THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this cover page.

Action required by shareholders

1. This entire Circular is important and should be read with particular attention to the section entitled *"Action required by Shareholders"*, which commences on page 3.
2. If you are in any doubt as to what action to take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
3. If you have disposed of all your Shares in Tiso Blackstar, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

Tiso Blackstar does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Shareholder to notify such Shareholder of the General Meeting, notice of which is contained in and forms part of this Circular.

tiso blackstar
group.

TISO BLACKSTAR GROUP SE
(Incorporated in England and Wales)
(Registration number SE000110)
(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**")

CIRCULAR TO SHAREHOLDERS

Relating to the approval of –

- the Transaction, which constitutes a category 1 transaction in terms of the JSE Listings Requirements;
- the Capital Reduction; and
- the Specific Repurchase by the Company of up to 2 900 000 Specific Repurchase Shares, following implementation of the SA Sale, at the Specific Repurchase Price of R3.72 per Share,

and incorporating:

- a Notice of General Meeting of Shareholders; and
- a Form of Proxy *(grey)* in respect of the General Meeting.

Corporate Advisor and Sponsor	Auditors and Independent Reporting Accountants	Legal Advisor
PSG CAPITAL	Deloitte.	CDH CLIFFE DEKKER HOFMEYR

Date of issue: Friday, 20 September 2019

Copies of this Circular are available in English only and may, from Friday, 20 September 2019 until Wednesday, 23 October 2019 (both days inclusive), be obtained from the registered office of Tiso Blackstar or from the Sponsor, at the addresses set out in the "Corporate Information and Advisors" section of this Circular. A copy of this Circular will also be available on Tiso Blackstar's website at https://www.tisoblackstar.com/.

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this forward-looking statement disclaimer.

This Circular contains statements about Tiso Blackstar and/or the Tiso Blackstar Group that are or may be forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as **"believe"**, **"aim"**, **"expect"**, **"anticipate"**, **"intend"**, **"foresee"**, **"forecast"**, **"likely"**, **"should"**, **"planned"**, **"may"**, **"estimated"**, **"potential"** or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Tiso Blackstar cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Tiso Blackstar operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Tiso Blackstar, as communicated in publicly available documents by Tiso Blackstar, all of which estimates and assumptions, although Tiso Blackstar believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Tiso Blackstar or not currently considered material by Tiso Blackstar.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Tiso Blackstar not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Tiso Blackstar has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the external auditors.

CORPORATE INFORMATION AND ADVISORS

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this *"Corporate Information and Advisors"* section.

Directors
David Kwame Tandoh Adomakoh* (Non-executive Chairman)
John Broadhurst Mills*# (Deputy Chairman and Lead Independent Director)
Andrew David Bonamour (Chief Executive Officer)
Nkululeko Leonard Sowazi*
Harishkumar Kantilal Mehta*#
* Non-executive
\# Independent

Company Secretary
Ms Leanna Isaac (BCom, CIMA, CCSP qualification)

Registered Address of Tiso Blackstar
Berkeley Square House, Berkeley Square,
Mayfair, London
W1J 6BD, United Kingdom

Place of incorporation of Tiso Blackstar
England and Wales

Date of Incorporation of Tiso Blackstar
20 June 1989

Legal Advisors (as to South African law)
Cliffe Dekker Hofmeyr Incorporated
1 Protea Place, Sandton
Johannesburg, 2196
South Africa
(Private Bag X40, Benmore, 2010)

Legal Advisors (as to English law)
Paul Hastings (Europe) LLP
Ten Bishops Square, Eighth Floor
London, E1 6EG
United Kingdom

Corporate Advisor and Sponsor
PSG Capital Proprietary Limited
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
South Africa
(PO Box 7403, Stellenbosch, 7599)

and

2nd Floor, Building 3, 11 Alice Lane
Sandhurst
Sandton, 2196
South Africa
(PO Box 650957, Benmore, 2010)

Auditors and Independent Reporting Accountants (South Africa)
Deloitte & Touche
Deloitte Place, Building 1 & 2
The Woodlands
20 Woodlands Drive
Woodmead, 2052
South Africa

Auditors (United Kingdom)
Deloitte LLP
1 New Street Square
London
EC4A 3BZ
United Kingdom

Transfer Secretaries
Link Market Services Proprietary Limited
13th Floor, 19 Ameshoff Street
Braamfontein, 2000
South Africa
(PO Box 4844, Johannesburg, 2000)

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The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this table of contents.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to this section of the Circular.

Please take careful note of the following provisions regarding the action required by Shareholders in connection with this Circular.

1. If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

2. If you have disposed of all your Shares in Tiso Blackstar, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

3. **A General Meeting of Shareholders will be held at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Wednesday, 23 October 2019 at 9:00 am GMT (10:00 am SAST), to consider and, if deemed fit, to pass the resolutions set out in the Notice of General Meeting attached to this Circular.**

4. ATTENDANCE AT THE GENERAL MEETING AND APPOINTMENT OF PROXIES

If you are a Certificated Shareholder or an Own-Name Dematerialised Shareholder and are unable to attend the General Meeting, you may wish to appoint a proxy (or proxies) to attend and vote on your behalf by following the notes in the Notice of General Meeting and the instructions in the enclosed Form of Proxy and returning such form so as to be received by the Company or the Company's Transfer Secretaries no later than Monday, 21 October 2019 at 9:00 am GMT (10:00 am SAST), provided that any Form of Proxy not delivered to by this time may be handed to the chairman of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

Dematerialised Shareholders on the Register, other than own-name registered Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the Custody Agreement entered into between such Shareholders and the CSDP or Broker. Dematerialised Shareholders, other than own-name registered Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the Custody Agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.

Kindly refer to the Notice of General Meeting for further guidance in this regard.

5. VOTING AT THE GENERAL MEETING

Voting on each of the resolutions to be put to the forthcoming General Meeting will be taken by a poll, rather than on a show of hands. The results of the poll will be announced on SENS and will be available on the Company's website as soon as practicable following the conclusion of the General Meeting.

Detailed notes are included in the Notice of General Meeting.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular apply *mutatis mutandis* to these salient dates and times.

	2019
Record date in order to be eligible to receive this Circular, including the Notice of General Meeting	Friday, 13 September
Circular distributed to Shareholders on	Friday, 20 September
Announcement of the distribution of this Circular and of the date and place of the General Meeting released on SENS on	Friday, 20 September
Above announcement published in the South African press on	Monday, 23 September
Last day to trade in Shares in order to be eligible to attend, participate in and vote at the General Meeting	Tuesday, 8 October
Record date in order to be eligible to attend, participate in and vote at the General Meeting	Friday, 11 October
Forms of Proxy in respect of the General Meeting to be lodged by 9:00 am GMT (10:00 am SAST) on	Monday, 21 October
Forms of Proxy not lodged timeously, to be handed to the chairman of the General Meeting before the proxy exercises the rights of the Shareholder at the General Meeting on	Wednesday, 23 October
General Meeting of Shareholders to be held at 9:00 am GMT (10:00 am SAST) on	Wednesday, 23 October
Results of General Meeting released on SENS on	Wednesday, 23 October
Results of General Meeting published in the press on	Thursday, 24 October
SA Sale expected to be implemented on or about	Thursday, 31 October
Expected date by which the Capital Reduction will be registered with the UK Companies House, as required in order to implement the Specific Repurchase	Wednesday, 20 November
Expected date for the delisting from the JSE of the Specific Repurchase Shares repurchased by the Company in terms of the Specific Repurchase, from the commencement of trading on the JSE on or about	Wednesday, 27 November
Africa Radio Sale expected to be implemented by	Friday, 29 November
	2020
SA Radio Sale expected to be implemented by no later than	Friday, 31 July

Notes

1. *All of the above dates and times are subject to change. Any changes made will be notified to Shareholders on SENS.*
2. *Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, persons who acquire Shares after the last day to trade in order to be eligible to vote at the General Meeting, namely, Tuesday, 8 October 2019, will not be able to vote thereat.*
3. *If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement.*

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite to them in the second column.

“Africa Radio”	the following shareholdings which will, following the Restructuring, be held by UK Newco: • 49% of the issued shares in Radio Africa Kenya; • 32.3% of the issued shares in Multimedia Ghana; and • 24.5% of the issued shares in Coopers Nigeria, with the above companies (“**Africa Radio Companies**”) operating certain radio, television and online businesses in Africa, including MultiTV, Joy Prime, Joy News, Adom TV, Luv 99.5 FM, Asempa 94.7 FM, Joy Online, Nhyira 104.5 FM, Hitz 103.9 FM, Kiss Television, Bamba Digital Television, 105.5 X FM, East FM, 92.8 Gukena FM, Lagos Talks 91.3 FM, Radio Jambo, Kiss FM 100.3, Classic 105, Joy 99.7 FM and Adom 106.3 FM. Details regarding the other shareholders in the Africa Radio Companies appear in **Part C** of **Annexure 10** to this Circular;
“Africa Radio Sale”	subject to the fulfilment (or where permissible, waiver) of the Africa Radio Sale Conditions Precedent, the sale by TBH UK, in terms of the Africa Radio Sale Agreement, to Lebashe of the Africa Radio Sale Equity for the Africa Radio Sale Consideration, thereby resulting in the disposal of Africa Radio;
“Africa Radio Sale Agreement”	the sale of shares and claims agreement concluded on or about 26 July 2019 between TBH UK, Lebashe and UK Newco, setting out the terms of and the conditions to the Africa Radio Sale, a copy of which is available for inspection in terms of paragraph 17 of this Circular;
“Africa Radio Sale Closing Date”	the 5th business day after the date of fulfilment or waiver, as the case may be, of the last of the Africa Radio Sale Conditions Precedent, anticipated to occur by 29 November 2019;
“Africa Radio Sale Conditions Precedent”	the remaining conditions precedent to the Africa Radio Sale Agreement as set out in paragraph 2.3.2.1 of this Circular;
“Africa Radio Sale Consideration”	the amount of R200 000 000;
“Africa Radio Sale Equity”	the entire issued share capital of UK Newco, as well as all claims whatsoever held by TBH UK against UK Newco on the Africa Radio Sale Closing Date;
“Articles”	the statutes of the Company;
“BDFM”	BDFM Publishers Proprietary Limited, registration number 1996/015828/07, a limited liability private company duly incorporated in South Africa, being a wholly-owned subsidiary of, ultimately, BHG (via BHG’s 100% direct and indirect shareholding in a number of interposed companies) and, accordingly, of the Company;
“BHG”	Blackstar Holdings Group Proprietary Limited, registration number 2008/009392/07, a limited liability private company duly incorporated in South Africa, a wholly-owned subsidiary of TBH UK and, ultimately, of the Company;
“BHG Group”	BHG, any subsidiaries of BHG, any holding company of BHG and/or any subsidiaries of such holding company, but specifically excluding the TBG SA Group, Rise Broadcast and Vuma, or any one or more of them, as the context may require;
“BlackstarTiso”	BlackstarTiso Proprietary Limited, registration number 2008/002461/07, a limited liability private company duly incorporated in South Africa, a wholly-owned subsidiary of BHG and, ultimately, of the Company;
“Board” or “Directors”	the board of directors of Tiso Blackstar;
“Broker”	a “stockbroker” as defined in the Financial Markets Act, or its nominee;
“business day”	any day, other than a Saturday, Sunday or public holiday in South Africa;
“Capital Reduction”	the reduction of the Company’s share premium account, so that it can be utilised as distributable reserves from which the Specific Repurchase may be made, as detailed more fully in paragraph 3.11 of this Circular;
“Capital Reduction Resolution”	the special resolution to be proposed at the General Meeting, as set out in the Notice of General Meeting annexed hereto and identified therein as “Special Resolution Number 1”;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Shares being “certificated securities” as defined in the Financial Markets Act and having accordingly not been Dematerialised, title to which are evidenced by Documents of Title;
“Circular”	this circular to Shareholders, dated Friday, 20 September 2019, including all annexures hereto;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the UK Companies Act 2006, and shall include every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company;

“Coopers Nigeria”	Cooper Communications Limited, registration number RC 88389, a private company limited by shares duly incorporated in Nigeria. TBH UK currently holds 24.5% of the total issued shares in Coopers Nigeria directly, which shareholding will ultimately be held by UK Newco after the Restructuring. UK Newco will, via its 49% shareholding in Radio Africa Kenya (which, in turn, holds 24.5% of Coopers Nigeria), have a further indirect shareholding of 12% in Coopers Nigeria, resulting in a combined effective shareholding for UK Newco in Coopers Nigeria, following the Restructuring, of 36.5%;
“Court”	The United Kingdom’s Insolvency and Companies List (formerly the Companies Court);
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
“Custody Agreement”	a custody mandate agreement between a Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on Tiso Blackstar’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in Tiso Blackstar’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
“Empire Entertainment”	an independent distributor of filmed entertainment across Africa and operating as a business division of TBG SA, and falling within the SA Broadcast and Content Assets to be disposed of to Lebashe pursuant to the SA Sale;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No 9 of 1933 of South Africa, as amended;
“Flaxa Media”	Flaxa Media Limited, registration number CPR/2013/118579, a limited liability company incorporated under the laws of Kenya, which shall, immediately prior to and following the Restructuring, be a member of the Relevant Group through TBG SA’s 49% shareholding in CTBL Media Limited which, in turn, shall hold 51% of Flaxa Media;
“Financial Markets Act”	the Financial Markets Act, No 19 of 2012 of South Africa, as amended;
“Forfeitable Share Plan”	the Tiso Blackstar Group’s existing long-term incentive scheme, in the form of a forfeitable share plan, as previously approved by Shareholders and the JSE, in terms of which Forfeitable Shares may be awarded to Participants, following which such Forfeitable Shares are registered in the names of the Participants and held for their benefit, the vesting of which is subject to the fulfilment of an employment condition and/or the applicable performance conditions over a three year performance period (if applicable);
“Forfeitable Share Plan Rules”	the rules of the Forfeitable Share Plan, a copy of which is available for inspection in terms of paragraph 17 of this Circular;
“Forfeitable Shares”	Shares awarded, under the Forfeitable Share Plan, to a Participant (who has accepted such award) and registered in the name of that Participant subsequent to such award and held for his/her benefit, the vesting of which is subject to the fulfilment of an employment condition and/or the applicable performance conditions over a three year performance period (if applicable), as specified in the applicable award letter;
“Form of Proxy”	for purposes of the General Meeting, the form of proxy *(grey)* for use by Shareholders;
“Gallo Businesses”	the businesses conducted by the Tiso Blackstar Group under the names and styles of *“Gallo Record Company”* and *“Gallo Music Publishers”*, which undertake the licencing and production of music works and the promotion and representation of music artists and all matters ancillary or incidental thereto, including all assets owned by TBG SA (prior to the Restructuring and, thereafter, by Gallo Newco) in respect thereof and all liabilities of whatsoever nature relating to such businesses;
“Gallo Newco”	Gallo Music Investments Proprietary Limited, registration number 2019/312602/07, a limited liability private company duly incorporated in South Africa, being a wholly-owned subsidiary of TBG SA as at the date of this Circular and which will, following the Restructuring, be a wholly-owned subsidiary of BHG;
“General Meeting”	the general meeting of Shareholders to be held at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Wednesday, 23 October 2019 at 9:00 am GMT (10:00 am SAST), convened in terms of the Notice of General Meeting enclosed and forming part of this Circular;
“Ghana”	the Republic of Ghana;
“GMT”	Greenwich Mean Time;
“Group” or “Tiso Blackstar Group”	Tiso Blackstar and its subsidiaries from time to time, as set out in the structure diagram appearing in **Part A** of **Annexure 10** hereto;

"Hirt & Carter Group"	the segment of the Tiso Blackstar Group operating under the name and style of *"Hirt & Carter"* which focuses on, amongst other things, the management of retail and brand communication processes from origination to final distribution across multiple mediums and communication channels;
"Hirt & Carter South Africa"	Hirt and Carter (South Africa) Proprietary Limited, registration number 1997/001767/07, a limited liability private company duly incorporated in South Africa, and a wholly-owned subsidiary of BlackstarTiso and, ultimately, of the Company;
"ICASA"	the regulator for the South African communications, broadcasting and postal services sector being the Independent Communications Authority of South Africa;
"Independent Reporting Accountants"	Deloitte & Touche, registered auditors with practice number 902276, whose further particulars appear in the *"Corporate Information and Advisors"* section of this Circular;
"Indigenous Films"	Indigenous Films Distribution Proprietary Limited, registration number 2008/019550/07, a limited liability private company duly incorporated in South Africa, a wholly-owned subsidiary of TBG SA as at the date of this Circular and a wholly-owned subsidiary of BHG after the Restructuring;
"ISRS 4400"	International Standards on Related Services (ISRS) 4400 Engagements to perform Agreed Upon Procedures Regarding Financial Information;
"JSE"	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited, registration number 2005/022939/06, a limited liability public company duly incorporated in South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"Kagiso Tiso Holdings"	Kagiso Tiso Holdings Proprietary Limited, registration number 2011/000848/07, a limited liability private company duly incorporated in South Africa, which is held as to 20.01% by TBH UK and which is, accordingly, an associate of TBHG UK and, ultimately, of the Company;
"Kenya"	the Republic of Kenya;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, which date was Monday, 9 September 2019;
"Lebashe"	Lebashe Investment Group Proprietary Limited, registration number 2015/032440/07, a limited liability private company duly incorporated in South Africa, being a 100% black-owned unlisted investment holding company, having as its directors Messrs Tshepo Daun Mahloele, Warren Gregory Wheatley and Phillip Jabulani Moleketi, and further details of which appear at its website at https://lebashe.com/;
"Major Subsidiaries"	those subsidiaries of Tiso Blackstar which represent 25% or more of the total assets or revenue of the consolidated Tiso Blackstar Group based on the latest published interim results, being TBH UK, BHG, TBG SA, BlackstarTiso, Hirt and Carter Group Proprietary Limited and Hirt & Carter South Africa;
"Media Participant"	a Participant of the Forfeitable Share Plan that will, upon implementation of the SA Sale, cease to be employed by the Tiso Blackstar Group (it being noted that no employees of the Africa Radio Companies, of Rise Broadcast or of Vuma are Participants);
"Multimedia Ghana"	Multimedia Group Limited, registration number CA 60266, a limited liability company duly incorporated in Ghana, and in which TBH UK currently holds 32.3% of the total issued shares which will ultimately be held by UK Newco after the Restructuring;
"Nigeria"	Federal Republic of Nigeria;
"Non-Sale Subsidiaries"	those subsidiaries of TBG SA, the shares in which shall be transferred to BHG pursuant to the Restructuring Implementation Agreement and will consequently not be acquired by Lebashe pursuant to the Transaction, namely – • Gallo Newco; and • Indigenous Films;
"Notice of General Meeting"	the notice of the General Meeting enclosed and forming part of this Circular;
"Own-Name Registration" or "Own-Name Dematerialised Shareholders"	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"Participant"	an employee (being a person holding permanent salaried employment or office with any Tiso Blackstar Group Company, excluding any non-executive director) to whom Forfeitable Shares have been awarded in terms of the Forfeitable Share Plan and who has accepted such award, including the executor or representative of such employee's deceased estate;
"PSG Capital" or "Sponsor"	PSG Capital Proprietary Limited, registration number 2006/015817/07, a limited liability private company duly incorporated in South Africa, further particulars of which appear in the *"Corporate Information and Advisors"* section of this Circular;
"Radio Africa Kenya"	Radio Africa Limited, registration number C 85610, a limited liability company duly incorporated in Kenya, and in which TBH UK currently holds 49% of the total issued shares which will ultimately be held by UK Newco after the Restructuring;
"Register"	the register of Shareholders;

"Relevant Group"	collectively, TBG SA and each of the companies and joint ventures reflected in the organogram attached hereto in **Part B** of **Annexure 10**, or any one or more of them as the context may require, and "Relevant Group Company" shall be a reference to any one of them as the context requires;
"Remaining Participants"	Participants of the Forfeitable Share Plan, other than Media Participants;
"Restructuring"	the internal reorganisation to be undertaken by the Group in order to, *inter alia*, constitute the Relevant Group, the Africa Radio structure and SA Radio structure as per the organograms attached hereto in **Part B** and **Part C** of **Annexure 10**, so as to ensure that the Group's existing interests in its media, broadcasting and content businesses in South Africa, Ghana, Nigeria and Kenya will be constituted in separate legal entities, which are capable of being disposed of to Lebashe in terms of the Transaction;
"Restructuring Implementation Agreement"	the agreement to be concluded, prior to the implementation of the Transaction, between *inter alia* the Company, TBH UK, UK Newco, BHG, BlackstarTiso and TBG SA, setting out the terms and conditions of the Restructuring, together with each of the ancillary documents and agreements thereto governing certain steps of the Restructuring in further detail, the conclusion and implementation of which is a condition precedent to the SA Sale and, indirectly, to the Africa Radio Sale and the SA Radio Sale;
"Rise Broadcast"	Rise Broadcast Proprietary Limited, registration number 2005/027934/07, a limited liability private company duly incorporated in South Africa and a wholly-owned subsidiary of TBG SA as at the date of this Circular and a wholly-owned subsidiary of BHG after the Restructuring (but immediately prior to the implementation of the SA Radio Sale), having its registered address at Hill on Empire, 16 Empire Road, Cnr Hillside Street and Empire Road, Parktown, 2193, South Africa;
"RMB"	FirstRand Bank Limited, registration number 1929/001225/06, a limited liability public company duly incorporated in South Africa, acting through its Rand Merchant Bank Division;
"SA Broadcast and Content Assets"	all those business divisions of the Relevant Group Companies (including those business divisions which are transferred into the Relevant Group Companies in accordance with the Restructuring Implementation Agreement and excluding those business divisions which are transferred out of the Relevant Group Companies in accordance with the provisions of the Restructuring Implementation Agreement as set out below) which operate in the creation of media content and the sale of content for broadcasting thereof through the means of television and film, comprising – • the television businesses in South Africa which include, *inter alia*, Business Day TV, The Home Channel and Ignition; • the South African production house named Ochre Media; and • the business of distributing film entertainment across Africa named Empire Entertainment, but specifically excluding (i) SA Radio and Africa Radio, which will be the subject matter of the SA Radio Sale and the Africa Radio Sale, respectively, and (ii) the Non-Sale Subsidiaries, which are excluded from the Transaction and will not be disposed of to Lebashe;
"SA Media Assets"	all those business divisions of the Relevant Group (including those business divisions which are transferred into the Relevant Group Companies in accordance with the Restructuring Implementation Agreement and excluding those business divisions which are transferred out of the Relevant Group Companies in accordance with the provisions of the Restructuring Implementation Agreement) which comprise premier national, regional and community newspapers, magazines and digital publications in consumer, business and specialist fields, comprising – • the print publications which include, *inter alia*, the following titles: The Sunday Times, Business Day, Saturday Dispatch, Financial Mail, Sowetan, Weekend Post, The Herald, Daily Dispatch, Home Owner, Wanted, The Edit, Smag, Digest, Khuluma, RSD, The South African Schools Collection, Dispatch Live, Banker SA, The Media, EasyDIY, Voice of Local Government and Rand Daily Mail; • the digital publications which include, *inter alia*, the following: TimesLIVE, TshisaLIVE, BusinessLIVE, SowetanLIVE and HeraldLIVE; • the specialised trade and industry publications which include, *inter alia*, the following: MIMS, ArchSA and SA Mining; and • a specialised events business leveraging the media brands listed above in trade and consumer markets, and also including the Star publication in Kenya (in which the Relevant Group has an interest through TBG SA's indirect shareholding in Flaxa Media);
"SA Radio"	the following radio businesses in South Africa: Rise FM (owned and operated by Rise Broadcast) and Vuma 103 FM (owned and operated by Vuma);
"SA Radio Sale"	subject to the fulfilment (or where permissible, waiver) of the SA Radio Sale Conditions Precedent, the sale by BHG, in terms of the SA Radio Sale Agreement, to Lebashe of the SA Radio Sale Shares for the SA Radio Sale Consideration, thereby resulting in the disposal of SA Radio;
"SA Radio Sale Agreement"	the sale of shares agreement concluded on or about 26 July 2019 between BHG, Lebashe, Rise Broadcast and Vuma, setting out the terms of and the conditions to the SA Radio Sale, a copy of which is available for inspection in terms of paragraph 17 of this Circular;
"SA Radio Sale Closing Date"	the 5th business day after the date of fulfilment or waiver, as the case may be, of the last of the SA Radio Sale Conditions Precedent, anticipated to occur by 31 July 2020;

