Hirt & Carter Group R'000	Broadcast and Content R'000	Other* R'000	Restated and reclassified Total* R'000
Revenue	1,592,542	1,733,554	441,186	13,857	3,781,139
Segmental revenue including inter-segmental spend	1,593,873	1,748,856	447,207	13,857	3,803,793
Inter-segmental revenue	(1,331)	(15,302)	(6,021)	-	(22,654)
Cost of sales	(1,217,330)	(1,075,644)	(313,912)	(6)	(2,606,892)
Gross profit	375,212	657,910	127,274	13,851	1,174,247
Operating expenses	(285,990)	(433,502)	(98,055)	(98,703)	(916,250)
Depreciation, amortisation and straight lining of leases	(53,166)	(71,589)	(6,188)	20,590	(110,353)
Operating income	42,015	20,560	6,450	738	69,763
Operating profit / (loss)	78,071	173,379	29,481	(63,524)	217,407
Other (losses) / gains	17,076	8,843	(62,558)	79,290	42,651
Net profit / (loss)	95,147	182,222	(33,077)	15,766	260,058
Reconciliation to Segmental EBITDA after other gains / (losses)					
Depreciation, amortisation and straight lining of leases	53,166	71,589	6,188	(20,590)	110,353
Share based payment expense	-	-	-	4,836	4,836
Total Segmental EBITDA after other gains / (losses)	148,313	253,811	(26,889)	12	375,247
Reconciliation to Tiso Blackstar Trading Performance – Core EBITDA					
Profit on disposal of property	(29,775)	-	-	-	(29,775)
Impairment of loans	-	-	25,270	-	25,270
Correction of segmental allocation	-	-	33,643	(33,643)	-
Total Tiso Blackstar Trading Performance – Core EBITDA	118,538	253,811	32,024	(33,631)	370,742

*Refer to note 2 and 4

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

10. Segmental information (continued)

10.2 Geographical information

	30 June 2018 R'000	30 June 2017 R'000
South Africa	**3,746,342**	3,734,472
Rest of Africa	**45,553**	25,316
North America	**15,134**	15,296
Europe	**5,557**	6,045
Asia	**606**	10
Australia	**126**	-
Total revenue by geographic location	**3,813,318**	**3,781,139**

11. Financial instruments and financial risk management

11.1 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 summarised consolidated financial statements for the year ended 30 June 2018 do 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 2018. 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 2017.

11.2 Fair value estimation

The fair values of financial instruments that are accounted for at amortised cost have been determined for both the current and prior years and approximate the carrying amounts at the respective year ends due to either the short term nature of the instrument or because it attracts a market related rate of interest.

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 2018	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Total R'000**
Financial assets				
Financial assets held for trading	**-**	**-**	**1,112**	**1,112**
Non-current assets and liabilities held for sale	**-**	**1,401,132**	**-**	**1,401,132**
Total	**-**	**1,401,132**	**1,112**	**1,402,244**

As at 30 June 2017	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Investment property	-	-	12,674	12,674
Financial assets held for trading	17,005	-	158	17,163
Non-current assets held for sale	-	1,500,000	-	1,500,000
Total	17,005	1,500,000	12,832	1,529,837

Transfers between levels

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

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

11. Financial instruments and financial risk management (continued)

11.3 Valuation techniques

11.3.1 Level 2

Non-current assets and liabilities held for sale

The investments in KTH and Robor, and the CSI disposal group, are classified and presented as non-current assets held for sale at 30 June 2018, and are carried at the lower of carrying value and fair value less costs to sell (refer note 4).

Their fair values have been determined with reference to the anticipated value expected to be realised on disposal.

11.3.2 Level 3

Investment property

The fair value of the investment property in the prior year was based on the directors' valuation, which included straight lining of leases. The valuation was performed annually by the directors and independently every three to five years, and was based on available market information of similar properties in the same condition and location.

Financial assets held for trading

Investments included in financial assets held for trading are not material and the valuation is based on directors' valuation.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS34. This information is included in the full set of consolidated financial statements which is available for inspection at Tiso Blackstar's registered offices and upon request.

12. Contingencies and guarantees

Tiso Blackstar together with one of its subsidiaries has a written cession in securitatem debiti and pledge agreement with RMB and Standard Bank which operates as a security cession in respect of the facility held.

Tiso Blackstar provided a guarantee limited to R50.0 million to a bank in respect of financing facilities provided to CSI. Subsequent to year end, R50.0 million was transferred to CSI as a short term, interest free equity loan repayable on transfer of ownership of CSI. The Company was released from its guarantee of R50.0 million on transfer of these funds.

Tiso Blackstar has a guarantee limited to R10.0 million to a bank for the obligations of CSI. The Company will be released from this guarantee on the disposal of CSI.

Tiso Blackstar provided a guarantee limited to R160.0 million to a bank for the obligations of Robor. The Company will be released from its guarantee on the disposal of Robor.

During the year, the Group sold a 3.6% interest in KTH for R197.9 million. These sale proceeds were funded from an investment KTH held in a company. As part of this sale, RMB issued a guarantee for R225.4 million to the company which has recourse to Tiso Blackstar.

During the prior year, Tiso Blackstar provided a guarantee to a bank in respect of a mortgage bond taken out by one of its property subsidiaries to acquire a property for the amount of R11.6 million. The shares held in Fantastic were sold in March 2018 and Tiso Blackstar was released from the guarantee.

There have been no significant changes to contingencies from what was disclosed in the annual consolidated financial statements for the year ended 30 June 2017.

13. Comparatives

Certain comparative figures have been restated and/or reclassified as disclosed in notes 2 and 4.

14. Changes in directors and directorships

The capacity of Andrew Bonamour changed from a non-executive director to chief executive officer with effect from 17 July 2017.

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

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2018

15. Subsequent events

The disposal processes of both CSI and Robor are progressing well and finalisation of these exits is expected in the next few months. Subsequent to year end, an amount of R50.0 million was transferred to CSI as a short term, interest free equity loan repayable on transfer of ownership of CSI. The Company was released from its guarantee of R50.0 million on transfer of these funds. The shareholders of KTH have appointed an independent party to advise on the most optimal approach to meet the shareholders desired objectives. It is anticipated that the KTH implementation plan will be finalised and approved by KTH shareholders shortly with execution well under way, if not completed by 30 June 2019. STS was sold during August 2018 for R21.5 million.

16. Related parties

There have been no significant changes to related parties from what was disclosed in the consolidated annual financial statements for the year ended 30 June 2017.

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

London, United Kingdom
26 September 2018

For further enquiries, please contact:

Tiso Blackstar Group SE	Leanna Isaac	+44 (0) 20 7887 6017
JSE Sponsor: One Capital	Sholto Simpson	+27 11 550 5000