"SA Radio Sale Conditions Precedent"	the remaining conditions precedent to the SA Radio Sale Agreement as set out in paragraph 2.3.3.1 of this Circular;
"SA Radio Sale Consideration"	the amount of R50 000 000;
"SA Radio Sale Shares"	the entire issued share capital of Rise Broadcast and of Vuma, on the SA Radio Sale Closing Date;
"SA Sale"	subject to the fulfilment (or where permissible, waiver) of the SA Sale Conditions Precedent, the sale by BHG, in terms of the SA Sale Agreement, to Lebashe of the SA Sale Equity for the SA Sale Consideration, thereby resulting in the disposal of the SA Broadcast and Content Assets, as well as its SA Media Assets;
"SA Sale Agreement"	the sale of shares and claims agreement concluded on or about 27 June 2019 between BHG, TBG SA and Lebashe, as amended, setting out the terms of and conditions to the SA Sale, a copy of which is available for inspection in terms of paragraph 17 of this Circular;
"SA Sale Calculation Date"	the date on which certain adjustments to the SA Sale Consideration will be calculated, being the later of the last day of the month (i) immediately preceding the month in which the SA Sale Fulfilment Date occurs; and (ii) in which the Restructuring Implementation Agreement has been implemented in full (save for the transactions contemplated in the SA Sale Agreement, the Africa Radio Sale Agreement and the SA Radio Sale Agreement);
"SA Sale Closing Date"	the 5th business day after the date on which the independent auditors deliver to BHG and Lebashe, a factual findings report setting out the results of their agreed upon procedures (performed under ISRS 4400) on the calculation of the SA Sale Consideration prepared by Tiso Blackstar in accordance with the SA Sale Agreement and detailed in paragraph 2.4.3;
"SA Sale Conditions Precedent"	the remaining conditions precedent to the SA Sale Agreement as set out in paragraph 2.3.1.1 of this Circular;
"SA Sale Consideration"	has the meaning given thereto in paragraph 2.1.3.1;
"SA Sale Equity"	the entire issued share capital of TBG SA, as well as all claims whatsoever held by BHG against TBG SA on the SA Sale Closing Date;
"SA Sale Fulfilment Date"	the date of fulfilment or waiver, as the case may be, of the last of the SA Sale Conditions Precedent;
"SA Sale Net Asset Value"	the consolidated net tangible asset value of the TBG SA Group, being an amount equal to the aggregate of certain agreed tangible assets of the TBG SA Group and excluding all revaluations, less the carrying value of certain agreed liabilities of the TBG SA Group, as contemplated in the SA Sale Agreement;
"SA Sale Normalised Working Capital"	an amount of R140 000 000, being the normalised average working capital of the TBG SA Group for the period between 1 June 2018 and 31 May 2019, as contemplated in the SA Sale Agreement;
"SA Sale Working Capital"	the working capital of the TBG SA Group, being the sum of the following items: trade and other short term receivables plus other current receivables (net of provision for unrecoverable debts), plus prepaid expenses, plus inventory (net of any provision for stock obsolescence), plus subscription liabilities and amounts received in advance, minus other creditors and accruals (excluding cash), minus trade payables, minus other current payables (including deferred income), minus business intelligence and development costs, as contemplated in the SA Sale Agreement;
"Sale Companies"	the entities, post the Restructuring, which will hold the Transaction Assets, comprising: • TBG SA; • Rise Broadcast; • Vuma; and • UK Newco;
"SAST"	South African Standard Time;
"SENS"	the Stock Exchange News Service of the JSE;
"Shareholders" or "Tiso Blackstar Shareholders"	registered holders of Shares;
"Shares" or "Tiso Blackstar Shares"	ordinary shares of €0.76 each in the share capital of Tiso Blackstar, which shares are listed on the JSE;
"South Africa"	the Republic of South Africa;
"Specific Repurchase"	the proposed repurchase of up to 2 900 000 Specific Repurchase Shares by the Company from the Media Participants at the Specific Repurchase Price, as set out in paragraph 3 of this Circular;
"Specific Repurchase Price"	the amount of R3.72 per Specific Repurchase Share, being equal to the volume weighted average price of Tiso Blackstar Shares traded on the JSE over the 30 trading days up to 31 July 2019;
"Specific Repurchase Shares"	a total of up to 2 900 000 Shares, proposed to be repurchased by the Company in terms of the Specific Repurchase from the Media Participants;

“Strate”	Strate Proprietary Limited, registration number 1998/022242/07, a limited liability private company duly incorporated in South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“TBG SA”	Tiso Blackstar Group Proprietary Limited, registration number 2012/074397/07, a limited liability private company duly incorporated in South Africa, a wholly-owned subsidiary of the Company, having its registered address at Hill on Empire, 16 Empire Road, Cnr Hillside Street and Empire Road, Parktown, 2193, South Africa;
“TBG SA Group”	TBG SA and its subsidiaries, after the implementation of the Restructuring, as set out in **Part B of Annexure 10**, which, for the avoidance of doubt, excludes any associates and/or joint ventures of TBG SA reflected in the organogram, and “TBG SA Group Company” shall be a reference to any one of them as the context requires;
“TBG SA Group Debt”	in relation to the TBG SA Group, the TBG SA Group Term Loan Outstandings and any and all other asset backed finance, interest bearing debt, bank debt, loans, long term borrowings (term debt), accrued interest, amounts payable in terms of any judgment or arbitration award which is due and payable, declared but unpaid distributions and payables to the BHG Group and persons related to the BHG Group that are outstanding for more than 12 months, but specifically excluding any negative bank balance (as contemplated in paragraph 2.4.3.1.1) and the claims forming part of the SA Sale Equity;
“TBG SA Group Term Loan Outstandings”	means the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts owing by the TBG SA Group under the existing third party debt facilities, it being agreed in terms of the SA Sale Agreement that the aggregate of such amounts shall not exceed R300 000 000;
“TBH UK”	Tiso Blackstar Holdings SE, registration number SE000108, a limited liability European public *(Societas Europaea)* company duly incorporated in England and Wales, and a wholly-owned subsidiary of the Company;
“TBH UK Group”	TBH UK, any subsidiaries of TBH UK, any holding company of TBH UK and/or any subsidiaries of such holding company, but specifically excluding UK Newco and Africa Radio or any one or more of them, as the context may require;
“Tiso Blackstar” or “the Company”	Tiso Blackstar Group SE, a company duly incorporated in England and Wales with registration number SE000110, and registered as an external company with limited liability in South Africa under registration number 2011/008274/10, having its Shares listed on the Main Board of the JSE;
“Transaction”	collectively, the SA Sale, the Africa Radio Sale and the SA Radio Sale;
“Transaction Agreements”	collectively, the SA Sale Agreement, the Africa Radio Sale Agreement and the SA Radio Sale Agreement;
“Transaction Assets”	the SA Media Assets, the SA Broadcast and Content Assets, Africa Radio and SA Radio;
“Transaction Purchase Consideration”	the aggregate purchase consideration of R1 050 000 000 payable by Lebashe under the Transaction Agreements, comprising the SA Sale Consideration (which is subject to certain adjustments as detailed in paragraph 2.4.3 below), the SA Radio Sale Consideration and the Africa Radio Sale Consideration;
“Transfer Secretaries”	Link Market Services Proprietary Limited, registration number 2000/007239/07, a limited liability private company duly incorporated in South Africa, further particulars of which appear in the *“Corporate Information and Advisors”* section of this Circular;
“UK Companies House”	the United Kingdom’s registrar of companies;
“UK Newco”	Africa Investments Holding Limited, registration number 12007089, a limited liability public company duly incorporated on 20 May 2019 in England and Wales, and a wholly-owned subsidiary of TBH UK and, ultimately, of the Company, having its registered address at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom;
“Vuma”	Vuma 103 FM Proprietary Limited, registration number 2009/016539/07, a limited liability private company duly incorporated in South Africa, and a wholly-owned subsidiary of TBG SA as at the date of this Circular and a wholly-owned subsidiary of BHG after the Restructuring (but immediately prior to the implementation of the SA Radio Sale), having its registered address at Hill on Empire, 16 Empire Road, Cnr Hillside Street and Empire Road, Parktown, 2193, South Africa;
“Warehousing Agreement”	the agreement concluded, on or about 11 September 2019, between BHG and RMB regarding the warehousing by RMB of the Specific Repurchase Shares to be acquired from Media Participants, should this be required to facilitate the implementation of the Specific Repurchase, as detailed more fully in paragraph 3.16 of this Circular, a copy of which agreement is available for inspection in terms of paragraph 17 of this Circular; and
“ZAR”, “Rand” or “R”	South African Rand.

TISO BLACKSTAR GROUP SE
(Incorporated in England and Wales)
(Registration number SE000110)
(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**")

CIRCULAR TO TISO BLACKSTAR SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Shareholders are referred to the Company's SENS announcements dated 27 June 2019 and 29 July 2019, advising that Tiso Blackstar, via certain of its wholly-owned subsidiaries, had concluded the Transaction Agreements and that a circular would be distributed to Shareholders containing further details of the Transaction.

1.2 The proposed Transaction envisages the disposal to Lebashe of the Tiso Blackstar Group's –

1.2.1 SA Media Assets, as well as its SA Broadcast and Content Assets via the sale of the SA Sale Equity (in terms of the SA Sale);

1.2.2 SA Radio via the sale of the SA Radio Sale Shares (in terms of the SA Radio Sale); and

1.2.3 Africa Radio via the sale of the Africa Radio Sale Equity (in terms of the Africa Radio Sale).

1.3 In addition, Shareholders are referred to the Company's SENS announcement dated 20 September 2019, in which the Company detailed the proposed Specific Repurchase of the Specific Repurchase Shares from Media Participants.

1.4 The purpose of this Circular is to –

1.4.1 provide Shareholders with the requisite information in accordance with the JSE Listings Requirements regarding the Transaction and the Specific Repurchase, so as to enable Shareholders to make an informed decision on how they will vote on the resolutions set out in the Notice of the General Meeting enclosed with this Circular; and

1.4.2 convene the General Meeting of Shareholders in order to pass such resolutions as are necessary to authorise and implement the Transaction, the Capital Reduction and the Specific Repurchase.

2. DETAILS OF THE TRANSACTION

2.1 Overview

2.1.1 The Transaction will require the Restructuring to be implemented as a first step, in terms of the Restructuring Implementation Agreement. The Restructuring will constitute Tiso Blackstar Group's existing interests in its media, broadcasting and content businesses in South Africa, Ghana, Nigeria and Kenya in separate legal entities to constitute the Relevant Group, Africa Radio structure and SA Radio structure as set out in **Part B** and **Part C** of **Annexure 10**, which are capable of being disposed of to Lebashe under the Transaction. The Restructuring, while internal within the Group, will require counterparty consents in connection with certain existing commercial agreements to which Group Companies are parties and applicable regulatory approvals.

2.1.2 After the implementation of the Restructuring, the Transaction will be implemented through the series of transactions as summarised below –

2.1.3 **The SA Sale**

1.1.1.1 In terms of the SA Sale Agreement, BHG will sell the SA Sale Equity to Lebashe for a purchase consideration of R800 000 000 adjusted for, debt, cash and normalised working capital, and for any movement in tangible net asset value as set out in paragraph 2.4 below (**"SA Sale Consideration"**). This will result in Lebashe holding 100% of the issued share capital in TBG SA.

1.1.1.2 As TBG SA will, after implementation of the Restructuring, hold the SA Media Assets, together with the SA Broadcast and Content Assets, the SA Sale will enable Lebashe to acquire those assets.

2.1.4 **The Africa Radio Sale**

1.1.1.3 In terms of the Africa Radio Sale Agreement, TBH UK will sell the Africa Radio Sale Equity to Lebashe for the Africa Radio Sale Consideration, amounting to R200 000 000. This will result in Lebashe holding 100% of the issued share capital in UK Newco.

1.1.1.4 As UK Newco will, after implementation of the Restructuring, hold Africa Radio, the Africa Radio Sale will enable Lebashe to acquire those assets.

2.1.5 **The SA Radio Sale**

1.1.1.5 In terms of the SA Radio Sale Agreement, BHG will sell the SA Radio Sale Shares to Lebashe for the SA Radio Sale Consideration, amounting to R50 000 000. This will result in Lebashe holding 100% of the issued share capital in Rise Broadcast and Vuma and, accordingly, acquiring SA Radio.

1.1.1.6 As BHG will, after implementation of the Restructuring, hold SA Radio, the SA Radio Sale will enable Lebashe to acquire those assets.

2.2 **Rationale for the Transaction and use of proceeds**

2.2.1 The Board is of the view that the Transaction is in line with Tiso Blackstar's strategy and believes the Transaction will unlock significant value for Shareholders while also ensuring that the media business has a strong and committed shareholder in Lebashe to take it forward.

2.2.2 Tiso Blackstar has helped to stabilise and grow the media, broadcasting and content assets since the acquisition of an initial stake in the then Times Media Group in 2012 and the subsequent outright purchase in 2015. It has successfully integrated the Business Day and Financial Mail titles owned by BDFM following the acquisition of the remaining 50% of the business it did not own, cleared out a significant number of underperforming and non-core businesses, significantly grew its audience, especially in digital, and worked hard to ensure it has the right talent in place to take the titles and the business forward. Tiso Blackstar has put the films and television businesses on a strong footing to grow in their market segments and established strong positions in the Ghanaian and Kenyan broadcasting markets. The Company has worked hard to ensure the media business has modernised from its legacy structures into an agile and forward looking company with a sustainable future.

2.2.3 The Transaction will allow Tiso Blackstar to focus on its remaining businesses and investments, specifically the Hirt & Carter Group which has grown significantly in recent years and operates in a unique market segment. It will retain the Gallo Businesses and develop it further as the music industry continues to evolve. The Company remains committed to ensuring it unlocks value in its Kagiso Tiso Holdings stake in the short to medium term.

2.2.4 The assets being disposed of, offer a diverse reach unmatched in the South African and broader African market spanning print, digital, TV, radio and films. They hold leading market positions in the sectors in which they operate and are home to South Africa's most iconic news brands such as Sunday Times, Sowetan and Business Day. The Board believes there will be further opportunities to grow these assets through both acquisition and by growing market share.

2.3 **Conditions precedent**

2.3.1 **The SA Sale**

1.1.1.7 The SA Sale is subject to the fulfilment (or, where permissible, waiver) of the remaining SA Sale Conditions Precedent that –

1.1.1.7.1 by not later than 31 October 2019, the Shareholders of the Company have approved the Transaction in accordance with the JSE Listings Requirements;

1.1.1.7.2 by not later than 31 October 2019, the counterparties to certain material contracts to which TBG SA Group companies are party, have (to the extent required) unconditionally consented in writing to the change in control of the relevant TBG SA Group Companies;

1.1.1.7.3 by not later than 31 October 2019, the counterparties to the existing third party debt facilities and any other third party lenders to the Relevant Group, BHG or the BHG Group, as the case may be, having consented in writing to the release, with effect from the SA Sale Closing Date, of –

1.1.1.7.3.1 the SA Sale Equity and all other assets of BHG Group from any encumbrances in favour of such counterparties and third party lenders;

1.1.1.7.3.2 BHG and the BHG Group from all liabilities, obligations, guarantees, suretyships, indemnities and undertakings (including letters of comfort and the like) furnished by BHG or the BHG Group in favour of such counterparties and third party lenders in respect of the obligations of the Relevant Group;

1.1.1.7.3.3 the Relevant Group from all liabilities, obligations, guarantees, suretyships, indemnities and undertakings (including letters of comfort and the like) furnished by the Relevant Group in favour of such counterparties and third party lenders in respect of the obligations of the BHG Group; and

1.1.1.7.3.4 those entities within the TBG SA Group that have given guarantees and other security in respect of the obligations of Hirt & Carter South Africa,

on terms and conditions and in form and substance reasonably acceptable to Lebashe (to the extent that such release has an effect on the Relevant Group) or to BHG (to the extent that such release has an effect on BHG or the BHG Group);

1.1.1.7.4 by not later than 30 November 2019, the Restructuring Implementation Agreement has been entered into in form and substance reasonably acceptable to Lebashe, has become unconditional in accordance with its terms, and the transactions contemplated therein have been implemented in full (save for the SA Sale, the Africa Radio Sale, the SA Radio Sale and any transaction expressly provided to be implemented after the SA Sale Closing Date); and

1.1.1.7.5 by not later than 30 November 2019, the SA Sale has been unconditionally approved by the South African competition authorities in terms of the South African Competition Act, No. 89 of 1998 (as amended) or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions, and such approval is no longer capable of appeal or review within the statutory timelines, or subject to appeal or review.

1.1.1.8 The SA Sale Conditions Precedent set out in paragraphs 2.3.1.1.1, 2.3.1.1.4 and 2.3.1.1.5 are not capable of being waived, while the remaining SA Sale Conditions Precedent have been inserted for the benefit of Lebashe and BHG who will be entitled to relax or waive fulfilment of such conditions precedent, in whole or in part, by written agreement prior to the expiry of the relevant time periods set out above for those conditions.

1.1.1.9 Unless all SA Sale Conditions Precedent have been fulfilled (or, where permissible, waived) by not later than the relevant dates for fulfilment thereof set out above (or such later date or dates as may be agreed in writing between BHG and Lebashe before the relevant date or dates for fulfilment) the provisions of the SA Sale Agreement, save for certain residual clauses, will never become of any force or effect and the SA Sale will not proceed.

1.1.1.10 As indicated in the Company's SENS announcement dated 27 June 2019, the SA Sale Agreement also included a condition precedent requiring that certain key members of management, including Andrew Bonamour, conclude consultancy agreements with TBG SA and that such agreements become unconditional. This condition was subsequently waived by Lebashe and no longer needs to be fulfilled. No consultancy agreement has been concluded between TBG SA and Andrew Bonamour.

2.3.2 **The Africa Radio Sale**

1.1.1.11 The Africa Radio Sale is subject to the fulfilment (or, where permissible, waiver), by not later than 29 November 2019, of the remaining Africa Radio Sale Conditions Precedent that –

1.1.1.11.1 UK Newco holds Africa Radio (being the shares in the Africa Radio Companies) pursuant to the relevant step set out in the Restructuring Implementation Agreement and UK Newco has become a party to the shareholders agreements of each of the Africa Radio Companies by signing a deed of adherence substantially in the form required in terms of the relevant shareholders agreement, provided that in respect of Coopers Nigeria and Radio Africa Kenya, the deeds of adherence to be signed by UK Newco shall be amended (in such form and substances as is reasonably acceptable to Lebashe) to state, *inter alia*, that the parties to the shareholders agreement of the relevant Radio Africa Company agree that UK Newco shall be entitled to step into the shoes of TBH UK and exercise all rights afforded to TBH UK under the applicable, and each of the Africa Radio Companies and the shareholders in each relevant Africa Radio Companies have countersigned the deed of adherence;

1.1.1.11.2 TBH UK has acquired the entire issued share capital of UK Newco pursuant to the relevant transaction steps set out in the Restructuring Implementation Agreement;

1.1.1.11.3 the SA Sale Agreement has been entered into and has become unconditional in accordance with its terms;

1.1.1.11.4 the Africa Radio Sale and all agreements and transactions contemplated in the Africa Radio Sale Agreement (to the extent necessary) have been unconditionally approved by the Kenyan competition authorities, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions, and such approval is no longer capable of appeal or review within the statutory timelines, or subject to appeal or review;

1.1.1.11.5 the Africa Radio Sale and all agreements and transactions contemplated in the Africa Radio Sale Agreement (to the extent necessary, including in respect of any licence) have, as required, been notified to and/or unconditionally approved by each of the Kenyan, Ghanaian and Nigerian communications authorities, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions; and

1.1.1.11.6 the exchange control authorities of the South African Reserve Bank have, to the extent required, approved the payment by Lebashe of Africa Radio Sale Consideration to TBH UK, either unconditionally or on conditions acceptable to any party adversely affected thereby. The Company confirms that the separate exchange control approval required in connection with this Circular has been obtained from the South African Reserve Bank.

1.1.1.12 The Africa Radio Sale Conditions Precedent set out in paragraphs 2.3.2.1.4, 2.3.2.1.5 and 2.3.2.1.6 are not capable of being waived, while the remaining Africa Radio Sale Conditions Precedent have been inserted for the benefit of TBH UK and Lebashe who will be entitled to waive fulfilment of such conditions precedent, in whole or in part, by written agreement prior to the expiry of the relevant time periods set out above for those conditions.

1.1.1.13 Unless all conditions precedent under the Africa Radio Sale Agreement have been fulfilled (or, where permissible, waived) by not later than the relevant dates for fulfilment thereof set out above (or such later date or dates as may be agreed in writing between TBH UK and Lebashe before the relevant date or dates for fulfilment) the provisions of the Africa Radio Sale Agreement, save for certain residual clauses, will never become of any force or effect and the Africa Radio Sale will not proceed.

2.3.3 **The SA Radio Sale**

1.1.1.14 The SA Radio Sale is subject to the fulfilment (or, where permissible, waiver) of the remaining SA Radio Sale Conditions Precedent that –

1.1.1.14.1 by not later than 31 October 2019, the counterparties to certain leases have (to the extent required) unconditionally consented in writing to the change in control of each of Rise Broadcast and Vuma;

1.1.1.14.2 by not later than 29 November 2019 –

1.1.1.14.2.1 TBG SA and United Stations Proprietary Limited have entered into an agreement in terms of which TBG SA cedes, delegates and assigns its rights and obligations under an agreement entered into between TBG SA and United Stations Proprietary Limited on 30 September 2015 in respect of the provision of national advertising sales services to TBG SA, to Lebashe with effect from the SA Radio Sale Closing Date;

1.1.1.14.2.2 BHG has acquired 100% of the shares in Vuma and Rise Broadcast from TBG SA pursuant to the Restructuring Implementation Agreement;

1.1.1.14.2.3 the SA Sale Agreement has been entered into and has become unconditional in accordance with its terms; and

1.1.1.14.2.4 the SA Radio Sale has been unconditionally approved by the South African competition authorities, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such condition, and such approval is no longer capable of appeal or review within the statutory timelines, or subject to appeal or review; and

1.1.1.14.3 by not later than 31 July 2020, the SA Radio Sale has been unconditionally approved by ICASA in terms of section 13 of the Electronic Communications Act, No.36 of 2005, or conditionally approved on terms and conditions acceptable to Lebashe and any other party adversely affected by such conditions.

1.1.1.15 The SA Radio Sale Conditions Precedent set out in paragraphs 2.3.3.1.2.2, 2.3.3.1.2.4 and 2.3.3.1.3 are not capable of being waived; the SA Radio Sale Condition Precedent set out in paragraph 2.3.3.1.2.1 has been inserted for the benefit of Lebashe who will be entitled to waive fulfilment of this condition precedent, and the remaining SA Radio Sale Conditions Precedent have been inserted for the benefit of BHG and Lebashe who will be entitled to waive fulfilment of such conditions precedent, in whole or in part, by written agreement prior to the expiry of the relevant time periods set out above for those conditions.

2.4 **The Transaction Purchase Consideration**

2.4.1 The aggregate purchase consideration in respect of the Transaction is R1 050 000 000, payable by Lebashe under the Transaction Agreements, comprising –

1.1.1.16 the SA Sale Consideration, in the amount of R800 000 000, which is subject to certain adjustments as detailed below, 95% of which shall be paid by Lebashe to BHG on the SA Sale Closing Date and the remaining 5% of which shall be paid once the adjustments to the SA Sale Consideration as contemplated in paragraph 2.4.3.1.4 have been determined;

1.1.1.17 the SA Radio Sale Consideration, in the amount of R50 000 000, which shall be paid by Lebashe to BHG on the SA Radio Sale Closing Date; and

1.1.1.18 the Africa Radio Sale Consideration, in the amount of R200 000 000, which shall be paid by Lebashe to TBH UK on the Africa Radio Sale Closing Date.

2.4.2 The SA Radio Sale Consideration has been calculated on a cash-free, debt-free basis. Unlike the SA Sale Agreement which provides for a purchase price adjustment in the event of there being any debt in TBG SA, under the SA Radio Sale Agreement BHG warrants to Lebashe that there will be no debt in Rise Broadcast or Vuma on the SA Sale Closing Date. To the extent that BHG is in breach of this warranty Lebashe will be entitled to recover against BHG under an indemnity in the SA Radio Sale Agreement. BHG further undertakes that neither Rise Broadcast nor Vuma will (i) enter into any transaction with the BHG Group other than in the ordinary course of business and then only if the amount does not exceed R250 000, or (ii) make any cash distributions or other payments to the BHG Group between the date of signing the SA Radio Sale Agreement and the SA Radio Sale Closing Date.

2.4.3 **Adjustment to SA Sale Consideration**

1.1.1.19 The SA Sale Consideration shall be an amount of R800 000 000, adjusted as follows:

1.1.1.19.1 plus (if positive) or less (if negative) the result of the reconciliation of all positive and negative balances in all bank accounts of the TBG SA Group as at the SA Sale Calculation Date;

1.1.1.19.2 less the TBG SA Group Debt as at the SA Sale Calculation Date;

1.1.1.19.3 plus (if positive) or less (if negative) the difference between the SA Sale Working Capital as at the SA Sale Calculation Date and the agreed SA Sale Normalised Working Capital; and

1.1.1.19.4 if the SA Sale Net Asset Value as at the SA Sale Calculation Date (**"Calculation Date NAV"**) differs from the SA Sale Net Asset Value as at 31 December 2018 (**"Reference NAV"**) by more than R20 000 000 (the amount of such excess being the **"NAV Difference"**), then the SA Sale Consideration will be increased (in the event that that the Calculation Date NAV exceeds the Reference NAV) or decreased (in the event that that the Reference NAV exceeds the Calculation Date NAV) by the NAV Difference.

2.4.4 The majority of the Transaction Purchase Consideration will be utilised to reduce the Tiso Blackstar Group debt to appropriate levels, which will allow further growth of the Hirt & Carter Group as the Group's core operation.

2.5 **The effective date of the Transaction**

2.5.1 The effective date of the –

1.1.1.20 the SA Sale shall be the SA Sale Closing Date, anticipated to occur on or about 31 October 2019;

1.1.1.21 the Africa Radio Sale shall be the Africa Radio Sale Closing Date, anticipated to occur by 29 November 2019; and

1.1.1.22 the SA Radio Sale shall be the SA Radio Sale Closing Date, anticipated to occur by 31 July 2020.

2.6 **Right of first refusal in respect of the Gallo Businesses**

2.6.1 As part of the Restructuring, BHG will, prior to implementation of the SA Radio Sale and through an intermediary, Gallo Newco, which will become BHG's wholly-owned subsidiary pursuant to the Restructuring, acquire the Gallo Businesses, with the result that these businesses will not be included in the Transaction.

2.6.2 However, BHG has, under the SA Radio Sale Agreement, granted a right of first refusal to Lebashe to purchase the Gallo Businesses, should BHG wish to sell or dispose of them, directly or indirectly (whether pursuant to an offer from a *bona fide* third party or otherwise), which right of first refusal commenced on the date of signing of the SA Radio Sale Agreement (on or about 26 July 2019) and will terminate after the expiry of a 12-month period following the implementation of the SA Radio Sale (**"Option Period"**).

2.6.3 In this regard, should BHG, during the Option Period, wish to sell the Gallo Businesses (or part thereof) or receive a written offer from a *bona fide* third party looking to purchase the Gallo Businesses and should BHG wish to accept same, BHG shall first offer to sell the Gallo Businesses to Lebashe on the same or substantially the same terms. Should Lebashe not accept this offer, BHG will be entitled to dispose of the Gallo Businesses to the third party purchaser at the price and on terms not more favourable than those offered to Lebashe or, in the case where a third party offer has already been received, on substantially the same terms and conditions as contained in such offer.

2.6.4 For the duration of the Option Period, BHG has agreed that it shall, and shall procure that the BHG Group shall, –

1.1.1.23 not dispose nor agree to dispose of the whole or any part of the Gallo Businesses, other than in accordance with paragraph 2.6.3 above;

1.1.1.24 not dispose nor agree to dispose of the whole or any part of its shareholding in Gallo Music Investments, other than to another entity within the BHG Group for purposes of any internal reorganisation or restructure; and

1.1.1.25 not knowingly permit or omit any action intended to frustrate the right of first refusal or which would have the effect of transferring ultimate control over the Gallo Businesses, to an entity outside of the BHG Group.

2.7 **Other significant terms of the Transaction Agreements**

2.7.1 The Transaction Agreements include representations, warranties, indemnities and liability limitations that are normal for transactions of this nature.

2.7.2 Under the SA Sale Agreement, BHG undertakes, for a period of two years following the Closing Date, not to compete (and to procure that the members of the BHG Group do not compete) with the businesses carried on by the Relevant Group and to be subject to related restraints, non-solicitation provisions and confidentiality provisions that are normal for transactions of this nature. The Africa Radio Sale Agreement imposes matching restraints, non-solicitation provisions and confidentiality provisions on TBH UK and the TBH UK Group, in connection with the Africa Radio Sale, while corresponding restraints, non-solicitation provisions and confidentiality provisions are likewise imposed, in connection with the SA Radio Sale Agreement, on BHG and the BHG Group, pursuant to the SA Radio Sale.

2.8 **Categorisation of the Transaction**

2.8.1 As the value of the Transaction Purchase Consideration exceeds 30% of Tiso Blackstar's market capitalisation, the Transaction qualifies as a category 1 transaction, as contemplated in terms of section 9 of the JSE Listings Requirements.

2.8.2 As a result, the General Meeting will be convened in order to obtain the requisite approval from Shareholders.

2.8.3 Lebashe is not a related party to the Company and there are, accordingly, no related party transaction implications in terms of the JSE Listings Requirements.

3. CANCELLATION OF THE FORFEITABLE SHARE PLAN AND THE SPECIFIC REPURCHASE

Cancellation of the Forfeiture Share Plan

3.1 The Tiso Blackstar Remuneration Committee (**"Remcom"**) intends, following implementation of the SA Sale, to cancel the Forfeitable Share Plan as the Media Participants, who comprise the majority of the plan's Participants, are employed by the entities being disposed of in the SA Sale and it would therefore be inefficient to continue a complex long-term incentive scheme, such as the Forfeitable Share Plan, following their departure. Furthermore, the Tiso Blackstar Group will have been restructured and changed considerably post implementation of the Restructuring and the Transaction.

3.2 The Forfeitable Share Plan Rules empower the Remcom to terminate the Forfeitable Share Plan at any time, without the need for Shareholder approval, but states that any awards made before such termination will continue to be valid and as described under the provisions of the Forfeitable Share Plan.

Vesting of awards made under the Forfeiture Share Plan

3.3 While the above termination of the Forfeitable Share Plan will, in itself, not impact on the awards that were previously made under the plan, the awards made to Media Participants will be impacted by the Transaction. In this regard, the sale to Lebashe, in terms of the SA Sale, of those Tiso Blackstar Group Companies employing the Media Participants, will qualify as a no fault termination of employment under the provisions of the Forfeitable Share Plan Rules.

3.4 This will, in terms of the Forfeitable Share Plan Rules, result in all previous awards to Media Participants that have not already vested, vesting as soon as reasonably practicably possible following the disposal, in terms of the SA Sale, of the relevant Tiso Blackstar Group Company by which such person is employed, and once the Remcom has determined the extent to which the applicable performance or other conditions imposed have been met.

Cash Bonus

3.5 The above early vesting of the applicable awards to the Media Participants is expected to reduce the number of Shares that would have vested in favour of Media Participants had it not been for the Transaction. In order to compensate Media Participants for this, and to ensure that Media Participants are retained by the Tiso Blackstar Group until the Transaction is implemented, the Remcom has determined that a cash bonus be awarded to Media Participants, subject to the successful implementation of the Transaction. Should journalists, editors and other key media staff resign prior to implementation of the Transaction, this could have a serious impact on its successful implementation. The award of such cash bonus is in the discretion of the Remcom and is anticipated to amount, in aggregate, to approximately R26.1 million (**"Cash Bonus"**). This amount is calculated with reference to the number of unvested Shares under existing awards that would potentially have vested in future, but for the Media Participants ceasing to be employed by the Group due to the Transaction, at a value of R3.72 per Share, plus an additional bonus amount.

Specific Repurchase

3.6 In addition to the Cash Bonus and in order to provide Media Participants with an opportunity to dispose of the Forfeitable Shares that will vest as a result of the above at a fixed market-related price, it is proposed that Media Participants wishing to do so, be allowed to sell their vested Forfeitable Shares to the Company under the Specific Repurchase, via the mechanism set out in paragraph 3.16 below. In accordance with the Forfeitable Share Plan Rules, the Forfeitable Shares have both voting and dividend rights.

3.7 The Specific Repurchase would involve the repurchase by the Company of the Repurchase Shares, numbering a maximum of up to 2 900 000 Shares, from the proceeds of the Transaction, at the Specific Repurchase Price of R3.72 per Share, being equal to the volume weighted average price of Tiso Blackstar Shares traded on the JSE over the 30 trading days up 31 July 2019.

3.8 None of the Media Participants are Directors, the company secretary or related persons of Tiso Blackstar, for purposes of the JSE Listings Requirements, and the Specific Repurchase therefore does not involve related persons. The Specific Repurchase will not occur during a prohibited period, as defined under the JSE Listings Requirements.

3.9 The Media Participants and their associates will be excluded from voting on Special Resolution Number 2, to be proposed at the General Meeting for the approval of the Specific Repurchase.

3.10 **Annexure 11** to this Circular contains a summary of the Exchange Control Regulations as they apply to Media Participants who sell their Shares in terms of the Specific Repurchase.

Shareholder approval and Capital Reduction

3.11 In terms of the JSE Listings Requirements, the Specific Repurchase will require Shareholder approval, at the General Meeting, by way of a special resolution. In addition, under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account (**"Capital Reduction"**), so that it can be converted to distributable reserves for the Specific Repurchase. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

3.12 In seeking the Court's approval of the Capital Reduction, the Court will need to be satisfied that the interests of the creditors (including contingent creditors) of the Company, whose debts remain outstanding on the date on which the Court order is registered, are protected. In this regard, if the Company can show that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge their debt or claims when they fall due, the Court will be satisfied. The Board has, to this end, undertaken a review of the Company's liabilities (including contingent liabilities) and is confident that the Company will be able to satisfy the Court that it meets this requirement.

3.13 The Company intends that an application will be made for the Court to approve the Capital Reduction as soon as reasonably practicable after the General Meeting, provided that the Capital Reduction Resolution has been passed. It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on or around Monday, 4 November 2019, with the final Court hearing taking place on or around Tuesday, 19 November 2019 (subject to Court availability), at which Shareholders and creditors are entitled to appear, and the Capital Reduction becoming effective on or around Wednesday, 20 November 2019, following the necessary registration of the Court order at Companies House.

3.14 Shareholders should note that whilst the reserves arising from the Capital Reduction are distributable (if the Court is satisfied with the Company's approach), the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

3.15 In addition to allowing the Specific Repurchase, the Capital Reduction will allow the Company to apply in due course the distributable reserves arising from the Capital Reduction, in accordance with Part 23 of the Act, towards the payment of dividends in line with the Company's dividend policy and for the purposes of future share buybacks should circumstances dictate it desirable to do so.

Mechanism for the Specific Repurchase

3.16 It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale on the SA Sale Closing Date. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar's subsidiary BHG has entered into the Warehousing Agreement with RMB. Under the Warehousing Agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale, will be able to sell those Shares to RMB, who shall warehouse those Shares until such time as the Capital Reduction has occurred, following which RMB will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled or retained in treasury, depending on which course of action Directors consider to be in the best interests of Shareholders at the time. In terms of the Warehousing Agreement, RMB is to sell the Specific Repurchase Shares to the Company by no later than 23 December 2019. This sale of the Specific Repurchase Shares by RMB to the Company is subject to the fulfilment of the following conditions precedent:

3.16.1 that RMB purchases up to 2 900 000 Specific Repurchase Shares;

3.16.2 that RMB obtains its internal approvals;

3.16.3 that BHG obtains authorisation to enter into the sale; and

3.16.4 that an ISDA Master Agreement and English law Credit Support Annex be concluded between the parties to the Warehousing Agreement,

failing which the above warehousing mechanism will not be implemented, which may result in Tiso Blackstar being unable to effect the Specific Repurchase.

Extension of vesting periods

3.17 Following the cancellation of the Forfeitable Share Plan, as detailed above, the Remcom intends to increase the vesting periods of Forfeitable Share tranches that were previously awarded to Participants to assist with the retention of staff.

3.18 This will require the consent of each such Participant in relation to the extension of the vesting date for his/her Forfeitable Share tranches. Such an extension would only apply to the periods of awards that were previously made and have not yet vested. Should the SA Sale be implemented, the extension would only apply to the Remaining Participants (being a minority of the current Participants, following the exit of the Media Participants).

3.19 The expected benefits of such an extension of the vesting periods would include:

3.19.1 cashflow considerations will likely require many Participants to sell their Shares shortly after the vesting date in order to meet tax liabilities arising from the vesting. Extending the vesting date will benefit Remaining Participants by allowing time for the anticipated positive impact of the Transaction on the Company's share price to materialise before vesting occurs;

3.19.2 the Company will benefit from the goodwill and motivation generated by giving Participants the opportunity to benefit from an improvement in the Share price resulting from the Transaction before vesting occurs. Extending the vesting date would also align Participants' interests more closely with those of the Company and Shareholders by incentivising them to maximise performance post the Transaction. The decision to extend the vesting date will have no significant financial or cashflow impact on the Company; and

3.19.3 Shareholders will benefit from Participants maximising performance, which should hopefully contribute positively to the Company's Share price and to shareholder value.

The extension of the vesting periods will have no impact on the Performance or Employment Periods as set out in the Forfeitable Share Plan awards.

3.20 While this extension will occur following the cancellation of the Forfeitable Share Plan and will only apply to awards that were previously made, the extension does amount to a change of the Forfeitable Share Plan Rules requiring Shareholder approval in accordance with the JSE Listings Requirements. Shareholders will, accordingly, be asked to approve such extension at the General Meeting, with the relevant Shareholder resolution being included in the Notice of General Meeting annexed to this Circular. The votes attaching to any Shares held by the Forfeitable Share Plan and the votes attaching to Shares acquired in terms of the Forfeitable Share Plan and owned or controlled by persons who are existing Participants in the scheme, and which may be impacted by the resolution, will not be taken into account.

4. THE BUSINESS OF THE TISO BLACKSTAR GROUP

4.1 Tiso Blackstar is a global company rooted in South Africa, operating market leading media, broadcast, content and retail marketing properties.

4.2 The Tiso Blackstar business model is underpinned by a strong entrepreneurial focus, a unique network of assets and a dedication to excellence. Tiso Blackstar is committed to providing quality content and services to our varied audiences and customers, and value to our stakeholders.

4.3 The Company is South Africa's largest national English language publishing group, the second-largest digital publisher, owns the largest music and independent film catalogues on the African continent and operates several unique TV channels. The Hirt & Carter Group is the largest marketing solutions company for the retail sector in Africa. Tiso Blackstar is the custodian of iconic brands that include the Sunday Times, Sowetan, Business Day, Financial Mail, The Herald, Daily Dispatch, Gallo Music and Uniprint amongst many others.

4.4 Hirt & Carter Group

4.4.1 The Hirt & Carter Group uses unique, state-of-the-art systems and processes to manage the entire retail and brand communication process from origination to final distribution across print and digital media channels, using market innovation, technology and trend monitoring. It is active at every link in the production chain, adding value at every stage.

4.4.2 Uniprint provides a full service from design to manufacturing and distributing a wide range of commercial print products and services to corporate customers and institutions with consumer mass markets or branch networks throughout Africa.

4.4.3 The Hirt & Carter Group will be retained by the Group following the Transaction.

4.5 Media

4.5.1 The media segment is a premier newspaper, magazine and digital publisher and home to some of the most recognised brands in Africa. These include national, regional and community newspapers and magazines in consumer, business and specialist fields, as well as a specialised events business leveraging the Company's brands in trade and consumer markets.

4.5.2 Collectively, these assets deliver a total audience of over 16 million readers. It is the largest publisher of English language daily and weekly newspapers in South Africa. The flagship, the Sunday Times, is South Africa's biggest weekly newspaper, but the Group also publishes numerous popular newspapers and magazines as well as websites that represent the second-largest audience in South Africa.

4.5.3 Brands include print titles such as the Sunday Times, Business Day, Sowetan, Sunday World, Daily Dispatch, The Herald and SA Home Owner. Digital titles include TimesLIVE, BusinessLIVE and SowetanLIVE, as well as specialised trade and industry publications such as MIMS and SA Mining.

4.5.4 The SA Media Assets will be disposed of to Lebashe under the Transaction.

4.6 **Broadcast and Content**

4.6.1 The broadcast and content division houses the Company's interests in television, radio, film and music.

4.6.2 The Group owns three South African television channels and one of the country's leading TV production houses.

4.6.3 Empire Entertainment is a leading independent distributor of filmed entertainment in Africa, representing studios such as Warner Bros, Twentieth-Century Fox, Metro-Goldwyn-Mayer and many major independent studios. It also plays a key role in supporting and developing South Africa's growing local movie industry.

4.6.4 The SA Broadcast and Content Assets and SA Radio will be disposed of to Lebashe under the Transaction.

4.7 **Africa Radio (excluding South Africa)**

4.7.1 **Multimedia Ghana (32.3% owned)**

1.1.1.26 Founded in 1995, Multimedia Ghana is Ghana's largest radio, television and online network. Multimedia Ghana operates six local FM stations, broadcasting mainly in two languages from the two largest urban capitals in Ghana. Riding on the back of its six FM stations are over 40 affiliates and partner stations across the country.

1.1.1.27 Multimedia Ghana operates the largest and most-visited indigenous online platforms in Ghana: www.myjoyonline.com, www.adomonline.com and www.multitvworld.com. It also owns MultiTV, the multichannel, free-to-air television network and largest in Ghana. The key channels on MultiTV are JoyNews, Joy Prime and Adom TV.

1.1.1.28 Multimedia Ghana management owns the majority of the remaining shares in Multimedia Ghana.

4.7.2 **Radio Africa Kenya (49% owned)**

1.1.1.29 Radio Africa Kenya is a fast-growing and dynamic media company, based in Kenya. It comprises six national radio stations and one free-to-air TV station.

1.1.1.30 It is home to unique talent, and its stations are market leaders. Media brands include Kiss 100, Classic 105, Radio Jambo, X FM, East FM, Relax FM and Kiss Television. The majority of the balance of Radio Africa Kenya's shares is owned by management.

4.7.3 **Coopers Nigeria (24.5% directly owned; aggregate effective 36.5% shareholding)**

1.1.1.31 Coopers Nigeria owns Lagos Talks, a talk-radio station based in Nigeria. Tiso Blackstar has partnered with Radio Africa Kenya and Chris Ubosi, the CEO of Megalectrics Limited, which owns and operates three leading radio stations in Nigeria: Classic FM 97.3, The Beat 99.9FM and Naija FM 102.7.

4.7.4 Africa Radio will be disposed of to Lebashe in terms of the Transaction.

4.8 **Non-core group businesses**

4.8.1 Tiso Blackstar has investments in two businesses that it views as non-core. Robor Proprietary Limited (in which Tiso Blackstar holds a 47.6% interest), operates in the South African steel manufacturing sector, while Kagiso Tiso Holdings (in which a 20.01% interest is held) is an investment holding company.

4.8.2 The non-core 100% interest in the steel business Consolidated Steel Industries Proprietary Limited was disposed of in November 2018.

4.8.3 Following the Transaction, Tiso Blackstar's interest in the Gallo Businesses will also be considered as non-core, as the Company's strategy will be to develop the Gallo Businesses further with a view of ultimately exiting those businesses.

4.9 **Brexit**

Under UK legislation, any existing Societas Europaeas that are registered in the UK on exit day shall be automatically converted into a new corporate form called "UK Societas". The existing Societas Europaea structure shall be preserved for this new corporate form, including provisions relating to accounts, winding up, liquidation and insolvency and the legislation relevant for the cancellation of the Forfeitable Share Plan, the Share Repurchase and the Capital Reduction

5. HISTORICAL FINANCIAL INFORMATION

5.1 The Transaction will require the internal Restructuring of the Tiso Blackstar Group and resulting loan reorganisations in order to constitute Tiso Blackstar Group's existing interests in its media, broadcasting and content businesses in South Africa, Ghana, Nigeria and Kenya in separate legal entities which are capable of being disposed of to Lebashe in the form of the SA Sale, Africa Sale and SA Radio Sale.

5.2 The historical combined financial information was prepared on an aggregated basis, taking into account the principles of consolidation under *IFRS 10 Consolidated Financial Statements* (**"IFRS 10"**) as if control existed in order to present to the shareholders the envisaged structure.

5.3 The historical combined financial information has been prepared with the objective of presenting the results and net assets of the media, broadcasting and content businesses for the reporting period. The media, broadcasting and content businesses have, for the periods presented, been under the control of the Company. Consequently, the historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had the businesses operated independently for the reporting period. Furthermore, it may not be indicative of the financial results in future periods.

5.4 The effect of the internal Restructuring has not been included in the historical combined financial information and, as a result, existing inter-group loans are reflected within the historical combined financial information.

5.5 The historical combined financial information of TBG SA Group for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016, and the historical combined financial information of TBG SA Group for the six months ended 31 December 2018, is presented in **Annexure 1** to the Circular, with the Independent Reporting Accountants' report thereon appearing in **Annexure 2**.

5.6 The historical combined financial information of Africa Radio for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016, and the historical combined financial information of Africa Radio for the six months ended 31 December 2018, is presented in **Annexure 3** to the Circular, with the Independent Reporting Accountants' report thereon appearing in **Annexure 4**.

5.7 The historical combined financial information of SA Radio for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016, and the historical combined financial information of SA Radio for the six months ended 31 December 2018, is presented in **Annexure 5** to the Circular, with the Independent Reporting Accountants' report thereon appearing in **Annexure 6**.

5.8 Comparative results for the six months ended 31 December 2018 have not been shown due to the fact that the accounting policies contained in the historical financial information are identical to those applied in the comparative interim period, as detailed in **Annexures 1**, **3** and **5**.

5.9 The aforementioned historical financial statements are the responsibility of the Directors.

6. *PRO FORMA* FINANCIAL INFORMATION OF TISO BLACKSTAR

The *pro forma* financial effects of the Transaction on: (i) the statement of financial position, net assets and net tangible assets per Share of Tiso Blackstar; and (ii) the statement of profit and loss and other comprehensive income and earnings and headline earnings per share of Tiso Blackstar are set out in **Annexure 7** of this Circular. The Independent Reporting Accountants' report on the *pro forma* financial information of Tiso Blackstar is contained in **Annexure 8** of this Circular.

The *pro forma* financial information is presented in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

The *pro forma* financial effects have been prepared by the management of Tiso Blackstar and are the responsibility of the Board.

The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of Tiso Blackstar's financial position, changes in equity or results of operations or cash flows post implementation of the Transaction and the Specific Repurchase.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS and are consistent with those applied in the interim financial statements of Tiso Blackstar for the six months ended 31 December 2018.

It has been assumed, for purposes of the *pro forma* financial effects, that the Transaction took place with effect from 1 July 2018 for the statement of profit and loss and other comprehensive income and as at 31 December 2018 for the statement of financial position.

The Transaction will require a prior internal Restructuring and resulting loan reorganisation in order to constitute Tiso Blackstar's existing interest in the sale assets into separate legal entities, which are capable of being disposed of to Lebashe. The effect of this Restructuring had no impact on the Tiso Blackstar *pro forma* financial information.

The SA Sale, Africa Radio Sale and SA Radio Sale are implemented through a series of transactions and as a result of the conditions precedent within the Transaction Agreements, there is a possibility of the SA Sale being implemented with either one of or both of the Africa Radio Sale and SA Radio Sale not becoming effective. The Africa Radio Sale and SA Radio Sale can never be implemented if the SA Sale is not also implemented. The following possibilities are therefore considered:

- Scenario 1, 5 and 9: SA Sale, Africa Radio Sale and SA Radio achieved;
- Scenario 2, 6 and 10: SA Sale, SA Radio Sale achieved, disposal of Africa Radio not achieved;
- Scenario 3, 7 and 11: SA Sale, Africa Radio Sale achieved, disposal of SA Radio Sale not achieved; and
- Scenario 4, 8 and 12: SA Sale achieved, disposal of Africa Radio and SA Radio not achieved.

The Specific Repurchase provides Media Participants with an opportunity to dispose of their vested Forfeitable Shares at a fixed market-related price. Due to the fact that the Media Participants will elect at their discretion the number of vested Forfeitable Shares that they wish to dispose of, and furthermore the Company has no indication of the election that will be made, the possibilities included within the scenarios range from all of the Shares to none of the Shares being repurchased. The following scenarios, relating to the specific repurchase are therefore considered:

- Scenario 1 – 4: the maximum number of Shares (100%);
- Scenario 5 – 8: half of the maximum number of Shares (50%); and
- Scenario 9 – 12: none of the Shares (0%).

Annexure 7 illustrates the *pro forma* financial effects for the 12 separate scenarios.

7. INFORMATION RELATING TO THE TISO BLACKSTAR GROUP

7.1 Share capital

7.1.1 The current authorised and issued share capital of Tiso Blackstar, as at the Last Practicable Date, is shown below:

Before the Specific Repurchase	Number of Shares	Stated Capital R'000[1]
Authorised		
Ordinary Shares of €0.76 each	400 000 000	
Issued, net of treasury shares[2]	275 113 830	3 411 414
Ordinary shares of €0.76 each	275 753 092	3 419 341
Treasury shares of €0.76 each[3]	639 262	7 927
Share Premium		701 212

Note:

[1] *Based on a par value of €0.76 per Share, translated into ZAR at the rate of 16.3158, being the closing EUR/ZAR exchange rate on Last Practicable Date.*

[2] *The issued ordinary share capital reflected in this table includes 7 461 832 Forfeitable Shares which were previously awarded and issued by the Company as a fresh share issue in connection with the Forfeitable Share Plan and 4 819 228 Forfeitable Shares issued out of treasury share reserves, none of which have yet vested, as at the Last Practicable Date. These Forfeitable Shares are held by an escrow agent on behalf of Participants, who are entitled to exercise the voting rights in respect of these Shares. The vesting of Forfeitable Shares to Participants, as well as the number of such Shares which will vest, will depend on the achievement of the performance conditions over the performance period. Therefore, until the applicable vesting date, Forfeitable Shares remain subject to the risk of forfeiture, should certain conditions ultimately not be met. Please note that while such Forfeitable Shares have been issued and are, accordingly, reflected above, they are, in terms of accounting principles, accounted for as if they were not issued to Participants and are treasury shares.*

[3] *Excludes the 4 819 228 Forfeitable Shares which were issued out of treasury share reserves, as referred to in note 2 above.*

7.1.2 The authorised and anticipated issued share capital of Tiso Blackstar following the Specific Repurchase, is shown below:

Following the Specific Repurchase	Number of Shares	Stated Capital R'000[1]
Authorised		
Ordinary Shares of €0.76 each	400 000 000	–
Issued, net of treasury shares[2, 3]	269 825 203	3 345 835
Ordinary shares of €0.76 each	272 853 092	3 383 381
Treasury shares of €0.76 each	3 027 889	37 546
Share Premium		–

Notes:

[1] *Based on a par value of €0.76 per Share, translated into ZAR at the rate of 16.3158, being the closing EUR/ZAR exchange rate on Last Practicable Date.*

[2] *Assumes that a maximum number of 2 900 000 Forfeitable Shares that were previously awarded to Media Participants will vest as a result of the Transaction (see paragraph 3 of the Circular), with the remaining 2 388 627 Forfeitable Shares failing to vest and, accordingly, being forfeited by Participants and thereafter to be held as treasury shares. Kindly also refer to notes 2 and 3 to the table at paragraph 7.1.1 for further details in this regard.*

[3] *Furthermore, assumes that the maximum number of 2 900 000 Shares are repurchased by the Company in terms of the Specific Repurchase and subsequently cancelled (in terms of the Specific Repurchase authority to be requested from Shareholders at the General Meeting, the Specific Repurchase Shares may either be cancelled or retained in treasury, depending on which course of action is considered by the Directors to be in the best interests of Shareholders at the time).*

7.1.3 The impact of the Specific Repurchase on the Company's share capital is shown above, while the implementation of the Transaction will have no direct impact on either the Company's authorised or issued share capital.

7.2 Major Shareholders and interests

7.2.1 As far as Tiso Blackstar is aware, as at the Last Practicable Date, the following persons, other than Directors, are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Name of Shareholder	Number of Shares	Percentage of Shares in issue (net of treasury shares)
Kagiso Asset Management	49 488 821	18.0%
Tiso Foundation Charitable Trust	32 984 567	12.0%
Investec Asset Management	13 787 650	5.0%
Total	**96 261 038**	**35.0%**

7.2.2 As far as Tiso Blackstar is aware, following the Specific Repurchase, the following persons, other than Directors, will be beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Name of Shareholder	Number of Shares	Percentage of Shares in issue (net of treasury shares)[1]
Kagiso Asset Management	49 488 821	18.3%
Tiso Foundation Charitable Trust	32 984 567	12.2%
Investec Asset Management	13 787 650	5.1%
Total	**96 261 038**	**35.7%**

Note:

[1] *Assumes that the maximum number of 2 900 000 Shares are repurchased by the Company in terms of the Specific Repurchase.*

7.2.3 There has been no change in the controlling Shareholder, nor in the trading objects of Tiso Blackstar in the five years prior to the Last Practicable Date, nor in respect of any of its Major Subsidiaries and there will be no change in the shareholding in Tiso Blackstar as a result of the Transaction.

7.2.4 The Company has its sole primary listing on the Main Board of the JSE. The listing of the Company's Shares on the Alternative Investment Market of the London Stock Exchange (**"AIM"**) was cancelled during April 2018. Tiso Blackstar had decided to delist from AIM as less than 8% of Shares in issue were held via that listing. It was decided by the Board, following consultation with key investors on the AIM register, that the costs of the continued AIM listing were not justified given this small shareholder base.

7.3 Material changes

There have been no material changes in the financial or trading position of the Tiso Blackstar Group or the Sale Companies between the publication of the Company's reviewed financial results for the interim period ended 31 December 2018 and the Last Practicable Date.

7.4 Prospects

7.4.1 The Board is of the view that the business of the Tiso Blackstar Group has attractive growth prospects over the medium to long term.

7.4.2 The Transaction will allow Tiso Blackstar to focus on its remaining businesses and investments, specifically the Hirt & Carter Group, which has grown significantly in recent years and operates in a unique market segment. It will retain the Gallo Businesses and develop them further as the music industry continues to evolve. The Company remains committed to ensuring it unlocks value in its Kagiso Tiso Holdings stake in the short to medium term.

7.4.3 The Board believes that the current business strategy of the assets disposed of under the Transaction, is sound and viable and that there should be further opportunities to grow these assets through acquisitions and by growing market share. These assets offer a diverse reach unmatched in the South African and broader African market spanning print, digital, TV, radio and films.

7.4.4 The following assets will remain part of the Tiso Blackstar Group following the Transaction –

1.1.1.32 The Hirt & Carter Group

The Hirt & Carter Group business operates in a unique market segment, blending industry leading technology with a broad range of marketing outcomes for the retail and fast moving consumer goods (**"FMCG"**) markets. It has shown significant growth since being acquired by Tiso Blackstar and has strong prospects both locally and outside of South Africa.

The Hirt & Carter Group, consisting of the businesses being undertaken under the names and styles of *"Hirt & Carter"*, *"Uniprint"*, *"Triumph"*, *"First Impression Labels"* and many other integrated brands, delivers unique design, marketing, technology, data insights and execution services to the retail and FMCG market.

Hirt & Carter is a partner of choice for blue-chip marketers and advertisers looking to sell products and promote their brands in the sub-Saharan African market.

The bulk of the Hirt & Carter Group's operations have revolved around the origination, production and distribution of printed material, packaging, in store communication material as well as bespoke printing technology for election work and security printing.

It is particularly prominent in its adoption and use of digital printing technology. It is one of South Africa's leading developers of software and systems that link the work of all those involved in strategy, execution, competitive analysis, production, delivery, distribution, and post-promotion analysis. The Hirt & Carter Group has evolved its tools to assist marketers as they have shifted their focus from traditional to digital marketing channels and platforms.

The Hirt & Carter Group uses tailor-made systems and processes to manage the entire print communications process. It is the only group in South Africa to offer such a complete end-to-end service and is a global pioneer in this regard.

The Hirt & Carter Group aims to differentiate itself from its competitors by leading the way in the implementation of processes and technology, and by being involved in the total workflow and not only parts of the process.

It is particularly prominent in the retail field and provides the country's largest on-line FMCG digital library that is in daily use by most of the country's biggest retailers.

The focus on new processes and technology has meant that Hirt & Carter has consistently been able to offer solutions focused on driving efficiencies and cost savings and improving speed to market.

In March 2019, the Hirt & Carter Group, through Hirt & Carter South Africa, acquired the entire issued share capital of First Impression Labels Proprietary Limited (**"FIL"**) for a purchase consideration of R190 million. The acquisition adds scale to the existing business, further diversifying the technology offering and capabilities for clients, and enhancing the earnings base for the Group. The purchase consideration is payable in two separate tranches as follows: – an initial payment of R95 000 000, which was made in March 2019 and a second payment equal to the base amount (i.e. not greater than R95 000 000) plus interest, which is due in March 2020. The initial payment of the purchase consideration was funded out of additional borrowings of R100 000 000 raised by Hirt & Carter South Africa (as detailed further in **Annexure 9**).

1.1.1.33 **Gallo Businesses**

The Gallo Businesses have withstood a tumultuous period in the music industry and have delivered strong growth in both revenues and sustainable earnings.

Its focus on building catalogue, while at the same time representing front-line artists has given it the base to build a competitive and leading music business in Africa.

These businesses operate across both the publishing and performance segments of the market and own the largest independent catalogue in Africa. It comprises approximately 23 000 master recordings and ownership of more than 175 000 songs.

Gallo is South Africa's largest and oldest independent music label and boasts some of the biggest artists to have come out of the country, including master recording ownership rights to multi-platinum Lucky Dube, Stimela, Sipho Hotstix Mabuse, Dorothy Masuka, Mango Groove, and Grammy winners Ladysmith Black Mambazo, amongst others. The catalogue is well positioned for the digital driven growth in the music industry in the coming years – targeting South Africa, Africa and relevant worldwide markets.

It is also actively signing new acts and the label is home to IDOLS South Africa.

The music publishing leg of the business manages the intellectual copyrights of the song-writers and composers of the music and lyrics on 90% of Gallo Record Company's master recordings.

The Gallo Businesses also administer and collect revenues for other published catalogues under Gallo Music Publishers long-term deals for other local and international publishers and songwriters.

The music industry in South Africa is expected to grow in excess of 7% per year for the next five years, according to research conducted by PricewaterhouseCoopers, with the rest of Africa significantly ahead of that.

The Gallo Businesses continue to seek out opportunities in South Africa and across the African continent as the industry finally emerges with a sustainable and growing business model.

1.1.1.34 **Kagiso Tiso Holdings**

Tiso Blackstar's 20% shareholding in Kagiso Tiso Holdings represents a significant value unlocking opportunity. Kagiso Tiso Holdings owns Kagiso Media, as well as various minority investments.

The objective of realising value from this asset is a major priority for Tiso Blackstar and should yield benefits in the short to medium term.

A turnaround committee has been established by the Kagiso Tiso Holdings board, including representatives from its shareholders Tiso Blackstar, Remgro and Kagiso Charitable Trust and a turnaround specialist has been appointed to lead a restructuring and value unlock of Kagiso Tiso Holdings by reducing head office cost base and disposing of non-core assets, reducing gearing and putting Kagiso Tiso Holdings into a dividend paying position as soon as possible.

1.1.1.35 **Indigenous Films**

Tiso Blackstar has retained the catalogue of South Africa films in which it has an equity interest and these are housed within the legal entity Indigenous Films (which shall be renamed). Tiso Blackstar believes this catalogue has value and intends to further develop the existing catalogue and dispose of it when the appropriate fair value can be realised.

7.5 Material Borrowings

7.5.1 Details of the material borrowings of Tiso Blackstar and its subsidiaries (including the Sale Companies) are disclosed in **Annexure 9**, as at the Last Practicable Date.

7.5.2 The terms relating to the existing material borrowings of Tiso Blackstar and its subsidiaries will be amended and/or restated prior to the implementation of the SA Sale in order to ensure, amongst other things, that those members of the BHG Group which provide security for the obligations of the TBG SA Group and those members of the TBG SA Group which provide security for the obligations of the BHG Group will no longer provide such security following the implementation of the SA Sale Agreement.

7.5.3 A portion of the Purchase Consideration of the Transaction will be used to reduce the material borrowings as specified in **Annexure 9**.

7.6 Material contracts

7.6.1 Other than the Transaction Agreements and as set out in paragraph 7.6.2 below, Tiso Blackstar and its subsidiaries (including the Sale Companies) have not entered into, either verbally or in writing, any material contracts (being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by them) –

1.1.1.36 within the two years preceding the date of this Circular; or

1.1.1.37 at any time, and which contain an obligation or settlement that is material to Tiso Blackstar or its subsidiaries (including the Sale Companies) at the date of this Circular.

7.6.2 As discussed in paragraph 7.4.4.1 above, the Hirt & Carter Group, through Hirt & Carter South Africa, concluded a share sale and purchase agreement with the Cumming Family Trust for the purchase of the entire issued share capital of FIL for a purchase consideration of R190 000 000. This agreement was entered into on 13 November 2018 and the sale thereunder implemented in March 2019.The purchase consideration is payable in two separate tranches, with the initial tranche of R95 000 000 having been paid in March 2019 and the second tranche payment equal to the base amount (i.e. not greater than R95 000 000) plus interest, being due for payment in March 2020. The initial payment of the purchase consideration was funded out of additional borrowings of R100 000 000 raised by Hirt & Carter South Africa (as detailed further in **Annexure 9**).

7.7 Acquisition of material assets

No material assets have been acquired by the Sale Companies during the last three years preceding the date of this Circular.

8. INFORMATION RELATING TO DIRECTORS

8.1 Directors' interests in the issued Shares of Tiso Blackstar

8.1.1 The table below sets out the direct and indirect beneficial interests of the Directors (and their associates), including any directors who may have resigned during the last 18 months, in Tiso Blackstar's issued share capital as at the Last Practicable Date, prior to the Specific Repurchase, and following the Specific Repurchase:

Director	Direct Beneficial ('000)	Indirect Beneficial ('000)	% of Shares in issue held (prior to Specific Repurchase)[1]	% of Shares in issue held (post Specific Repurchase)[1, 2]
David Adomakoh	–	25 393 768	9.23%	9.41%
Andrew Bonamour	2 192 207	11 568 080	5.00%	5.10%
John Mills	–	761 328	0.28%	0.28%
Nkululeko Sowazi	–	25 393 768	9.23%	9.41%
Harishkumar Mehta	–	6 570 206	2.39%	2.43%
Marcel Ernzer (resigned 28 November 2018)	–	–	–	–
Total	**2 192 207**	**69 687 150**	**26.13%**	**26.64%**

Note:

[1] *Calculated with reference to the Company's total issued Share capital, net of treasury shares.*

[2] *Assumes that the maximum number of 2 900 000 Shares are repurchased by the Company in terms of the Specific Repurchase. No Shares will be repurchased from any Directors in terms of the Specific Repurchase.*

8.1.2 During the period between the most recent financial year-end on 30 June 2019 and the Last Practicable Date –

1.1.1.38 the indirect beneficial interest of David Adomakoh and Nkululeko Sowazi decreased from 26 893 768 Shares to 25 393 768 Shares, individually, as a result of a dealing announced on SENS on 1 July 2019, whereby certain members of Tiso Blackstar management (including Andrew Bonamour) established a special purpose vehicle (**"SPV"**), to, *inter alia*, acquire 3 000 000 Shares from Tiso Investment Holdings (RF) Proprietary Limited, an associate of David Adomakoh and Nkululeko Sowazi, and 6 000 000 Shares from the Tiso Foundation Charitable Trust. David Adomakoh and Nkululeko Sowazi indirectly own 50% of Tiso Investment Holdings (RF) Proprietary Limited each, and are therefore considered to have indirect beneficial interests in this shareholding;

1.1.1.39 the indirect beneficial interest of Andrew Bonamour increased from 7 968 080 Shares to 11 568 080 Shares, as a result of the following event –

1.1.1.39.1 the acquisition of an effective interest in 3 600 000 Shares (representing 40% of the 9 000 000 Shares acquired by the SPV, as detailed in paragraph 8.1.2.1 above), as a result of his 40% indirect beneficial interest in the issued share capital of the SPV, of which he is also a director. Hirt and Carter Group Proprietary Limited and Hirt & Carter South Africa provided a guarantee to Standard Bank in support of the financing required by the SPV for this transaction, with the provision of this guarantee qualifying as a small related party transaction for Tiso Blackstar under the JSE Listings Requirements. Full details appear in the Company's SENS announcement dated 1 July 2019; and

1.1.1.40 there has been no movement in the direct or indirect beneficial shareholdings of John Mills and Harishkumar Mehta.

8.2 **Directors' remuneration**

8.2.1 The remuneration of the Directors will not be varied as a result of the Transaction or of the Specific Repurchase.

8.2.2 As none of the Directors are Media Participants, the SA Sale will not trigger the vesting of any Forfeitable Share awards to Directors and no Shares are to be repurchased from any Directors under the Specific Repurchase. As indicated in paragraph 3, it is intended that the Forfeitable Share Plan be terminated following implementation of the SA Sale. As indicated in the same paragraph, under the Forfeitable Share Plan Rules, such termination will not affect any existing Forfeitable Share awards (which would include any existing awards to Directors).

8.2.3 The Remcom may review the existing short-term incentive scheme in future, should it believe this necessary in light of the termination of the existing long-term Forfeitable Share Plan incentive scheme. A final decision has not yet been made by the Remcom in this regard.

8.3 **Directors' Interests in the Transaction**

Save for being a Shareholder of Tiso Blackstar, no Director (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly in the Transaction, the Specific Repurchase or in any transactions that were:

8.3.1 effected by Tiso Blackstar during the current or immediately preceding financial year (other than the provision of the guarantee to the SPV referred to in paragraph 8.1.2.2.1 above); or

8.3.2 during an earlier financial year and remain in any respect outstanding or unperformed.

8.4 **Service contracts of executive Directors**

8.4.1 Each of the executive Directors has concluded service contracts with terms and conditions that are standard for such appointments, which are available for inspection in terms of paragraph 17 below. The contracts of all executive Directors are terminable on three months' notice.

8.4.2 In terms of the restraints of trade imposed by Tiso Blackstar on executive Directors, such Directors shall not, without the Company's prior written consent, while employed by the Company and for 12 months from the termination of their employment, whether as a proprietor, partner, director, shareholder, employee, consultant, contractor, financier, agent, representative, assistant or otherwise, directly or indirectly, carry on or be interested or engaged in or concerned with or employed by any business, trade, firm, undertaking or concern carried on in Africa or globally which sells goods or renders services in competition with the business conducted by Tiso Blackstar.

8.4.3 The duration of each executive Director's appointment is determined by the service contracts referred to in paragraph 8.4.1 above, whilst the duration of the appointment of non-executive Directors is determined by the Articles which are also available for inspection in terms of paragraph 17 below.

9. ADEQUACY OF CAPITAL

9.1 The Directors are of the opinion that the working capital available to the Tiso Blackstar Group is sufficient for the Tiso Blackstar Group's present working capital requirements and will, post-implementation of the Transaction and the Specific Repurchase be adequate for at least 12 months from the date of issue of this Circular.

9.2 In addition, the Board confirms that it has considered the impact of the Specific Repurchase and is of the opinion that –

9.2.1 the Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months from the date of approval of this Circular;

9.2.2 the assets of the Company and the Group will be in excess of their liabilities for a period of 12 months from the date of approval of this Circular, where, for this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Company;

9.2.3 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular; and

9.2.4 the Company and the Group have passed the required solvency and liquidity test under the UK Insolvency Act 1986 and that, since the test was performed, there have been no material changes to the financial position of the Company and the Group.

10. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of the Tiso Blackstar Group or the Sale Companies.

11. EXPENSES

The estimated costs of preparing and distributing this Circular, holding the General Meeting and implementing the Transaction and the Specific Repurchase, including the fees payable to professional advisors, are approximately R10 145 000, excluding Value Added Tax, and include the following:

TRANSACTION COSTS		R'000
Corporate advisor and sponsor	PSG Capital	1 000
UK tax advisor	TAP Advisory Services	99
Legal advisor	Cliffe Dekker Hofmeyr	5 000
UK legal advisor	Paul Hastings LLP	1 152
Independent Reporting Accountants	Deloitte & Touche	1 050
Agreed upon procedures and review of accounts at SA Sale Calculation Date	Deloitte & Touche	500
Printing, publication, distribution and advertising expenses	Greymatter & Finch	91
JSE documentation fees	JSE Limited	87
Transfer secretarial fees	Link Market Services	15
Stamp duty on transfer of Africa Radio Assets to UK Newco	Transfer Authorities	901
SUBTOTAL		9 895
Warehousing fee	RMB	250
TOTAL[1]		**10 145**

Notes:

[1] *Other than as set out above, Tiso Blackstar has incurred no preliminary expenses in relation to the Transaction or the Specific Repurchase during the three years preceding this Circular.*

12. GENERAL MEETING

12.1 A General Meeting of Shareholders will be held at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Wednesday, 23 October 2019 at 9:00 am GMT (10:00 am SAST), to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to give effect to the Transaction.

12.2 A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the *"Action required by Shareholders"* section of this Circular.

12.3 As at the Last Practicable Date, the Company has received written indications of support for the Transaction and the Specific Repurchase from Shareholders holding, between them 76.16% of the Shares in issue (net of treasury shares), who have indicated that they would vote in favour of the required shareholder resolutions, such resolutions being set out in the Notice of General Meeting.

13. OPINIONS AND DIRECTORS' RECOMMENDATION

13.1 The Directors have considered the terms and conditions of the Transaction and have considered the resolutions and are of the opinion that they are in the interests of Shareholders.

13.2 The Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

13.3 The Directors, in their personal capacities, intend to vote the Shares held by them in favour of the resolutions to be proposed at the General Meeting.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in the *"Corporate Information and Advisors"* section of this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to the Tiso Blackstar Group and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

15. ADVISORS' CONSENTS

The advisors whose names appear on the *"Corporate Information and Advisors"* section of this Circular have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, to the inclusion of their reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

16. SPONSOR AND TRANSACTION ADVISOR

As indicated in this Circular, PSG Capital fulfils the functions of sponsor and corporate advisor to the Company. It is PSG Capital's opinion that the performance of these functions do not represent a conflict of interest for PSG Capital, impair PSG Capital's independence from the Company or impair PSG Capital's objectivity in its professional dealings with the Company or in relation to the matters contemplated in this Circular. PSG Capital confirms that its team members fulfilling the sponsorship function, inter alia, emphasises the importance of compliance with the letter and spirit of the JSE Listings Requirements, as well as their independence, which is not influenced by any other functions performed by PSG Capital in relation to the transaction, and that its team members fulfilling the sponsorship function exercise due care and judgement to achieve independence from and objectivity in their professional dealings with the Company and in relation to the matters contemplated in this Circular. Should any conflicts arise it will be resolved between PSG Capital and the Company, which may require consultation with the JSE if required.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Tiso Blackstar and at the offices of the Sponsor from Friday, 20 September 2019, until Wednesday, 23 October 2019 (both days inclusive) –

17.1 the Articles;

17.2 the Transaction Agreements;

17.3 the Forfeitable Share Plan Rules;

17.4 the following reports by the Independent Reporting Accountants –

    17.4.1 the Independent Reporting Accountants' report on the historical combined financial information of TBG SA Group, as reproduced at **Annexure 2** of this Circular;

    17.4.2 the Independent Reporting Accountants' report on historical combined financial information of Africa Radio, as reproduced at **Annexure 4** of this Circular;

    17.4.3 the Independent Reporting Accountants' report on historical combined financial information of SA Radio, as reproduced at **Annexure 6** of this Circular; and

    17.4.4 the Independent Reporting Accountants' report on the *pro forma* financial information, as reproduced at **Annexure 8** of this Circular;

17.5 the published audited annual financial statements of the Company for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018, as well as the published reviewed interim financial statements of the Company for the six-month period ended 31 December 2018;

17.6 the written consents from each of the advisors referred to in paragraph 15;

17.7 the Warehousing Agreement;

17.8 the executive Directors' service contracts entered into in the three years preceding the Last Practicable Date; and

17.9 a copy of this Circular and all annexures hereto.

SIGNED AT JOHANNESBURG ON 19 SEPTEMBER 2019 BY ANDREW DAVID BONAMOUR ON BEHALF OF ALL THE DIRECTORS OF TISO BLACKSTAR GROUP SE, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

Andrew David Bonamour

HISTORICAL COMBINED FINANCIAL INFORMATION OF TBG SA GROUP

HISTORICAL COMBINED FINANCIAL INFORMATION ("HFI") OF TBG SA GROUP FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2017 AND 30 JUNE 2016

INTRODUCTION

The historical combined financial information was prepared on an aggregated basis, taking into account the principles of consolidation, however, neither the historical structure nor envisaged structure of the TBG SA Group on its own would result in consolidation under *IFRS 10 Consolidated Financial Statements ("**IFRS 10**")*.

In particular, the following principles were included in the preparation of the aggregated financial information:

- intercompany transactions and balances between the entities within the TBG SA Group will be eliminated; and
- the share capital and pre-acquisition reserves of the entities cannot be eliminated and will therefore be aggregated within the TBG SA Group.

Prior to the conclusion of the SA Sale, the TBG SA Group will undergo a corporate restructure whereby the following legal entities and divisions will all become subsidiaries and divisions of the TBG SA Group:

- Blackstar TV Proprietary Limited ("**BTV**");
- Ochre Media Proprietary Limited ("**Ochre Pty**");
- Learning Channel Proprietary Limited ("**LC**");
- Blackstar Property Publishing Proprietary Limited ("**BSPP**") (formerly Panamo Proprieties Proprietary Limited);
- Times Media Community Newspapers Division ("**TMCN**");
- Picasso Division ("**Picasso Div**"): and
- Tiso Blackstar Group Proprietary Limited ("**TBG**") consisting of the following divisions:

1. Airport Media Division ("**Airport Div**");
2. Associated Musical Distributors ("**AMD**");
3. Amorphous Corporate Division ("**Amorphous Div**");
4. Broadcast & Content Head Office ("**BCHO**");
5. Compact Disc Technologies Division ("**CDT Div**");
6. Times Media Eastern Cape ("**EC**");
7. Empire Entertainment ("**EE**") (formerly Times Media Films ("**TMF**");
8. Entertainment Logistics Services ("**ELS**");
9. Media Gauteng ("**MG**");
10. Nelson Mandela Bay Publishers ("**NMBP**");
11. Tiso Blackstar Group Corporate Office ("**Corporate**"); and
12. Times Media Home Entertainment ("**TMHE**").

Collectively, the companies listed above are deemed to be the TBG SA Group. These companies are being disposed of as a result of the SA Sale and form part of the historical combined financial information.

The report of the HFI is the responsibility of the directors.

COMMENTARY

TBG SA Group businesses

Media

The Media business is a premier newspaper, magazine and digital publisher and home to some of the most recognised brands in Africa. These include national, regional and community newspapers and magazines in consumer, business and specialist fields, as well as a specialised events business leveraging TBG SA Group's brands in trade and consumer markets.

Collectively, these assets deliver a total audience of over 16 million readers. TBG SA Group is the largest publisher of English-language daily and weekly newspapers in South Africa. TBG SA Group's flagship title, the Sunday Times, is the country's biggest weekly newspaper, but the TBG SA Group also publishes numerous popular newspapers and magazines as well as websites that attract the second-largest audience in South Africa.

Brands include print titles such as the Sunday Times, Business Day, Sowetan, Daily Dispatch, The Herald and SA Home Owner. Digital titles include TimesLIVE, BusinessLIVE and SowetanLIVE, as well as specialised trade and industry publications such as MIMS and SA Mining.

Broadcast and Content

The Broadcast and Content business houses TBG SA Group's growing interests in television and films across South Africa.

The TBG SA Group owns three South African television channels and one of the country's leading TV production houses.

Empire Entertainment is a leading independent distributor of filmed entertainment in Africa, representing studios such as Warner Bros, Twentieth-Century Fox, Metro-Goldwyn-Mayer (**"MGM"**) and many major independent studios. It also plays a key role in supporting and developing South Africa's growing local movie industry.

Our geographical footprint

The majority of TBG SA Group's operations are in South Africa, with commercial offices, production facilities and distribution centres in major metropolitan regions including Johannesburg, Durban, Cape Town, Port Elizabeth and East London. In addition, TBG SA Group has flexible logistics solutions to enable products and services to be distributed in South Africa and internationally.

Financial results overview

- Revenue for the TBG SA Group was R1,742.9 million (2017: R1,888.3 million: 2016: R2,153.1 million);
- Operating profit for the TBG SA Group was R80.6 million (2017: R114.9 million: 2016: R76.0 million);
- Net liability value of R976.9 million (2017: R717.4 million: 2016: R535.3 million);
- Diversified media business attracting revenue across platforms and regions;
- Joint Winner of the Media Owner of the Decade award (2009-2018); and
- Unique range of brands, products and services.

HISTORICAL COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R'000)	Notes	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Revenue	2	**1,742,872**	**1,888,304**	**2,153,147**
Cost of sales		(1,389,563)	(1,520,198)	(1,804,084)
Gross profit		**353,309**	**368,106**	**349,063**
Operating expenses		(225,410)	(219,707)	(218,971)
Depreciation	9	(23,688)	(21,786)	(24,782)
Amortisation	11	(16,437)	(14,073)	(13,756)
Share-based payments	32	(7,141)	2,378	(15,515)
Profit from operations before other gains/(losses)	3	**80,633**	**114,918**	**76,039**
Other gains/(losses)	4	4,206	36,183	(47,788)
Profit from operations		**84,839**	**151,101**	**28,251**
Net finance costs		(35,523)	(34,335)	(27,281)
Finance income	5	3,656	1,270	2,813
Finance costs	6	(39,179)	(35,605)	(30,094)
Share of losses of associates and joint ventures	29	(5,042)	(2,085)	(7,356)
Profit/(Loss) before taxation		**44,274**	**114,681**	**(6,386)**
Taxation	7	(8,013)	(32,136)	(2,739)
Profit/(Loss) for the year		36,261	82,545	(9,125)
Profit/(Loss) for the year attributable to:				
Equity owners of TBG SA Group		35,717	80,424	(10,097)
Non-controlling interest		544	2,121	972
		36,261	**82,545**	**(9,125)**
Other comprehensive income, net of taxation				
Items that will not subsequently be reclassified to profit and loss				
Actuarial gain on post-retirement benefits valuation		2,252	–	–
Total comprehensive income/(loss) for the year		**38,513**	**82,545**	**(9,125)**
Total comprehensive income/(loss) for the year attributable to:				
Equity owners of TBG SA Group		37,969	80,424	(10,097)
Non-controlling interest		544	2,121	972
		38,513	**82,545**	**(9,125)**

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

Figures in South African Rands (R'000)	Notes	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
ASSETS				
Non-current assets		927,617	959,658	957,211
Property, plant and equipment	9	114,881	125,858	114,837
Goodwill	10	808	808	808
Intangible assets	11	773,651	775,540	770,709
Investments in associates and joint ventures	12	2,709	8,722	4,588
Deferred taxation assets	13	35,568	48,730	66,269
Current assets		554,595	583,850	793,201
Inventories	14	91,099	104,530	101,839
Trade and other receivables	15	317,511	311,181	347,294
Taxation receivable		–	2,041	9,950
Straight lining of leases asset	20	–	87	–
Amounts receivable from TBSE entities	23	145,985	166,011	334,118
TOTAL ASSETS		**1,482,212**	**1,543,508**	**1,750,412**
EQUITY AND LIABILITIES				
Capital and reserves		(973,603)	(714,661)	(534,681)
Attributable to equity owners of TBG SA Group		(976,931)	(717,445)	(535,344)
Non-controlling interest		3,328	2,784	663
Non-current liabilities		276,261	260,158	319,924
Long term borrowings	17	250,001	200,257	213,156
Finance leases and instalment sales agreements	18	475	625	524
Post-retirement benefits liabilities	19	25,359	54,355	71,758
Straight lining of leases liability	20	426	4,921	34,486
Current liabilities		2,179,554	1,998,011	1,965,169
Short term borrowings	17	36,279	25,075	47,096
Finance leases and instalment sales agreements	18	150	416	204
Post-retirement benefits liabilities	19	4,506	7,551	9,597
Trade and other payables	21	327,986	307,642	322,378
Provisions	22	68,008	65,614	53,518
Straight lining of leases liability	20	11,334	–	–
Taxation payable		541	368	2,030
Share-based payments	32	–	–	17,217
Amounts payable to TBSE entities	23	1,663,781	1,511,538	1,495,444
Bank overdrafts	16	66,969	79,807	17,685
TOTAL EQUITY AND LIABILITIES		**1,482,212**	**1,543,508**	**1,750,412**

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

Figures in South African Rands (R'000)	Notes	Carve out equity adjustments*	Retained earnings	Attributable to equity owners of TBG SA Group	Non-controlling interest	Total
Balance as at 1 July 2015		(510,213)	393,513	**(116,700)**	(309)	**(117,009)**
Total comprehensive loss for the year		–	(10,097)	**(10,097)**	972	**(9,125)**
Dividends paid		–	(395,039)	**(395,039)**	–	**(395,039)**
Carve out accounting entries[(1)]		(13,508)	–	**(13,508)**	–	**(13,508)**
Balance as at 30 June 2016		**(523,721)**	**(11,623)**	**(535,344)**	**663**	**(534,681)**
Total comprehensive income for the year		–	80,424	**80,424**	2,121	**82,545**
Dividends paid		–	(25,000)	**(25,000)**	–	**(25,000)**
Carve out accounting entries[(2)]		(217,835)	–	**(217,835)**	–	**(217,835)**
Tiso Blackstar Group SE share incentive scheme	32	–	(19,690)	**(19,690)**	–	**(19,690)**
Balance as at 30 June 2017		**(741,556)**	**24,111**	**(717,445)**	**2,784**	**(714,661)**
Total comprehensive income for the year		–	37,969	**37,969**	544	**38,513**
Dividends paid		–	(203,122)	**(203,122)**	–	**(203,122)**
Carve out accounting entries[(3)]		(79,179)	–	**(79,179)**	–	**(79,179)**
Tiso Blackstar Group SE share incentive scheme	32	–	(15,154)	**(15,154)**	–	**(15,154)**
Balance as at 30 June 2018		**(820,735)**	**(156,196)**	**(976,931)**	**3,328**	**(973,603)**

[(1)] *The Carve out accounting entries for 30 June 2016 relate to costs incurred on projects which were incurred in Tiso Blackstar Group Proprietary Limited, but are not part of the SA Sale assets included in TBG SA Group.*

[(2)] *The Carve out accounting entries for 30 June 2017 relates to the disposal of Hirt & Carter division (**"H&C"**) from Tiso Blackstar Group Proprietary Limited and inter-company transactions that fall outside of the SA Sale assets. H&C is not part of the SA Sale assets and has been excluded from TBG SA Group.*

[(3)] *The Carve out accounting entries for 30 June 2018 relate to inter-company transactions that fall outside the SA Sale assets.*

HISTORICAL COMBINED STATEMENT OF CASH FLOWS

Figures in South African Rands (R'000)	Notes	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Cash flows from operating activities				
Cash generated by operations	24	138,621	145,836	86,349
Net finance costs paid		(32,950)	(34,336)	(28,764)
Net taxation refund received/(paid)	25	8,540	(8,306)	(8,444)
Share-based payment to beneficiaries		–	(14,839)	(7,698)
Net cash generated by operating activities		**114,211**	**88,355**	**41,443**
Cash flows from investing activities				
Acquisition of property, plant and equipment	9	(14,923)	(52,747)	(16,529)
Proceeds on disposal of property, plant and equipment	9	629	39,380	20,898
Acquisition of intangible assets	11	(13,766)	(24,164)	(48,095)
Proceeds on disposal of intangible assets	11	3	6,248	1,000
Movement on equity loans of associates and joint ventures		(468)	1,423	–
Disposal/(Acquisition) of associates		123	(7,642)	–
Inter-company cash flows from investing activities		(59,153)	(49,727)	290,206
Net cash (utilised)/generated by investing activities		**(87,555)**	**(87,229)**	**247,480**
Cash flows from financing activities				
Borrowings repaid		(16,573)	(34,920)	(38,029)
Borrowings raised		77,521	–	–
Finance leases and instalment sales agreement repaid		(416)	(482)	(547)
Finance leases and instalment sales agreement raised		–	795	995
Inter-company cash flows from financing activities		128,771	(3,641)	(283,990)
Dividends paid to owners of the TBG SA Group		(203,122)	(25,000)	(55,500)
Net cash utilised by financing activities		**(13,819)**	**(63,248)**	**(377,071)**
Net increase/(decrease) in cash and cash equivalents		12,838	(62,122)	(88,148)
Cash and cash equivalents at beginning of year		(79,807)	(17,685)	70,463
Cash and cash equivalents at the end of the year	16	**(66,969)**	**(79,807)**	**(17,685)**

* *Carve out accounting entries relate to equity adjustments made in relation to debt, taxation and inter-group transactions which do not form part of the TBG SA Group following the sale to Lebashe. Any cash flows related to these items have still been recognised in the cash flow statement, but the corresponding entries are recognised directly through equity.*

ACCOUNTING POLICIES

1. PRESENTATION OF HISTORICAL COMBINED FINANCIAL STATEMENTS

1.1 Basis of preparation of the historical combined financial information

The historical combined financial information, being the TBG SA Group recorded historical information, has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. This basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information, and accordingly in preparing the historical combined financial information certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail below (refer to 1.1, 1.2 and 1.6). In all other respects, IFRS has been applied.

Notes excluded from the HFI are as follows:

Share capital and retained income

TBG SA Group does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of TBG SA Group as disclosed in the historical combined financial information, represents the cumulative investment of Tiso Blackstar Group SE in TBG SA Group.

Earnings per share, diluted earnings per share, headline earnings, net asset value per share and tangible net asset value per share

As indicated above, it is not considered meaningful to disclose a historical analysis of share capital, therefore, it is not meaningful to disclose a historical analysis of various earnings per share metrics.

New Standards in issue

The IFRS standards effective for the TBG SA Group at the respective reporting dates have been applied in the preparation of the HFI. The accounts have been prepared prior to the implementation of *IFRS 9 Financial Instruments (***"IFRS 9"***), IFRS 15 Revenue from Contracts with Customers* (**"IFRS 15"***)* and IFRS 16 *Leases (**"IFRS 16"**)* and as such these IFRS standards have not been applied to the HFI information.

Segmental information

None of the TBG SA Group entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.2 Historical combined financial information

The historical combined financial information of the TBG SA Group for the years ended 30 June 2018, 2017 and 2016 ("the Reporting Period") has been prepared by aggregating the historical financial information relating to the statutory entities and divisions that will be disposed of to Lebashe and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated annual financial statements of Tiso Blackstar Group SE for the Reporting Period, which was prepared in accordance with IFRS.

The principle of control in IFRS 10 is not applicable to the TBG SA Group as a result of the historical legal structure. The historical combined financial information is therefore aggregated information prepared using the principles of consolidation under IFRS 10 as if control of the entities within the TBG SA Group existed. This includes elimination of investments in subsidiaries and share capital of subsidiaries within the TBG SA Group where control existed and the elimination of intercompany transactions and balances within the TBG SA Group.

Consolidated HFI (IFRS 10)

The historical combined financial information has been prepared using the principles of consolidation under IFRS 10 as if control existed in order to present to the shareholders the envisaged structure of the TBG SA Group.

The following principles have been applied in the preparation of the historical combined financial information:

- Intercompany transactions and balances between the entities within the TBG SA Group have been eliminated;
- The subsidiaries of the TBG SA Group have been consolidated and as such the investments in subsidiaries have been eliminated against pre-acquisition reserves and the assets and liabilities acquired as determined under *IFRS 3 Business Combinations* (**"IFRS 3"**) at the original date of acquisition and have been accounted for under IFRS 3;
- The share capital and pre-acquisition reserves of the entities that are not directly held by the TBG SA Group cannot be eliminated and will therefore be aggregated within the HFI; and
- The investments in associates and joint ventures have been equity accounted.

The historical combined financial information has been prepared with the objective of presenting the results and net assets of TBG SA Group for the Reporting Period. TBG SA Group has, for the periods presented, been under the control of Tiso Blackstar Group SE. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had TBG SA Group operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

The historical combined financial information has been audited for the year ended 30 June 2018, and reviewed for the years ended 30 June 2017 and 30 June 2016, by Deloitte & Touche. Refer Annexure 2 for the Independent Reporting Accountants' report on historical combined financial information of TBG SA Group.

The historical combined financial information is presented in South African Rand (R`000s) which is the functional currency of TBG SA Group.

1.3 Impact of newly issued and revised standards and interpretations

Newly issued and revised standards

IAS 7: *Statement of Cash Flows*

Amendments as a result of the Disclosure initiative (annual periods beginning on or after 01 January 2017).

IAS 12: *Income Taxes*

Amendments regarding the recognition of deferred tax assets for unrealised losses (annual periods beginning on or after 1 January 2017).

The implementation of these did not have a significant impact on TBG SA Group.

Newly issued and revised standards and interpretations – not adopted in the current year

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of the TBG SA Group. The impact of the below Standards on TBG SA Group are reflected in the historical combined financial statements for the six months ended 31 December 2018.

IFRS 1: *First-time Adoption of International Financial Reporting Standards*

Amendments resulting from the 2012 – 2014 Annual Improvement cycle (annual periods beginning on or after 1 January 2018).

IFRS 2: *Share based payments*

Amendments resulting from measurement of certain types of share based payments (annual periods beginning on or after 1 January 2018).

IFRS 2: *Share based payments*

Amendments resulting from measurement of certain types of share based payments (annual periods beginning on or after 1 January 2018).

IFRS 9: *Financial Instruments*

Amendments resulting from general hedge accounting (annual periods beginning on or after 1 January 2018).

Amendments resulting from modification of financial liabilities as well as prepayment features with negative compensation (annual periods beginning on or after 1 January 2019).

IFRS 15: *Revenue from contracts with customers*

IFRS 15 specifies how and when an entity will recognise revenue and required disclosures (annual periods beginning on or after 1 January 2018).

IFRS 16: *Leases*

Sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. The customer (“lessee”) and the supplier (“lessor”) (Annual periods beginning on or after 1 January 2019)

IAS 1: *Presentation of Financial Statements*

Amendments arising under the Disclosure Initiative (annual periods beginning on or after 1 January 2017).

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1.4.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the TBG SA Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the TBG SA Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the TBG SA Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods consists of revenue from the following:

- Circulation; and
- Distribution income from content sales.

1.4.2 Rendering of services

Revenue from a contract to provide services is recognised by the reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Advertising revenue is recognised when the advert is placed on the websites or in the print publications. For subscriptions, revenue is recognised over the subscription contract period;
- Production revenue is recognised by reference to the stage of completion of the production, determined as the proportion of the total time expected and the time that has elapsed at the end of the reporting period;
- Eventing revenue has multiple requirements based on the requirements of the customer as stated in the contract. Revenue is recognised when the event takes place and all direct expenses incurred; and
- ACSA Site revenue relates to advertising space on billboards. Revenue is recognised over the contract period as the advertisements are placed on the billboard.

1.5 Other gains and losses

Other gains and losses are those items of income or expenditure arising in the ordinary course of business, which are of such nature, incidence or size that their separate disclosure is relevant to explain the performance of the TBG SA Group.

1.6 Taxation

During the periods presented, TBG SA Group did not file separate tax returns as it was not considered a separate legal entity for tax purposes. The income tax charge/credit included in the statement of comprehensive income within the historical financial information was calculated using a method consistent with a separate tax return basis, as if TBG SA Group was a separate taxpayer.

The current tax liability/asset in the statement of financial position will reflect the aggregated amounts owing to/ recoverable from the receiver of revenue in respect of the statutory entities. As such the reconciliation of the tax liability/ asset in respect of the SA Sale will include a charge that relates to taxable income of divisions of TBG SA Group which do not form part of the TBG SA Group. The contra entry is in the related party loan accounts as the tax was paid through resources of the divisions that do not form part of the TBG SA Group and is considered to be recoverable from those divisions.

Deferred tax in the historical financial information will be determined in accordance with *IAS 12 Income Taxes* as the difference between the carrying value of the TBG SA Group's combined assets and liabilities and the tax values of those specific assets and liabilities. The deferred tax related to assets and liabilities of the divisions which do not form part of the TBG SA Group will not be included.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of property, plant and equipment, to their estimated residual values over their estimated useful lives. Land is not depreciated. The following life spans were used during the year to depreciate property, plant and equipment to estimated residual values:

Land & buildings	15 – 50 years
Leasehold improvements	Lease period where shorter than useful life of the underlying asset.
Motor vehicles	3 – 5 years
Plant, furniture and equipment	3 – 20 years

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their own estimated useful lives. Useful lives, residual values and methods of depreciation are reviewed annually.

1.8 Goodwill

Goodwill arising on acquisition is not amortised. Cash-generating units ("CGU") to which goodwill is allocated are tested for impairment annually, or more frequently where there is an indication of impairment. If the recoverable amount of the CGU is less than its carrying amount, the impairment is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.9 Intangible assets

Intangible assets are recognised initially at cost. If assessed as having an indefinite useful life, the intangible asset is not amortised, but is tested for impairment annually and impaired if required. If assessed as having a finite useful life, it is amortised over its estimated useful life, and tested for impairment if there is an indication of an impairment.

The cost of acquiring publishing rights and titles is capitalised as an intangible asset. Publishing rights and titles acquired are presumed to have an indefinite life unless there are indications that require a shorter life. Publishing rights and titles are assessed annually regarding estimated economic useful life assessment, the asset is impaired or the life assessment is changed from indefinite to finite, with the change being accounted for as a change in accounting estimate. Costs to develop publishing titles internally are recognised in profit or loss.

The useful lives of newspapers and magazine mastheads and titles have been assessed as indefinite due to the fact that these titles have been in existence for a significant number of years, some of which are more than 50 years old. These are well known and established brands, and are considered to be in a mature phase with a strong footprint in South Africa and consistent readership and support.

The following estimated useful lives were used during the year to amortise intangible assets to estimated residual value:

Computer software	1 – 2 years
Patents and trademarks	10 – 20 years and indefinite useful lives
Publishing rights and titles	10 – 15 years and indefinite useful lives

1.10 Impairment of tangible and intangible assets

At least at each reporting date the carrying amounts of tangible and intangible assets are assessed to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount which would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite lives that are acquired separately are carried at cost less accumulated impairment losses. The intangible assets are tested annually for impairment.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value, on a first-in, first-out basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Where appropriate, provision is made for slow-moving, obsolete and defective inventories. Write downs to net realisable value and inventory losses are expensed in the period in which they occur.

1.12 Financial instruments

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

Loans and receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method.

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

Other financial liabilities

This category includes all financial liabilities, including borrowings and trade and other payables. The TBG SA Group includes in this category short term payables.

Recognition

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

Initial measurement

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

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

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

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

Derecognition

A financial asset is derecognised where the rights to receive the cash flows from the asset have expired or the TBG SA Group has transferred its rights to receive the cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

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

The TBG SA Group derecognises a financial liability when the obligation under the liability has been discharged, cancelled, or has expired. Gains and losses on derecognition which may arise are recognised in profit and loss, and is determined based on the requirements in the relevant standards.

1.13 Provisions

Provisions are recognised in respect of present legal or constructive obligations that can be estimated reliably and for which it is probable that an outflow of economic benefits will result.

1.14 Post-retirement benefits

The cost of post-retirement benefits is made up of those obligations which the TBG SA Group has towards current and retired employees. These obligations can be divided into the following categories:

Defined contribution plans

A defined contribution plan is a pension plan under which the TBG SA Group pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The funds are designed to provide a lump sum on retirement or a combination of a lump sum and a guaranteed pension. The benefits are dependent on the investment performance of the funds. No actuarial valuation on these plans is required.

Contributions to defined contribution plans in respect of services during a period are recognised as an expense in that period.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service, or compensation. The TBG SA Group's employees belong to the post-retirement medical aid.

1.15 Leases

Leases are classified as finance leases when the lease transfers substantially all risk and rewards of ownership to the lessee. Other leases are classified as operating leases, and are accounted for on the straight-line basis.

Assets held under finance leases are capitalised at the estimated present value of the underlying lease payments at the date of acquisition. The corresponding liability, net of finance charges, is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and fair value of the assets acquired, are charged to the profit or loss over the term of the relevant lease to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

1.16 Foreign currency translation

Functional currency

The financial results are presented in the currency of the primary economic environment in which the division operates (its functional currency). TBG SA Group's financial statements are presented in South African Rands, which is its functional currency.

Transactions and balances

Transactions in currencies other than the TBG SA Group's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates ruling at the reporting date. Non-monetary items carried at fair value which are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items which are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

1.17 Share based payments

Share-based incentives are issued to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the incentives which will eventually vest, and adjusted for the effect of non-market vesting conditions.

For cash-settled share-based payments, a liability aligned to the portion of the services received is recognised at fair value at each reporting date.

1.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the TBG SA Group's accounting policies, which is described in note 1.2 onwards, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management

In applying the TBG SA Group's accounting policies, the following significant judgements have been made:

Deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available in future against which the deferred taxation assets can be utilised. The future availability of taxable profits is based on management's judgements regarding future business plans.

Asset lives and residual values

Property, plant and equipment are depreciated and intangible assets are amortised, to their residual values over their expected useful lives. Residual values and asset lives are assessed annually based on management's judgement of relevant factors and conditions.

Impairment of tangible and intangible assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is then estimated in order to determine the extent of any impairment.

Irrespective of whether there is any indication of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use are also tested annually for impairment by comparing their carrying amounts with their recoverable amounts.

Goodwill acquired is tested annually for impairment.

Investment in associates and joint ventures

During the year, management considered the recoverability of the TBG SA Group's investments in its associates and joint ventures, which are included in the statement of financial position as at 30 June 2018 at a carrying value of R2,709 million (2017: R8,722 million and 2016: R4,588 million).

Determining whether these investments are impaired requires an estimation of value in use and fair value less costs to sell, which is based on management's judgement of relevant factors and conditions. An impairment was identified at 30 June 2018 (refer to note 4).

Provision for doubtful debts

The provision for doubtful debts is regularly assessed by management. This assessment is impacted by general trading and market conditions, as well as trading levels relative to credit guarantee insurance limits. The provision for each doubtful debt is based on management's judgement of the specific facts at the reporting date and past default experience.

Valuation of post-retirement benefits

The actuarial valuations of post-retirement benefits are based on estimations, including discount rates, healthcare cost inflation rates and subsidy amounts. The TBG SA Group's post-retirement benefits are valued annually by independent actuaries.

Valuation of share-based payments

The valuation models used to value share-based payments include estimates as to expected incentive lives, volatilities, vestings, dividend yields and risk-free interest rates.

Carrying value of goodwill and indefinite useful life intangible assets

The TBG SA Group tests annually whether goodwill and intangible assets with indefinite useful lives have suffered impairments in accordance with IAS 36 Impairment of assets. Significant judgement is required in assessing the impairment of goodwill and indefinite useful life intangible assets, which is determined with reference to the value in use. The recoverable amounts of the CGUs have been determined based on discounted cash flow methodology. These calculations require the use of estimates, which includes using five year budgeted and forecasted information for each CGU, discount and growth rates based on risks relating to the relevant CGUs and the countries in which they operate in, as well as market specific factors. The estimates and sensitivities are provided in notes 10 and 11 respectively of the combined financial information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2. REVENUE

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
By revenue stream			
Sale of goods	417,731	1,295,752	1,483,279
Rendering of services	1,325,141	592,552	669,868
	1,742,872	**1,888,304**	**2,153,147**

3. PROFIT FROM OPERATIONS BEFORE OTHER GAINS/(LOSSES)

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Profit from operations before other gains/(losses) is stated after charging:			
Retirement plan contributions	27,262	26,487	10,855
Defined contribution plans	25,670	25,001	9,340
Defined benefit plan	1,592	1,486	1,515
Staff costs (excluding retirement benefit plan contributions)	598,526	658,386	548,690

4. OTHER GAINS/(LOSSES)

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Profit on disposal of property, plant and equipment	880	19,524	10,953
Impairment of property, plant and equipment	–	–	(132)
Profit/(Loss) on disposal of intangible assets	–	45	(274)
Impairment of intangible assets	–	–	(212)
Profit on disposal of joint venture	187	–	–
Impairment of associate	(1,316)	–	–
Retrenchment costs and PRMA buyouts	(2,650)	–	(36,929)
Gain on settlement of post-retirement medical aid	15,797	19,449	169
Minimum guarantees written off – Empire Entertainment	(8,278)	(2,028)	(11,909)
Loss on asset for share transaction	–	(1,695)	–
Loss on disposal of CDT stock and liabilities	–	–	(4,648)
Provision for write down of assets	–	–	(2,364)
Loss on disposal of title	–	–	(2,250)
Non-recurring expenses	(414)	888	(192)
	4,206	**36,183**	**(47,788)**

5. FINANCE INCOME

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
On bank balances	1,274	1,270	1,452
SARS	823	–	1,361
Bank deposits	1,559	–	–
	3,656	**1,270**	**2,813**

6. FINANCE COSTS

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
On bank overdrafts	(17,755)	(10,653)	(4,274)
Borrowings	(21,352)	(24,915)	(25,819)
SARS	(72)	(37)	(1)
	(39,179)	**(35,605)**	**(30,094)**

7. TAXATION

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
South African normal taxation			
Current year	(7,523)	(3,470)	(7,399)
Prior year	12,672	(11,127)	1,886
	5,149	**(14,597)**	**(5,513)**
Deferred taxation			
Current year	(8,348)	(14,744)	1,943
Prior year	(4,814)	(2,795)	831
	(13,162)	**(17,539)**	**2,774**
Total tax charge for the year	**(8,013)**	**(32,136)**	**(2,739)**
Total tax charge for the year recognised directly in equity			
Current taxation	1,810	–	–
Profit/(Loss) before taxation	44,274	114,681	(6,386)
Add back: losses from associates	5,042	2,085	7,356
Profit before taxation and income from associates	**49,316**	**116,766**	**970**
Tax rate reconciliation	%	%	%
Taxation at the standard rate	28	28	28
Profit before taxation and income from associates at official rate of tax	(13,808)	(32,694)	(272)
Disallowable expenditure of a capital nature	(4,038)	(223)	(2,101)
Exempt income of a capital nature	–	6,637	–
Prior period adjustments	7,858	(13,922)	2,717
Deferred tax asset utilised	(462)	–	–
Exempt dividend income	2,437	847	1,892
Deferred tax asset raised	–	41	(9,525)
Assessed loss utilised in the current year not previously raised	–	–	766
Carve out adjustment to deferred tax*	–	7,178	3,784
	(8,013)	**(32,136)**	**(2,739)**

* *Carve out accounting entries in relation to debt, taxation and inter-group transactions which do not form part of the TBG SA Group following the sale to Lebashe.*

8. EARNINGS PER ORDINARY SHARE

The HFI has been prepared on a carve-out basis and no rational share capital exists for TBG SA Group as the underlying operations are not under common control at the date of this report. Accordingly, the requirements of IAS33 *Earnings per share* ("IAS 33") to disclose earnings per share has not been met.

The Headline Earnings ("HE") reconciliation has been disclosed, although it is not possible to measure the earnings per share. HE is calculated based on Circular 4/2018 issued by the South African Institute of Chartered Accountants.

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Profit for the year attributable to equity owners of TBG SA Group	35,717	80,424	(10,097)
Adjusted for:			
Profit on disposal of property, plant and equipment	(880)	(19,524)	(10,953)
Impairment of property, plant and equipment	–	–	132
(Profit)/Loss on disposal of intangible assets	–	(45)	274
Impairment of intangible assets	–	–	212
Profit on disposal of joint venture (refer to note 29)	(187)	–	–
Impairment of associate	1,316	–	–
Loss on asset for share transaction	–	1,695	–
Loss on disposal of title	–	–	2,250
Total tax effects of adjustments	123	3,931	1,897
Headline earnings/(loss)	**36,089**	**66,481**	**(16,285)**

9. PROPERTY, PLANT AND EQUIPMENT

Net carrying value

2018	Land & buildings R'000	Leasehold Improvements R'000	Motor vehicles R'000	Plant, furniture and equipment R'000	Total R'000
Cost					
Opening balance	12,330	34,895	6,770	201,564	255,559
Additions	–	6,691	328	7,904	14,923
Disposals	–	(2,033)	–	(846)	(2,879)
Reclassifications and transfers*	–	(616)	(702)	143	(1,175)
Balance at 30 June 2018	**12,330**	**38,937**	**6,396**	**208,765**	**266,428**
Accumulated depreciation					
Opening balance	4,008	5,441	5,769	114,483	129,701
Depreciation charged for the year	569	4,387	278	18,454	23,688
Disposals	–	(1,776)	–	(1,354)	(3,130)
Reclassifications and transfers*	–	130	(704)	1,862	1,288
Balance at 30 June 2018	**4,577**	**8,182**	**5,343**	**133,445**	**151,547**
Carrying amount					
As at 30 June 2018	7,753	30,755	1,053	75,320	114,881

2017	Land & buildings R'000	Leasehold Improvements R'000	Motor vehicles R'000	Plant, furniture and equipment R'000	Total R'000
Cost					
Opening balance	15,825	28,678	6,006	258,704	309,213
Additions	–	28,321	1,413	23,013	52,747
Disposals	(3,495)	(21,812)	(649)	(80,154)	(106,110)
Reclassifications and transfers*	–	(292)	–	1	(291)
Balance at 30 June 2017	**12,330**	**34,895**	**6,770**	**201,564**	**255,559**
Accumulated depreciation					
Opening balance	5,680	18,226	5,647	164,823	194,376
Depreciation charged for the year	598	2,377	237	18,574	21,786
Disposals	(2,270)	(14,870)	(115)	(68,999)	(86,254)
Reclassifications and transfers*	–	(292)	–	85	(207)
Balance at 30 June 2017	**4,008**	**5,441**	**5,769**	**114,483**	**129,701**
Carrying amount					
As at 30 June 2017	8,322	29,454	1,001	87,081	125,858

Net carrying value

2016	Land & buildings R'000	Leasehold Improvements R'000	Motor vehicles R'000	Plant, furniture and equipment R'000	Total R'000
Cost					
Opening balance	15,651	26,670	6,865	406,317	455,503
Additions	–	2,084	127	14,318	16,529
Disposals	–	(76)	(994)	(161,793)	(162,863)
Reclassifications and transfers*	174	–	8	(138)	44
Balance at 30 June 2016	**15,825**	**28,678**	**6,006**	**258,704**	**309,213**
Accumulated depreciation					
Opening balance	4,794	15,093	6,337	296,402	322,626
Depreciation charged for the year	639	3,204	357	20,582	24,782
Disposals	–	(72)	(970)	(151,876)	(152,918)
Reclassifications and transfers*	247	1	(77)	(285)	(114)
Balance at 30 June 2016	**5,680**	**18,226**	**5,647**	**164,823**	**194,376**
Carrying amount					
As at 30 June 2016	10,145	10,452	359	93,881	114,837

* *Reclassifications and transfers have been done across the historic Tiso Blackstar Group Proprietary Limited (**"TBG"**) entity. As a result of carving out specific operations from these presented numbers, the net Rnil effect of the reclassifications and transfers is not reflective in these accounts.*

Property, plant and equipment are held as security for the vehicle and asset financing, refer note 18.

Registers containing details of the land and buildings are available for inspection at the registered office of TBG SA Group.

10. GOODWILL

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Goodwill	**808**	**808**	**808**

Goodwill has been deemed to arise on the acquisition of Blackstar Property Publishing Proprietary Limited.

Goodwill is allocated for impairment testing purposes to CGUs which reflect how it is monitored for internal management purposes. The recoverable amount of these CGUs is determined based on higher of value-in-use and fair values less costs to sell. Management has based the cash flow projections on a formal budgeting and forecasting process, in terms of which budgets covering the forthcoming financial year and forecasts covering the next four years are prepared. Cash flow projections beyond the five-year period are extrapolated using long-term growth rates applicable to the individual CGUs.

The key assumptions in determining the cash flows for the TBG SA Group include sales growth and cost increases. Sales growth is modelled on a bottom-up, customer-by-customer basis. The key assumptions reflect past experience. Cash flow projections beyond the five-year period were extrapolated using a long-term growth rate of 5% per annum (2017: 5% per annum; 2016: 2% per annum). Pre-tax cash flow projections are discounted using a pre-tax discount rate of 17.7% (2017: pre-tax discount rate of 17.7%; 2016: pre-tax discount rate of 12.93%), adjusted for relevant risks.

The directors believe that any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause the total carrying amount to materially exceed the total recoverable amount. A sensitivity analysis of a 1% increase in discount rate or a 1% decrease in cash flows was performed and these did not give rise to an impairment.

11. INTANGIBLE ASSETS

Net carrying value

2018	Computer software R'000	Patents and trademarks R'000	Publishing rights and titles R'000	Total R'000
Cost				
Opening balance	66,854	77,523	787,934	932,311
Additions	6,554	–	7,212	13,766
Disposals	(4,680)	–	(5,263)	(9,943)
Reclassifications and transfers*	362	–	–	362
Balance at 30 June 2018	**69,090**	**77,523**	**789,883**	**936,496**
Accumulated amortisation				
Opening balance	65,136	14,545	77,090	156,771
Amortisation charged for the year	6,400	720	9,317	16,437
Disposals	(4,677)	–	(5,263)	(9,940)
Reclassifications and transfers*	271	(720)	26	(423)
Balance at 30 June 2018	**67,130**	**14,545**	**81,170**	**162,845**
Carrying amount				
As at 30 June 2018	**1,960**	**62,978**	**708,713**	**773,651**

Net carrying value

2017	Computer software R'000	Patents and trademarks R'000	Publishing rights and titles R'000	Total R'000
Cost				
Opening balance	67,713	77,523	775,649	920,885
Additions	2,754	140	21,270	24,164
Disposals	(3,626)	(140)	(8,985)	(12,751)
Reclassifications and transfers*	13	–	–	13
Balance at 30 June 2017	**66,854**	**77,523**	**787,934**	**932,311**
Accumulated amortisation				
Opening balance	62,303	14,545	73,328	150,176
Amortisation charged for the year	6,195	720	7,158	14,073
Disposals	(3,107)	–	(3,351)	(6,458)
Reclassifications and transfers*	(255)	(720)	(45)	(1,020)
Balance at 30 June 2017	**65,136**	**14,545**	**77,090**	**156,771**
Carrying amount				
As at 30 June 2017	**1,718**	**62,978**	**710,844**	**775,540**

11. INTANGIBLE ASSETS (continued)

Net carrying value

2016	Computer software R'000	Patents and trade marks R'000	Publishing rights and titles R'000	Total R'000
Cost				
Opening balance	65,901	77,523	740,273	883,697
Additions	5,472	–	42,623	48,095
Disposals	(6,850)	–	(5,061)	(11,911)
Reclassifications and transfers*	3,190	–	(2,186)	1,004
Balance at 30 June 2016	**67,713**	**77,523**	**775,649**	**920,885**
Accumulated amortisation				
Opening balance	58,217	13,646	71,738	143,601
Amortisation charged for the year	6,592	720	6,444	13,756
Disposals	(5,783)	–	(4,854)	(10,637)
Reclassifications and transfers*	3,277	179	–	3,456
Balance at 30 June 2016	**62,303**	**14,545**	**73,328**	**150,176**
Carrying amount				
As at 30 June 2016	5,410	62,978	702,321	770,709

* *Reclassifications and transfers have been done across the historic TBG entity. As a result of carving out specific operations from these presented numbers, the net Rnil effect of the reclassifications and transfers is not reflective in these accounts.*

Intangible assets have the following average useful lives:

- Computer software has an average useful life of 1 – 2 years.
- Patents and trademarks have an indefinite useful life.
- Publishing rights and titles have both indefinite and definite useful lives. These vary on a contractual basis.

11.1 Pledged as security

Hypothecation of trademarks were pledged as security during the period, refer to note 17.

11.2 Impairment

Intangible assets with indefinite useful lives are tested annually for impairment and carried at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are allocated to CGUs for purposes of impairment testing. An impairment test is performed by determining the recoverable amount of the CGU to which the intangible assets with indefinite useful lives relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in other gains (losses) in the statement of comprehensive income.

The recoverable amounts of these CGUs have been determined based on value in use calculations. Value in use is based on discounted cash flow calculations. TBG SA Group based its cash flow calculations on five year budgeted and forecasted information approved by senior management and/or the various boards of directors of the respective companies. The growth rates of the CGUs, were used to extrapolate cash flows into the future. The discount based its cash flow calculations on five year budgeted and forecasted information approved by senior management and/or the various boards of directors of the respective companies. The growth rates of the CGUs, were used to extrapolate cash flows into the future. The discount rates used reflect specific risks relating to the relevant CGUs and the countries in which they operate, whilst maximising the use of market observable data. Other assumptions included in cash flow projections vary widely between CGUs due to the Group's diverse range of business models, and are closely linked to entity-specific key performance indicators.

The key assumptions in determining the cash flows for the TBG SA Group include sales growth and cost increases. Sales growth is modelled on a bottom-up, customer-by-customer basis. The key assumptions reflect past experience. Cash flow projections beyond the five-year period were extrapolated using a long-term growth rate of 5% per annum (2017: 5% per annum; 2016: 2% per annum). Pre-tax cash flow projections are discounted using a pre-tax discount rate of 17.7% (2017: pre-tax discount rate of 17.7%; 2016: pre-tax discount rate of 12.93%), adjusted for relevant risks.

The directors believe that any reasonable possible change in the key assumptions on which the recoverable amounts are based would not cause the total carrying amount to materially exceed the total recoverable amount of the CGUs. A sensitivity analysis of a 1% increase in discount rate or a 1% decrease in cash flows was performed and these did not give rise to an impairment.

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Unlisted shares at cost less amount written off	4,687	10,145	4,588
(Owing to)/Receivable from associates and joint ventures	(1,978)	(1,423)	–
	2,709	**8,722**	**4,588**

Further information regarding interest in associates and joint ventures is set out in note 29.

13. DEFERRED TAXATION

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Movement in deferred tax balance:			
Opening balance	48,730	66,269	63,495
Current years provision	(13,162)	(17,539)	2,774
Closing balance	35,568	48,730	66,269
Total value of deferred taxation assets	35,568	48,730	66,269
Comprising:			
Property, plant and equipment	(3,093)	(3,049)	(6,431)
Intangible assets	2,459	2,824	2,600
Trade and other receivables related	446	170	(854)
Trade and other payables and provisions related	29,280	39,666	59,216
Other	(200)	1	–
Assessed tax loss	6,676	9,118	11,738
	35,568	**48,730**	**66,269**

The TBG SA Group is not considered a separate legal entity for tax purposes, however, the deferred tax has been calculated as if TBG SA Group was a separate legal entity.

Deferred tax has been determined in accordance with *IAS 12 Income* Taxes as the difference between the carrying value of TBG SA Group's combined assets and liabilities and the tax values of those specific assets and liabilities as at each period presented, resulting in a deferred tax charge in the statement of profit and loss. The assessable tax loss was recalculated commencing with the balance as at 1 July 2015 and adjusted for movements per the historical combined financial information for each financial year. A deferred tax asset was raised on the resulting assessed loss as future taxable income against which it can be utilised is probable. As a result a deferred tax asset has been raised on assessed losses of R6,7 million (2017: R9,1 million, 2016: R11,7 million) while the full assessed loss available to the statutory entities within TBG SA Group is R27,8 million (2017: R42,1 million, 2016: Rnil).

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

14. INVENTORIES

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Merchandise	87,988	102,381	102,471
Raw materials	4,308	2,880	3,889
Provision for obsolete inventory	(1,197)	(731)	(4,521)
	91,099	**104,530**	**101,839**
Inventory is carried at the lower of cost and net realised value.			
Inventory write-offs expensed	8,278	2,521	12,181
Inventories recognised as an expense in cost of sales	111,380	109,574	139,141

There is no inventory pledged as security.

15. TRADE AND OTHER RECEIVABLES

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Trade receivables	215,890	220,623	241,917
Gross	226,959	232,111	268,886
Allowances for doubtful receivables	(11,069)	(11,488)	(26,969)
Fee income receivable	32,348	42,149	31,217
Prepayments	55,342	32,146	53,652
Circulation debtors	10,084	13,135	16,566
Value added taxation receivable	1,319	684	2,141
Staff loans and advances	2,528	2,444	1,801
	317,511	**311,181**	**347,294**

The directors are of the opinion that the carrying amount of trade and other receivables approximates their fair value. Credit risk relating to trade receivables is detailed in note 26.

16. NET CASH AND CASH EQUIVALENTS

Net cash and cash equivalents comprise cash held by the TBG SA Group and short-term bank deposits with an original maturity of twelve months or less. The directors believe that the carrying value of these approximates their fair value.

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Bank overdrafts			
Bank overdrafts bear interest at rates related to prime	(66,969)	(79,807)	(17,685)

17. BORROWINGS

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Secured	277,779	213,156	245,791
Unsecured	8,501	12,176	14,461
	286,280	**225,332**	**260,252**
Non-current portion	250,001	200,257	213,156
Current portion	36,279	25,075	47,096
	286,280	**225,332**	**260,252**

On the buyout of the remaining shares in Blackstar Holdings Group Proprietary Limited ("BHG") in 2015 by Tiso Blackstar Group SE, term funding loans of R800.0 million were raised to settle the existing shareholders, R400.0 million by way of a five year amortising loan and R400.0 million by way of a five year bullet loan. Using available cash, the term funding loans were reduced to R595.0 million at the beginning of June 2018. An additional R230.0 million was borrowed during June 2018 and as at 30 June 2018, the term funding loans amounted to R825.0 million, of which R412.5 million is a five year amortising loan and R412.5 million is a five year bullet loan. The amortising loan incurs interest at JIBAR plus 325 basis points, and the bullet loan at JIBAR plus 375 basis points. The loan raising fee is amortised over the period of the loan and the amortised amount is included in finance costs (refer note 6).

For the preparation of this financial information, the debt attributable to the TBG SA Group has been allocated based on the debt structure of BHG at 30 June 2019. This proportionate allocation has been applied to the years ending 30 June 2016, 30 June 2017 and 30 June 2018. The difference between the capital balances previously reported in the TBG SA Group accounts and this financial information has been allocated against the inter-group balance with BHG. The differential in the interest balance has been recognised in equity.

Security over the loans includes a guarantee by a security SPV and indemnity by the TBG SA Group in favour of the security SPV, cross-guarantees provided by wholly-owned Group companies, the cession and pledge of shares in wholly-owned subsidiaries, and the hypothecation of trademarks.

Loan covenants have been complied with, and no default has occurred.

18. FINANCE LEASES AND INSTALMENT SALES AGREEMENTS

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Secured			
Vehicle and asset financing	**625**	**1,041**	**728**
Non-current portion	475	625	524
Current portion	150	416	204
	625	**1,041**	**728**

The vehicle and asset financing has interest rates varying from 7% to 10% per annum, and repayment terms ranging from three to five years. The underlying assets provide the security for the funding. Note 26 has considered the liquidity risk on these finance leases and instalment sales agreements.

19. POST-RETIREMENT BENEFITS LIABILITIES

Certain operations in the TBG SA Group have unfunded obligations to provide Post-Retirement Medical Aid (**"PRMA"**) benefits to certain pensioners and employees on retirement. The quantum of the PRMA obligation is valued annually by independent actuaries.

The primary risk faced by the TBG SA Group as a result of the post-employment healthcare obligation is as follows:

Longevity:

The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.

Valuation methods and assumptions:

The actuarial valuation is performed annually by Alexander Forbes. The actuarial valuation method used to value the liability is the Projected Unit Credit Method prescribed by *IAS 19 – Employee Benefits* (**"IAS 19"**). Future benefits valued are projected using specific actuarial assumptions.

In order to undertake the valuation, it is necessary to make a number of assumptions. The primary assumptions used for the previous and current valuations are outlined below:

Figures in South African Rands (R'000)	**Audited 30 June 2018**	**Reviewed 30 June 2017**	**Reviewed 30 June 2016**
Principal actuarial assumptions			
Discount rate	9.00% p.a.	8.90% p.a.	8.90% p.a.
Healthcare cost inflation rate	7.60% p.a.	7.90% p.a.	8.70% p.a.
CPI inflation	5.60% p.a.	5.90% p.a.	6.70% p.a.
Salary inflation	7.10% p.a.	7.40% p.a.	8.20% p.a.
Expected retirement age	60 or 62 or 65	60 or 62 or 65	60 or 62 or 65
Number of members			
In-service	19	30	39
Pensioners	286	316	400
At the beginning of the year	61,906	81,355	85,633
Current service costs	61	107	–
Prior year service costs	(15,232)	–	–
Interest costs	4,305	6,733	5,851
Expected employer benefit payments	(8,810)	(9,893)	(9,960)
	42,230	78,302	81,524
Actuarial gains	(2,252)	(2,667)	(169)
Plan amendment	(10,113)	–	–
Settlement of liabilities	–	(13,729)	–
At the end of the year	**29,865**	**61,906**	**81,355**
Non-current portion	25,359	54,355	71,758
Current portion	4,506	7,551	9,597
	29,865	**61,906**	**81,355**

The present value of the unfunded obligation is fully provided.

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

19. POST-RETIREMENT BENEFITS LIABILITIES (continued)

It is expected that the Group will pay R4.5 million in the next twelve months as part of its funding obligations to the pensioners and employees. It is further expected that the liability will be extinguished within the next seven years.

A plan amendment gain of R10.1 million arose as a result of a change in subsidy amounts from the previous valuation. The effective date of this amendment is 1 January 2019.

During the financial year ending 30 June 2016, proceedings were instituted by a number of pensioners in relation to claims for increases to PRMA subsidies. The matter was settled during June 2017 for an amount of R13.7 million.

The following sensitivity workings have been completed to show the effect of:

- A one percentage point decrease or increase in the rate of healthcare cost inflation;
- A five or ten percentage point increase in the rate of healthcare cost inflation for the next five years, thereafter returning to a healthcare cost inflation of 7.60% p.a.;
- A one percentage point decrease or increase in the discount rate;
- A one year decrease or increase in the expected retirement age; and
- A change in the Rand cap inflation.

The following sensitivities indicate the value of the Post-retirement benefits liabilities if:

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
1.0% increase in the rate of healthcare cost inflation	29,518	61,532	81,416
1.0% decrease in the rate of healthcare cost inflation	29,517	61,497	80,821
5.0% increase in the rate of healthcare cost inflation for the next five years	29,520	61,577	81,734
10.0% increase in the rate of healthcare cost inflation for the next five years	25,521	61,614	81,982
1.0% decrease in the discount rate	31,327	65,720	87,023
1.0% increase in the discount rate	27,910	57,816	76,267
One year decrease in the expected retirement age	29,649	61,816	81,692
One year increase in the expected retirement age	29,398	61,257	80,846
The Rand cap rate increases at CPI	42,190	99,601	140,536

20. STRAIGHT LINING OF LEASES ASSET/(LIABILITY)

Straight lining of lease asset (liability) arise on operating leases as a result of lease payments being recognised on a straight line basis over the lease term.

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
At the beginning of the year	(4,834)	(34,486)	(28,619)
Current year (charge)/credit	(6,926)	29,652	(5,867)
At the end of the year	**(11,760)**	**(4,834)**	**(34,486)**
Straight lining of lease asset			
Current portion	–	87	–
Straight lining of lease liability			
Non-current portion	(426)	(4,921)	(34,486)
Current portion	(11,334)	–	–
	(11,760)	**(4,921)**	**(34,486)**

21. TRADE AND OTHER PAYABLES

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Trade payables	105,630	52,284	75,615
Value added taxation liability	13,106	13,771	11,646
Subscriptions liability	36,120	44,144	44,747
Accruals	69,626	64,039	71,754
Other trade payables	15,647	25,221	27,419
Amounts received in advance	62,815	80,521	42,890
Salary related payables	25,042	27,662	48,307
	327,986	**307,642**	**322,378**

The average credit period on purchases of goods ranges between 60 to 120 days. Interest on outstanding balances is levied on a supplier by supplier basis.

22. PROVISIONS

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Balance at the beginning of the year	65,614	53,518	60,625
Provided during the year	147,974	61,899	30,307
Utilised/Reversed during the year	(145,580)	(49,803)	(37,414)
Balance at the end of the year	**68,008**	**65,614**	**53,518**
Provision for overage (1)	20,714	18,549	13,940
Provision for agency rebates (2)	26,217	27,226	27,429
Payroll related provisions (3)	17,756	16,961	10,281
Other provisions (4)	3,321	2,878	1,868
	68,008	**65,614**	**53,518**
Non-current portion	–	–	–
Current portion	68,008	65,614	53,518
	68,008	**65,614**	**53,518**

(1) The provision represents royalty's payable by Empire Entertainment to studio houses. The provision is calculated based on royalty percentages and the expected performance of the films.

(2) The provision for agency rebates is directly attributable to the Media division of the TBG SA Group and relates to commissions following to agents.

(3) The payroll related provisions are for bonus and retrenchment provisions in the TBG SA Group.

(4) Other provisions primarily relate to provisions for legal costs and other individually immaterial provisions.

23. INTER-GROUP BALANCES WITH TISO BLACKSTAR GROUP SE ("TBSE") ENTITIES

At the date that these financial statements are signed, TBG SA Group forms part of the listed company TBSE. The inter-group balances noted are eliminated on consolidation at a TBSE level and are separately identified for the purposes of preparing the TBG SA Group financial statements.

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Tiso Blackstar SA Proprietary Limited	5,051	–	–
Booksite Proprietary Limited	343	–	–
Backbone Studio Proprietary Limited	–	500	500
Rise Broadcasting Proprietary Limited	47,757	42,015	34,510
Vuma 103 FM Proprietary Limited	71,043	63,109	53,747
Indigenous Films Distribution Proprietary Limited	21,705	5,884	2,651
Blackstar Holdings Group Proprietary Limited	–	54,361	242,710
Avusa Coastal Distribution Proprietary Limited	86	86	–
Avusa Management Services Proprietary Limited	–	56	–
Amounts owing by entities within TBSE	**145,985**	**166,011**	**334,118**
Tiso Blackstar Group SE	(5,655)	(19,690)	–
Booksite Proprietary Limited	–	(25)	–
Blackstar Holdings Group Proprietary Limited	(165,993)	–	–
TBG Entertainment Proprietary Limited	(45,246)	(45,246)	(45,246)
TBG Publishing Proprietary Limited	(380,665)	(380,639)	(380,611)
Blackstar Tiso Proprietary Limited	(165,902)	(165,629)	(165,218)
TBG Media Proprietary Limited	(574,705)	(574,700)	(574,700)
TBG Retail Proprietary Limited	(26,933)	(26,933)	(30,531)
Airport Media Proprietary Limited	(10,940)	(10,940)	(11,351)
Amorphous New Media Proprietary Limited	(1,847)	(1,841)	(1,841)
At Velocity Logistics Proprietary Limited	(151,249)	(151,249)	(151,215)
BDFM Proprietary Limited	(94,245)	(94,245)	(94,330)
New Africa Publications Proprietary Limited	(40,401)	(40,401)	(40,401)
Amounts owing to entities within TBSE	**(1,663,781)**	**(1,511,538)**	**(1,495,444)**
	(1,517,796)	**(1,345,527)**	**(1,161,326)**

All of the above amounts are interest free with no fixed date of repayment.

24. CASH GENERATED BY OPERATIONS

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Profit/(Loss) before taxation	44,274	114,681	(6,386)
Adjusted for:			
Net finance costs	35,523	34,335	27,281
Depreciation of property, plant and equipment	23,688	21,786	24,782
Amortisation	16,437	14,073	13,756
Share-based payments	7,141	(2,378)	15,515
Share of loss of associates	5,042	2,085	7,356
Impairment of associate	1,316	–	–
Profit on disposal of property, plant and equipment	(880)	(19,524)	(10,953)
Impairment of property, plant and equipment	–	–	132
(Profit)/Loss on disposal of intangible assets	–	(45)	274
Movements in provisions	(29,647)	(7,353)	(4,003)
Lease accruals – increase/(decrease)	6,926	(29,652)	5,867
Carve out adjustments*	1,678	(858)	793
Changes in working capital:			
(Increase)/decrease in trade and other receivables	(6,330)	36,113	56,140
Decrease/(increase) in inventory	13,431	(2,691)	(16,154)
Increase/(decrease) in trade and other payables	20,022	(14,736)	(28,051)
	138,621	**145,836**	**86,349**

* *Carve out accounting entries in relation to debt, taxation and inter-group transactions which do not form part of the TBG SA Group following the sale to Lebashe.*

25. NET TAXATION REFUND RECEIVED/(PAID)

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Taxation receivable at the beginning of the year	1,673	7,920	5,965
Carve out accounting entries*	(633)	44	(976)
Total tax credit/(charge) for the year	5,149	(14,597)	(5,513)
Total tax charge for the year recognised directly in equity	1,810	–	–
Taxation payable/(receivable) at the end of the year	541	(1,673)	(7,920)
Net taxation refund received/(paid)	**8,540**	**(8,306)**	**(8,444)**

* *Carve out accounting entries in relation to debt, taxation and inter-group transactions which do not form part of the TBG SA Group following the sale to Lebashe. The current tax liability/asset in the statement of financial position reflects the aggregated amounts owing to/recoverable from the receiver of revenue in respect of the statutory entities. As such the reconciliation of the tax liability/asset in respect of the SA Sale includes a charge that relates to taxable income of divisions of TBG SA Group which do not form part of the TBG SA Group*

26. FINANCIAL INSTRUMENTS

Capital risk management

The TBG SA Group defines total capital as “total equity” plus “long term borrowings” as reflected in the statement of financial position.

The TBG SA Group’s objectives of capital management are to safeguard the TBG SA Group’s ability to continue as a going concern so as to provide returns to shareholders and other benefits to other stakeholders.

The TBG SA Group may return capital to shareholders, pay dividends or raise debt in order to maintain or change its capital structure.

Capital is monitored using the gearing ratio.

Financial risk management

TBG SA Group does not trade in financial instruments, including derivative financial instruments, for speculative purposes. The TBG SA Group is, however, still exposed in the normal course of its operations to financial risks. In order to minimise these risks, the TBG SA Group may enter into transactions that make use of financial instruments. TBG SA Group’s risk management process uses formally documented policies and frameworks, including limits and reporting structures, to control and monitor financial risk

Figures in South African Rands (R’000)	**Audited 30 June 2018**	**Reviewed 30 June 2017**	**Reviewed 30 June 2016**
Financial assets			
Trade and other receivables (refer note 15)*	260,850	278,351	291,501
Amounts receivable from TBSE entities (refer note 23)	145,985	166,011	334,118
Total financial assets	**406,835**	**444,362**	**625,619**
Financial liabilities			
Borrowings (refer note 17)	(286,280)	(225,332)	(260,252)
Trade and other payables (refer note 21)*	(252,065)	(213,350)	(267,842)
Amounts payable to TBSE entities (refer note 23)	(1,663,781)	(1,511,538)	(1,495,444)
Bank overdrafts (refer note 16)	(66,969)	(79,807)	(17,685)
Total financial liabilities	**(2,269,095)**	**(2,030,027)**	**(2,041,223)**

* *Excludes VAT, prepayments and amounts received in advance.*

Liquidity risk

Liquidity risk is the risk of being unable to meet a financial commitment. The TBG SA Group manages its liquidity risk by holding cash balances and by maintaining banking facilities. In addition, actual, forecast and budgeted cash flows are regularly prepared and reviewed.

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

Liquidity risk

2018	**Average interest rate (%)**	**Less than 1 year R’000**	**1 – 2 years R’000**	**2 – 5 years R’000**	**After 5 years R’000**	**Total R’000**
Financial assets						
Trade and other receivables	Prime lending rates	260,850	–	–	–	**260,850**
Amounts receivable from TBSE entities	Interest free	145,985	–	–	–	**145,985**
Total financial assets		**406,835**	**–**	**–**	**–**	406,835
Financial liabilities						
Borrowings	Johannesburg inter-bank exchange rates (“JIBAR”)	(64,831)	(53,971)	(282,051)	–	**(400,853)**
Trade and other payables	Prime lending rates	(252,065)	–	–	–	**(252,065)**
Amounts payable to TBSE entities	Interest free	(1,663,781)	–	–	–	**(1,663,781)**
Bank overdrafts	South African banks related	(66,969)	–	–	–	**(66,969)**
Total financial liabilities		**(2,047,646)**	**(53,971)**	**(282,051)**	**–**	**(2,383,668)**

26. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

2017	Average interest rate (%)	Less than 1 year R'000	1 – 2 years R'000	2 – 5 years R'000	After 5 years R'000	Total R'000
Financial assets						
Trade and other receivables	Prime lending rates	278,351	–	–	–	**278,351**
Amounts receivable from TBSE entities	Interest free	166,011	–	–	–	**166,011**
Total financial assets		**444,362**	**–**	**–**	**–**	**444,362**
Financial liabilities						
Borrowings	Johannesburg inter-bank exchange rates ("JIBAR")	(46,427)	(56,330)	(336,022)	–	**(438,779)**
Trade and other payables	Prime lending rates	(213,350)	–	–	–	**(213,350)**
Amounts payable to TBSE entities	Interest free	(1,511,538)	–	–	–	**(1,511,538)**
Bank overdrafts	South African banks related	(79,807)	–	–	–	**(79,807)**
Total financial liabilities		**(1,851,122)**	**(56,330)**	**(336,022)**	**–**	**(2,243,474)**

2016	Average interest rate (%)	Less than 1 year R'000	1 – 2 years R'000	2 – 5 years R'000	After 5 years R'000	Total R'000
Financial assets						
Trade and other receivables	Prime lending rates	291,501	–	–	–	**291,501**
Amounts receivable from TBSE entities	Interest free	334,118	–	–	–	**334,118**
Total financial assets		625,619	–	–	–	**625,619**
Financial liabilities						
Borrowings	Johannesburg inter-bank exchange rates ("JIBAR")	(72,011)	(34,251)	(209,147)	(183,206)	**(498,615)**
Trade and other payables	Prime lending rates	(267,842)	–	–	–	**(267,842)**
Amounts payable to TBSE entities	Interest free	(1,495,444)	–	–	–	**(1,495,444)**
Bank overdrafts	South African banks related	(17,685)	–	–	–	**(17,685)**
Total financial liabilities		**(1,852,982)**	**(34,251)**	**(209,147)**	**(183,206)**	**(2,279,586)**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The TBG SA Group deals with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Use is made of independent credit-rating agencies, publicly available financial information and internal trading records to rate customers and potential customers. Exposures to and credit ratings of counterparties are regularly monitored. The aggregate value of transactions concluded is spread amongst approved counterparties

The TBG SA Group does not have any significant credit risk exposure to any single counterparty or any TBG SA Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are South African banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the maximum exposure to credit risk. Collateral is taken and credit insurance is purchased where practical.

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Financial assets			
Trade and other receivables*	260,850	278,351	291,501

* *Excludes VAT, prepayments and amounts received in advance.*

26. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Trade receivables comprise a large number of customers spread across all business units.

Credit risk is limited due to the large customer base. Operational management evaluate the creditworthiness of customers before any credit facilities are granted, and thereafter on a regular basis. Each business unit establishes an allowance for doubtful receivables which represents an estimate of potential losses in respect of amounts owed by trade debtors. Credit terms vary between business units but the majority of the customers are given terms between 30 and 60 days.

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Ageing of trade receivables			
Current	130,499	124,803	116,220
30 days	70,338	79,698	99,281
60 days	4,730	7,300	10,455
90 days	4,456	4,591	7,111
120 days +	16,936	15,719	35,819
	226,959	**232,111**	**268,886**
Ageing of allowance for doubtful receivables			
120 days +	(11,069)	(11,488)	(26,969)
Ageing of trade receivables (net)			
Current	130,499	124,803	116,220
30 days	70,338	79,698	99,281
60 days	4,730	7,300	10,455
90 days	4,456	4,591	7,111
120 days +	5,867	4,231	8,850
	215,890	**220,623**	**241,917**

Market risk

The TBG SA Group's activities expose it to the market risks of changes in foreign currency exchange rates.

Foreign currency risk

The TBG SA Group operates in a global business environment and, therefore, enters into transactions in currencies other than functional currencies. Exposure to the risk of fluctuating foreign currency exchange rates is reduced by TBG SA Group's policy to use forward exchange contracts where practical. TBG SA Group does not enter into derivative contracts for speculative purposes.

At year-end there were no material foreign currency denominated assets or liabilities not covered by forward exchange contracts. Accordingly, there was no material sensitivity at year end to exchange rate fluctuations.

Interest rate risk

The TBG SA Group is exposed to interest rate risk as entities in the TBG SA Group borrowed funds at both fixed and floating interest rates. The exposure to interest rates is detailed in the liquidity risk section of this note. TBG SA Group used forward interest rate contracts to manage this risk.

The sensitivity analysis below was prepared based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis was prepared assuming the amount of unhedged liability outstanding at year end was outstanding for the whole year. A 100 basis point increase or decrease represents a reasonably possible change in interest rates.

	100 basis points change in interest rates	
	Increase	**Decrease**
2018 (Loss)/profit	(3,552)	3,552
2017 (Loss)/profit	(3,434)	3,434
2016 (Loss)/profit	(2,728)	2,728

27. FAIR VALUE

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

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

TBG SA Group does not have any financial assets at fair value.

28. DISPOSAL OF BUSINESS

During the financial years ended 30 June 2018 and 30 June 2016 no disposals were made. During the year ended 30 June 2017 the following disposals were made:

- Operating activities of Times Media Home Entertainment

Figures in South African Rands (R'000)	**Audited 30 June 2018**	**Reviewed 30 June 2017**	**Reviewed 30 June 2016**
Property, plant and equipment	–	(33)	–
Inventories	–	(7,076)	–
Trade and other receivables	–	(19,183)	–
Trade and other payables	–	16,955	–
Total net assets disposed of	**–**	**(9,337)**	**–**
Settled by:			
Shares in Next Entertainment Proprietary Limited	–	7,642	–
Net cash inflow on acquisition:			
Net bank balances, cash and overdrafts acquired	–	–	–

Next Entertainment Proprietary Limited (**"Next"**) was acquired during the 30 June 2017 financial year in an asset for share transaction. The business operations of Times Media Home Entertainment were disposed of in exchange for the Next shares (refer note 29).

29. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	% holding		Equity accounted value of shares		(Due to)/Receivable from associates	
	30 June 2018 %	30 June 2017 %	30 June 2018 R'000	30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Associates						
ThaTha Isithombe Productions Proprietary Limited	38%	38%	1,978	5,386	(1,978)	(1,423)
Breakout Management Proprietary Limited	40%	40%	–	43	–	–
Next Entertainment Proprietary Limited	40%	40%	2,709	4,716	–	–
Joint Ventures						
Clinic TV Productions Proprietary Limited (JV)	50%	50%	–	–	–	–
Kwasukasukela Joint Venture	50%	50%	–	–	–	–
			4,687	**10,145**	**(1,978)**	**(1,423)**

	% holding		Equity accounted value of shares		(Due to)/Receivable from associates	
	30 June 2017 %	30 June 2016 %	30 June 2017 R'000	30 June 2016 R'000	30 June 2017 R'000	30 June 2016 R'000
Associates						
ThaTha Isithombe Productions Proprietary Limited	38%	38%	5,386	4,588	(1,423)	–
Breakout Management Proprietary Limited	40%	40%	43	–	–	–
Next Entertainment Proprietary Limited	40%	–	4,716	–	–	–
Joint Ventures						
Clinic TV Productions Proprietary Limited (JV)	50%	50%	–	–	–	–
Kwasukasukela Joint Venture	50%	50%	–	–	–	–
			10,145	**4,588**	**(1,423)**	**–**

Reconciliation of the investments in associates and joint ventures held by the TBG SA Group is as follows:

	ThaTha Isithombe Productions Proprietary Limited R'000	Breakout Management Proprietary Limited R'000	Next Entertainment Proprietary Limited R'000	Clinic TV Productions Proprietary Limited (JV) R'000	Kwasukasukela Joint Venture R'000	Total R'000
Carrying amount at 1 July 2015	4,588	7,356	–	–	–	11,944
Share of losses of associates and joint ventures	–	(7,356)	–	–	–	(7,356)
Carrying amount at 30 June 2016	**4,588**	**–**	**–**	**–**	**–**	**4,588**
Share of profit of associates and joint ventures	798	43	(2,926)	–	–	(2,085)
Loan from associate	(1,423)	–	–	–	–	(1,423)
Additional investment	–	–	7,642	–	–	7,642
Carrying amount at 30 June 2017	**3,963**	**43**	**4,716**	**–**	**–**	**8,722**
Share of profit of associates and joint ventures	(2,992)	(43)	(2,007)	–	–	(5,042)
Loan (from)/to associates and joint ventures	(555)	900	–	123	–	468
Impairment of associate	(416)	(900)	–	–	–	(1,316)
Disposals of joint venture	–	–	–	(123)	–	(123)
Carrying amount at 30 June 2018	**–**	**–**	**2,709**	**–**	**–**	**2,709**

Next was acquired during the 30 June 2017 financial year in an asset for share transaction. The business operations of Times Media Home Entertainment were disposed of in exchange for the Next shares (refer note 28).

30. CONTINGENT LIABILITIES

No material contingent liabilities were noted in the current year or the prior years.

31. COMMITMENTS

At the reporting date, the TBG SA Group had outstanding lease commitments under non-cancellable operating leases for buildings, plant and equipment with a term of more than one year, falling due as follows:

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Within one year	(23,277)	(21,642)	(36,798)
More than one year but less than five years	(145,561)	(135,340)	(186,398)
Five years and more	(101,879)	(135,377)	–
Net exposure	**(270,717)**	**(292,359)**	**(223,196)**

32. SHARE-BASED PAYMENTS

32.1 Details of share based payments

During the reported periods, TBG SA Group has had two share-based schemes. The details of each scheme have been noted in points 32.3 and 32.4 below.

	Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
32.2	**Share incentive scheme expenses recognised:**			
	Share based payment charge under the Forfeitable Share Plan	(7,141)	–	–
	Share based payment charge under the BHG share incentive scheme	–	2,378	(15,515)
		(7,141)	**2,378**	**(15,515)**
32.3	**Share based payment liability**			
	Liability raised at year end comprises of the following:			
	Current portion	–	–	17,217

32.4 Forfeitable Share Plan

During the prior year, TBSE adopted a new management incentive scheme in the form of a Forfeitable Share Plan ("FSP") that is limited to executives, senior management and other key employees selected by the TBSE board. The amount of shares awarded is determined by the TBSE Remuneration Committee each time that awards of shares are made, by taking into account the limits within the scheme rules and the particular circumstances at that time.

The FSP was approved by the TBG shareholders in June 2017. The circular which was presented to the TBG shareholders with the underlying rules of the FSP can be found on the TBG website, http://www.tisoblackstar.com/tbg/investors/publications/.

Shares awarded under the FSP

The following forfeitable shares were awarded to date:

	First Tranche	Second Tranche
Grant date	**30 June 2017**	**29 Nov 2017**
Value of share on grant date	R9.31	R8.99
Fair value of share on grant date	R9.06	R8.77
Vesting date	31 October 2019	31 October 2020
Number of forfeitable shares awarded	3,012,349	4,015,973

	Cumulative number of forfeitable shares 30 June 2018	30 June 2017
At the beginning of the year	2,114,900	–
Granted during the year	2,776,870	2,114,900
Forfeited during the year	(141,086)	–
Vested during the year	–	–
At the end of the year	**4,750,684**	**2,114,900**

The value of the awards on grant date is calculated as the number of forfeitable shares awarded multiplied by the strike price. The strike price is the TBSE quoted share price on the date the forfeitable shares were granted.

All forfeitable share awards will either vest or expire on the vesting date, or one month after the resignation of the participant, whichever is the earlier.

As the FSP was adopted in during the 30 June 2017 financial year and the first tranche of shares was issued on 30 June 2017, there was no equity-settled share based payment expense recognised in the 30 June 2016 financial year in respect of the FSP.

The estimated fair value of the equity-settled shares subject to market conditions was calculated on grant date using a Monte Carlo simulation model.

The non-market conditions used to determine the fair value on grant date was re-evaluated at 30 June 2018, to assess whether an adjustment was required since grant date. The FSP share based payment expense recognised in profit and loss accounted for the change in the fair value since grant date.

32. SHARE-BASED PAYMENTS (continued)

32.4 Forfeitable Share Plan (continued)

The estimated fair value of the TBG shares on grant date were determined based on the following inputs:

	First Tranche	Second Tranche
Non-market conditions:		
Number of shares granted	2,837,717	3,816,088
Share price at grant date	R9.31	R8.99
Estimated vesting percentage	50.90%	77.20%
Annual attrition	6.00%	7.50%
Market conditions:		
Number of shares granted	174,632	199,884
Share price at grant date	R9.31	R8.99
Expected volatility	35.00%	30.00%
Expected dividend yield	0.50%	0.70%
Risk-Free Rate	7.10%	6.60%
Annual attrition	6.00%	7.50%

In terms of *IFRS 2 Share-based Payment*, the transaction is measured at the fair value of the equity instruments on grant date. The fair value takes into account that the employees are entitled to the dividends from grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price on grant date.

32.5 BHG share incentive plan

Pursuant to the BHG scheme of arrangement, the BHG share incentive plan was settled on an accelerated basis in May 2015. The settlement per share incentive was R9,40, being the difference between R22,00 (the scheme of arrangement cash price per BHG share) and R12,60 (the R13,50 exercise price of each share incentive less the dividends totalling R0,90 paid on each BHG share up to the scheme of arrangement).

50% of the gain on each share incentive was paid in May 2015, with a further 25% paid in May 2016. The final 25% was paid in May 2017 to those share incentive holders still in BHG's employ at that time.

The following liability arising out of the BHG share incentive plan was recognised at 30 June 2016 and was subsequently settled during the period ended 30 June 2017.

	Number of incentives outstanding by grant	Current R'000	Liability Non-current R'000
01-Jul-13	8,902,249	16,161	–
31-Oct-13	22,222	39	–
04-Dec-13	74,074	130	–
01-Mar-14	174,552	297	–
01-Jun-14	22,222	37	–
01-Aug-14	320,498	516	–
07-Nov-14	23,929	37	–
Total as at 30 June 2016	**9,539,746**	**17,217**	**–**

33. RELATED PARTY BALANCES AND TRANSACTIONS

Any subsidiary or associate of Tiso Blackstar Group SE would be considered to be related parties to the TBG SA Group. The directors are the only key management. No other related parties were identified.

Details of the balances and transactions entered into during the year with the various shareholders and other related parties at the end of the each period are as follows:

Figures in South African Rands (R'000)	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Related party balance due by related parties			
Tiso Blackstar SA Proprietary Limited	5,051	–	–
Booksite Proprietary Limited	343	–	–
Backbone Studio Proprietary Limited	–	500	500
Rise FM Proprietary Limited	47,757	42,015	34,510
Vuma 103 FM Proprietary Limited	71,043	63,109	53,747
Indigenous Films Distribution Proprietary Limited	21,705	5,884	2,651
Blackstar Holdings Group Proprietary Limited	–	54,361	242,710
Avusa Coastal Distribution Proprietary Limited	86	86	–
Avusa Management Services Proprietary Limited	–	56	–
	145,985	**166,011**	**334,118**
Related party balance due to related parties			
Tiso Blackstar Group SE	(5,655)	(19,690)	–
Booksite Proprietary Limited	–	(25)	–
Blackstar Holdings Group Proprietary Limited	(165,993)	–	–
TBG Entertainment Proprietary Limited	(45,246)	(45,246)	(45,246)
TBG Publishing Proprietary Limited	(380,665)	(380,639)	(380,611)
Blackstar Tiso Proprietary Limited	(165,902)	(165,629)	(165,218)
TBG Media Proprietary Limited	(574,705)	(574,700)	(574,700)
TBG Retail Proprietary Limited	(26,933)	(26,933)	(30,531)
Airport Media Proprietary Limited	(10,940)	(10,940)	(11,351)
Amorphous New Media Proprietary Limited	(1,847)	(1,841)	(1,841)
At Velocity Logistics Proprietary Limited	(151,249)	(151,249)	(151,215)
BDFM Proprietary Limited	(94,245)	(94,245)	(94,330)
New Africa Publications Proprietary Limited	(40,401)	(40,401)	(40,401)
	(1,663,781)	**(1,511,538)**	**(1,495,444)**
	(1,517,796)	**(1,345,527)**	**(1,161,326)**
Dividend distribution to shareholders			
Blackstar Holdings Group Proprietary Limited	(203,122)	(25,000)	(395,039)

34. EVENTS AFTER THE REPORTING DATE

On 27 June 2019 Blackstar Holdings Group (Pty) Limited signed an agreement for the disposal of its South African media, broadcasting and content businesses (excluding Gallo and its South African radio assets) (**"SA Assets"** or **"TBG SA Group"**) to Lebashe Investment Group Proprietary Limited (**"Lebashe"**) for a purchase consideration of R800.0 million (**"SA Sale"**), subject to certain adjustments.

TBG SA Group bought the media titles The Media, and The Media Online, as well as the annual MOST Awards and EasyDIY magazine and www.easyDIY.co.za, from Wag The Dog Publishers. They will be incorporated into TBG SA Group as of 1 July 2019.

On 1 July 2019, TBG SA Group sold the Sunday World newspaper to Fundudzi Media Proprietary Limited. The financial information for Sunday World has been included in the HFI for the periods 30 June 2016, 30 June 2017 and 30 June 2018.

35. GOING CONCERN

The financial information is prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Prior to the SA Sale taking place, the TBG SA Group will undergo a corporate restructure whereby all inter-TBG SA Group loan balances will be capitalised. Following the SA Sale, the TBG SA Group will not have any debt or cash. The TBG SA Group will however have a working capital facility in place to manage any interim cash flow requirements. As a result of the SA Sale, the directors believe that the TBG SA Group will be able to operate for the following twelve months from the date of these financial statements.

HISTORICAL COMBINED FINANCIAL INFORMATION (“HFI”) OF TBG SA GROUP FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

INTRODUCTION

The historical combined financial information (**“HFI”**) was prepared on an aggregated basis, taking into account the principles of consolidation, however, neither the historical structure nor envisaged structure of the SA Sale on its own would result in consolidation under *IFRS 10 Consolidated Financial Statements* (**“IFRS 10”**).

In particular, the following principles were included in the preparation of the aggregated financial information:

- Inter-company transactions and balances between the entities within the TBG SA Group will be eliminated; and
- the share capital and pre-acquisition reserves of the entities cannot be eliminated and will therefore be aggregated within the TBG SA Group.

Prior to the conclusion of the SA Sale, the TBG SA Group will undergo a corporate restructure whereby the following legal entities and divisions will all become subsidiaries and divisions of the TBG SA Group:

- Blackstar TV Proprietary Limited (**“BTV”**);
- Ochre Media Proprietary Limited (**“Ochre Pty”**);
- Learning Channel Proprietary Limited (**“LC”**);
- Blackstar Property Publishing Proprietary Limited (**“BSPP”**) (formerly Panamo Proprieties Proprietary Limited);
- Times Media Community Newspapers Division (**“TMCN”**);
- Picasso Division (**“Picasso Div”**); and
- Tiso Blackstar Group Proprietary Limited (**“TBG”**) consisting of the following divisions:

    1. Airport Media Division (**“Airport Div”**);
    2. Associated Musical Distributors (**“AMD”**);
    3. Amorphous Corporate Division (**“Amorphous Div”**);
    4. Broadcast & Content Head Office (**“BCHO”**);
    5. Compact Disc Technologies Division (**“CDT Div”**);
    6. Times Media Eastern Cape (**“EC”**);
    7. Empire Entertainment (**“EE”**) (formerly Times Media Films (**“TMF”**);
    8. Entertainment Logistics Services (**“ELS”**);
    9. Media Gauteng (**“MG”**);
    10. Nelson Mandela Bay Publishers (**“NMBP”**);
    11. Tiso Blackstar Group Corporate Office (**“Corporate”**); and
    12. Times Media Home Entertainment (**“TMHE”**).

Collectively, the companies listed above are deemed to be the TBG SA Group. These companies are being disposed of as a result of the SA Sale and form part of the historical combined financial information.

The report of the HFI is the responsibility of the directors.

COMMENTARY

TBG SA Group businesses

Media

- The Media business remains stable in a difficult and low growth operating environment but rising input costs have forced a continued review of costs across the division.
- An encouraging growth in Native, Digital, Events and bespoke magazines helped to broaden the revenue mix and build sustainability.
- Media produced a strong performance relative to its peers.
- Traditional reader and advertising revenue continue to be challenged by the economy.
- Media delivered a solid performance over the interim period and remains focused on maintaining market-leading positions to take advantage of any economic improvement.
- The first half of the financial year performance was achieved on the back of better than expected advertising revenue in niche businesses and magazine titles and consistently tight cost management.

Broadcast and Content

- The films business Empire Entertainment had a strong holiday season in December 2018 with studio titles Bohemian Rhapsody and Aquaman performing well ahead of expectations as well as a solid showing for some independently acquired films.

Our geographical footprint

The majority of TBG SA Group's operations are in South Africa, with commercial offices, production facilities and distribution centres in major metropolitan regions including Johannesburg, Durban, Cape Town, Port Elizabeth and East London. In addition, we have flexible logistics solutions to enable products and services to be distributed in South Africa and internationally.

Financial results review

- Revenue for the TBG SA Group was R853.5 million*.
- Operating profit for the TBG SA Group was R53.8 million*.
- Net liability value of R662.2 million

* *No comparative information presented for the six months ended 31 December 2017. Refer to Note 1 under the Notes to the Historical Combined Financial Information.*

HISTORICAL COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R'000)	Notes	Reviewed 31 December 2018
Revenue	2	**853,536**
Cost of sales		(690,440)
Gross profit		**163,096**
Operating expenses		(107,234)
Depreciation and amortisation		(18,004)
Straight lining of leases		(3,609)
Operating income		19,542
Operating profit		**53,791**
Other losses		(2,245)
Net profit		**51,546**
Net finance costs		(23,535)
Finance income		1,152
Finance costs		(24,687)
Share of profits of associates and joint ventures		583
Profit before taxation		**28,594**
Taxation		(12,947)
Profit for the period		**15,647**
Other comprehensive income		–
Total comprehensive income for the period		**15,647**
Profit for the period attributable to:		
Equity owners of TBG SA Group		14,938
Non-controlling interest		709
		15,647
Total comprehensive income for the period attributable to:		
Equity owners of TBG SA Group		14,938
Non-controlling interest		709
		15,647

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

Figures in South African Rands (R'000)	Notes	Reviewed 31 December 2018
ASSETS		
Non-current assets		908,231
Property, plant and equipment		108,177
Goodwill	4	808
Intangible assets		771,370
Investments in associates and joint ventures	5	3,292
Deferred taxation assets		24,584
Current assets		740,321
Inventories		105,343
Trade and other receivables		307,487
Taxation receivable		79
Straight lining of leases asset		8,268
Amounts receivable from TBSE entities		319,144
TOTAL ASSETS		**1,648,552**
EQUITY AND LIABILITIES		
Capital and reserves		(658,201)
Attributable to equity owners of TBG SA Group		(662,238)
Non-controlling interest		4,037
Non-current liabilities		279,949
Long term borrowings		244,951
Other non-current liabilities		34,998
Current liabilities		2,026,804
Short term borrowings		26,828
Other current liabilities		50,937
Trade and other payables		319,523
Taxation payable		31
Amounts payable to TBSE entities		1,508,081
Bank overdrafts	6	121,404
TOTAL EQUITY AND LIABILITIES		**1,648,552**

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

Figures in South African Rands (R'000)	Carve out equity adjustments*	Retained earnings	Attributable to equity owners of TBG SA Group	Non-controlling interest	Total
Balance as at 1 July 2018	**(820,735)**	**(156,196)**	**(976,931)**	**3,328**	**(973,603)**
Total comprehensive income for the period	–	14,938	**14,938**	709	**15,647**
Carve out accounting entries*	310,157	–	**310,157**	–	**310,157**
Tiso Blackstar Group SE share incentive scheme	–	(10,402)	**(10,402)**	–	**(10,402)**
Balance as at 31 December 2018	**(510,578)**	**(151,660)**	**(662,238)**	**4,037**	**(658,201)**

* *The Carve out accounting entries for 31 December 2018 relate to inter-company balances that fall outside the SA Sale assets.*

HISTORICAL COMBINED STATEMENT OF CASH FLOWS

Figures in South African Rands (R'000)	Notes	Reviewed 31 December 2018
Cash flows from operating activities		
Cash generated by operations		36,864
Net finance costs paid		(32,950)
Net taxation paid		(2,720)
Net cash generated by operating activities		**1,194**
Cash flows from investing activities		
Acquisition of property, plant and equipment		(4,128)
Proceeds on disposal of property, plant and equipment		105
Acquisition of intangible assets		(4,891)
Inter-company cash flows from investing activities		136,995
Net cash generated by investing activities		**128,081**
Cash flows from financing activities		
Borrowings repaid		(14,501)
Finance leases and instalment sales agreement repaid		(83)
Finance leases and instalment sales agreement raised		459
Inter-company cash flows from financing activities		(169,585)
Net cash utilised by financing activities		**(183,710)**
Net decrease in cash and cash equivalents		(54,435)
Cash and cash equivalents at beginning of period		(66,969)
Cash and cash equivalents at the end of the period	6	**(121,404)**

ACCOUNTING POLICIES

1. PRESENTATION OF HISTORICAL COMBINED FINANCIAL STATEMENT

1.1 Basis of preparation of the historical combined financial information

The historical combined financial information, being the TBG SA Group recorded historical information, has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. This basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information, and accordingly in preparing the historical combined financial information certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and accordingly there have been material departures from IFRS, which are discussed in more detail below (refer to note 1.1 and 1.2). In all other respects, IFRS has been applied.

Notes excluded from the HFI are as follows:

Share capital and retained income

TBG SA Group does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of TBG SA Group as disclosed in the historical combined financial information, represents the cumulative investment of Tiso Blackstar Group SE in TBG SA Group.

Earnings per share, diluted earnings per share, headline earnings, net asset value per share and tangible net asset value per share

As indicated above, it is not considered meaningful to disclose a historical analysis of share capital, therefore, it is not meaningful to disclose a historical analysis of various earnings per share metrics.

New Standards in issue (IFRS 9, IFRS 15 and IFRS 16)

The IFRS standards effective for TBG SA Group at the respective reporting date have been applied in the preparation of the HFI. The accounts have been prepared prior to the implementation of *IFRS 16 Leases* ("IFRS 16") and as such this IFRS standard has not been applied to the HFI. Refer note 1.5 for the application of *IFRS 9 Financial Instruments* ("IFRS 9") and *IFRS 15 Revenue from Contracts with Customers* ("IFRS 15") to the HFI.

IAS 34 – Interim Financial Reporting ("IAS 34")

The HFI is prepared in accordance with IAS 34, except for any material departures as mentioned below.

Segmental information

None of the TBG SA Group entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.2 Historical combined financial information

The historical combined financial information of the TBG SA Group for the six months ended 31 December 2018 ("the Reporting Period") has been prepared by aggregating the historical financial information relating to the statutory entities and divisions that will be disposed of to Lebashe and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated interim results of Tiso Blackstar Group SE for the Reporting Period, which was prepared in accordance with IFRS, and are consistent in all material respects with those applied in the annual financial statements for the year ended 30 June 2018 of the separate statutory entities.

The principle of control in IFRS 10 is not applicable to the TBG SA Group as a result of the historical legal structure. The historical combined financial information is therefore aggregated information prepared using the principles of consolidation under IFRS 10 as if control of the entities within the TBG SA Group existed. This includes elimination of investments in subsidiaries and share capital of subsidiaries within the TBG SA Group where control existed and the elimination of intercompany transactions and balances within the TBG SA Group.

The historical combined financial information will be prepared with the objective of presenting the results and net assets of the TBG SA Group for the Reporting Period. The TBG SA Group has, for the period presented, been under the control of Tiso Blackstar Group SE. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had the TBG SA Group operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

The historical combined financial information has been reviewed by Deloitte & Touche for the six months ended 31 December 2018. Refer Annexure 2 for the Independent Reporting Accountants' report on historical combined financial information of TBG SA Group.

The historical combined financial information is presented in South African Rand (R'000) which is the functional currency of TBG SA Group.

1.3 Interim comparatives

Paragraph 8.7 of the JSE Listings Requirements states that no comparative results need to be shown, if the interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information. The comparative results for the six months ended 31 December 2018 has been prepared using the same accounting policies as those in the historical financial information for the years ended 30 June 2018, 30 June 2017 and 30 June 2016, with the exception of the adoption of *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers*. However, as noted in the published Tiso Blackstar Group SE interim results for 31 December 2018, the adoption of these standards had no material impact on the amounts previously reported. Refer notes 1.4.1 and 1.4.2 for the adoption of IFRS 15 and IFRS 9, respectively. Hence, no comparative results need to be shown, as the accounting policies are not different.

1.4 IFRS standards that became effective during the period

The principal accounting policies used by the TBG SA Group are consistent with those of the previous periods (refer to page 28 to 72 of the historical financial information for the years ended 30 June 2018, 30 June 2017 and 30 June 2016), except for changes due to the adoption of new or revised IFRSs, for which the first time disclosure is more comprehensive than would otherwise be done on interim and includes the once-off transition impact. Further, the transition impact and accounting policies have been disclosed in the relevant notes.

The following standards became effective on the 1st of January 2018 and were adopted by the TBG SA Group for the financial year beginning 1 July 2018:

(a) IFRS 15 *Revenue from Contracts with Customers*, refer notes 1.4.1 and 2; and

(b) IFRS 9 *Financial Instruments*, refer notes 1.4.2 and 7.

The TBG SA Group adopted both IFRS 9 and IFRS 15 on 1 July 2018. The TBG SA Group has elected not to restate the comparatives but rather recognise the cumulative effect of applying the new standards in equity at the date of initial application, in accordance with IFRS 9 par 7.2.15 and IFRS 15 par C3(b). Management performed an assessment on transition of the new standards and no quantitatively material adjustments were identified, as such no restatement to comparatives and no adjustment to opening retained earnings are required.

1.4.1 Revenue from Contracts with Customers ("IFRS 15")

TBG SA Group earns revenue from the following major streams under IFRS 15 is as follows:

- Advertising;
- Circulation;
- Distribution income from content sales;
- Productions;
- Eventing; and
- ACSA Site Revenue.

The accounting policy of the TBG SA Group is to measure revenue based on the price specified in a contract when control of a product or service is transferred to a customer.

The amount of revenue recognised is the transaction price allocated to that performance obligation that at least compensates the TBG SA Group for the performance completed and to which it is entitled. A significant portion of the TBG SA Group's revenue is derived from contracts with customers in which the transfer of control coincides with the fulfilment of performance obligations.

Adoption of IFRS 15

TBG SA Group has applied IFRS 15, which became effective for TBG SA Group for the period beginning 1 July 2018. IFRS 15 introduced a 5step approach to revenue recognition to provide users with more relevant, detailed disclosures about the timing and value of revenue recognised.

The TBG SA Group adopted IFRS 15 on 1 July 2018. The TBG SA Group has elected not to restate the comparatives but rather recognise the cumulative effect of applying the new standards in equity at the date of initial application, in accordance with IFRS 15 par C3(b). Management performed an assessment on transition of the new standards and no quantitatively material adjustments were identified, as such no restatement to comparatives and no adjustment to opening retained earnings are required.

The table below describes the major revenue generating activities identified in the TBG SA Group and includes the accounting policy for recognition of revenue for each activity. An assessment of each category of revenue was performed by management and the impact of IFRS 15 has been considered in the table below.

Type of product/ service	Nature and timing of satisfaction of performance obligations	Recognition under IFRS 15	Recognition under IAS 18	Impact
Advertising	Revenue from the placement of advertisements on websites or on print publications. Agreements with customers vary in terms of length and pricing, however performance obligations do not differ materially. Discounts can be negotiated and revenue will be presented net of this amount. There are no refunds available on published advertisements.	The contract with the customer stipulates that the TBG SA Group must publish an advert on behalf of the customer on their various media platforms, which will result in the recognition of revenue. There is therefore a single performance obligation with multiple instances of occurrence, meaning revenue will be recognised at a point in time for each advert that is placed by TBG SA Group.	Revenue is recognised as the advertisements are placed on the websites or in print.	No impact
Circulation through subscriptions	Revenue from the physical sale of print and digital newspapers through direct subscriptions by customers.	Each subscription contract is comprised of two elements: (i) the performance obligation being the delivery of the newspaper or magazine; and (ii) the number of occurrences of the performance obligation. Having considered the above, we assessed that performance obligation for subscription revenue is satisfied over the term of the contract.	Revenue is recognised once the delivery of a paper is received by a subscribing customer.	No impact
Circulation through daily sales	Revenue from the physical sale of print and digital newspapers through daily sales.	Revenue from daily sales is recognised at a point in time, when each copy is sold to the end consumer.	Revenue is recognised once an exchange of cash has occurred for retail and informal sales.	No impact
Distribution income from sale of content	Distribution income relates to revenue received from customers for content to be distributed in cinemas and on TV, as well as from the sale of physical content in the form of DVDs and the like.	The distribution agreement with the customer generally prescribes that the customer has the rights to distribute the content for a set period of time in which they may use the content as little or as much as they want. The TBG SA Group does not have control over the content once it is in the hands of the distributor, therefore the sale is executed at the point at which the customer receives the content from the TBG SA Group. This means that the TBG SA Group has a single performance obligation, which is to deliver the content to the customer and revenue is recognised at a point in time.	Revenue is recognised as soon as the content is delivered to the customer for the right to distribute over a set period of time.	No impact
Production income	The TBG SA Group has production agreements in place with each broadcaster that they produce content for. These agreements detail each deliverable that is required per production and for which advance payment has been made. As each deliverable is produced and handed over to the customer, the TBG SA Group is able to recognise revenue.	The TBG SA Group has multiple performance obligations per these production agreements, which can be completed individually and transferred to the customer. Revenue is therefore recognised as each performance obligation is satisfied over the time at which the deliverable is released into the customer's control.	Revenue is recognised on a percentage of completion basis as each production item is completed.	No impact

Adoption of IFRS 15 (continued)

Type of product/ service	Nature and timing of satisfaction of performance obligations	Recognition under IFRS 15	Recognition under IAS 18	Impact
Eventing	The TBG SA Group earns revenue from hosting media events that are sponsored by the customers. Contracts are entered with customers and the terms are outlined per the contract which specify the package that the customer wants, as well as the payment terms to be applied to the transaction.	An eventing contract typically has a number of requirements included that all contribute to fulfilling the contract (i.e. venue hire, ticket sales, etc.). These requirements included in the contract will not be considered as separate performance obligations as the customer would not be able to benefit from them individually. As such, all promises fulfilled by Tiso Blackstar Events will culminate in an event taking place, which will be considered as the single performance obligation. Should the event be cancelled, the customer is required to reimburse Tiso Blackstar Events for any costs incurred up to that date; based on the individual contract terms. The recognition of revenue is done on a contract-by-contract basis and may be either at a point in time or over the period of the contract.	Revenue was recognised once the risks and rewards had passed over to the customer, which is once the event took place.	No impact as there were no contracts in existence at 1 July 2018 which would require revenue recognition over a period of time
ACSA Site Revenue	The TBG SA Group sells advertising space on billboards located at South African airports to customers. ACSA Site revenue is billed per billboard on a monthly basis, as the advertisements are placed on the billboard for the entire month. The revenue is receivable to the TBG SA Group at the end of the month that the advertisement is placed on the billboard.	The timing of the performance obligation occurs with each successive day throughout the month in which the advertisement is displayed on the billboard. As the contract requires the advert to be displayed for the full month (and the advert cannot be shown for any less time), the performance obligation is only considered to be fulfilled at the end of month that the advert was displayed. Revenue will therefore be recognised over time as the performance obligation is satisfied through the course of the month.	Revenue is recognised at the end of the month after the advertisement has been displayed.	No impact

The TBG SA Group applies payment terms of 30 days to all its customers. As such, the TBG SA Group will not adjust the amount of consideration for any products or services delivered for the effects of the time value of money, as there will be no significant financing component contained in the contracts with customers.

Additionally, there are no obligations for refunds or warranties related to the above revenue streams.

1.4.2 Financial instruments ("IFRS 9")

Initial recognition and measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments and are initially measured at fair value.

Classification and subsequent measurement of financial assets

The following is TBG SA Group's new accounting policy for financial instruments under IFRS 9:

- at fair value through profit or loss (**"FVTPL"**);
- at fair value through other comprehensive income (**"FVTOCI"**); or
- at amortised cost

Financial assets are classified on the basis of TBG SA Group's business model for managing the financial asset and the related cash flow characteristics.

The TBG SA Group will hold financial assets at fair value through profit and loss when:

(i) they are acquired principally for the purpose of generating a cash profit from short term fluctuations in price through selling and repurchasing in the short term;

(ii) when it is the TBG SA Group's intention to monitor the performance of these assets on a fair value basis.

Type of financial asset	Measurement category
Trade and other receivables	Financial asset at amortised cost
Cash and cash equivalents	Financial asset at amortised cost
Investments classified as loans and receivables	Financial asset at amortised cost
Trade and other payables	Financial liabilities at amortised cost
Short term and long term interest bearing liabilities	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost
Investments	Fair value through other comprehensive income

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument. Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts (excluding expected credit losses) through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (**"ECL"**) model. The new impairment model will only apply to trade and other receivables. The loss allowance for trade and other receivables will always be measured at an amount equal to lifetime ECLs as required by IFRS 9. The ECL for trade and other receivables is measured using a provision matrix based on TBG SA Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of credit risk conditions at the reporting date. Trade receivables do not have a significant financing component and therefore the loss allowance will always be measured at an amount equal to the lifetime ECL.

Derecognition of financial assets

TBG SA Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the TBG SA Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The TBG SA Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

The TBG SA Group derecognises financial liabilities when, and only when, the TBG SA Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method, less any expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts which are measured at amortised cost using the effective interest method. Bank overdrafts are presented in current liabilities on the statement of financial position.

Borrowings

Borrowings are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, are accounted for using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Adoption of IFRS 9 Financial Instruments

Key requirements or changes in accounting policy

The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

Impact of application of amendment

In the current year, the TBG SA Group has applied IFRS 9 and the related consequential amendments that are effective for the financial year commencing 1 July 2018.

i) Classification and measurement of financial assets and liabilities

There is no material impact to the financial statements on transition to IFRS 9, other than the classification changes as shown in the accounting policy on financial instruments. These classification changes have not impacted the measurement or carrying amount of financial instruments.

The TBG SA Group completed a detailed assessment of its financial assets and liabilities as at 1 July 2018. The following table shows the classification prior to and after the adoption of IFRS 9:

Financial asset/liability	Original classification	Original measurement	Classification under IFRS 9
Trade and other receivables	Financial assets at amortised cost	Amortised cost	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost	Amortised cost	Financial assets at amortised cost
Investments classified as loans and receivables	Financial assets at amortised cost	Amortised cost	Financial assets at amortised cost
Trade and other payables	Financial liabilities at amortised cost	Amortised cost	Financial liabilities at amortised cost
Short term and long term interest bearing liabilities	Financial liabilities at amortised cost	Amortised cost	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost	Amortised cost	Financial liabilities at amortised cost
Investments	Fair value through other comprehensive income	Fair value through other comprehensive income	Fair value through other comprehensive income

ii) Impairment of financial assets

The primary change relates to the assessment of provisioning for potential future credit losses on financial assets.

The TBG SA Group applies the IFRS 9 simplified approach to measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, a provision matrix has been used and trade receivables have been grouped based on the days past due. Refer note 7.2.

No material change was noted when assessing the ECL under the new model when compared to the previous policies applied by the TBG SA Group.

2. REVENUE

Figures in South African Rands (R'000)	Reviewed 31 December 2018
Disaggregation of revenue by major categories	
Advertising	529,296
Circulation	184,966
Distribution income from content sales	79,870
Production	42,595
Eventing	12,445
ACSA Site Revenue	4,364
	853,536
Disaggregation by timing of revenue recognition	
Revenue recognised at a point in time	806,577
Revenue recognised over time	46,959
	853,536

3. EARNINGS PER ORDINARY SHARE

The HFI has been prepared on a carve-out basis and no rational share capital exists for TBG SA Group as the underlying operations are not under common control at the date of this report. Accordingly, the requirements of *IAS 33 Earnings per share* ("IAS 33") to disclose earnings per share has not been met.

The headline earnings reconciliation is disclosed, although it is not possible to measure the earnings per share. Headline earnings ("HE") is calculated based on Circular 4/2018 issued by the South African Institute of Chartered Accountants.

Figures in South African Rands (R'000)	Reviewed 31 December 2018
Profit for the year attributable to equity owners of TBG SA Group	14,938
Adjusted for:	
Profit on disposal of property, plant and equipment	(102)
Total tax effects of adjustments	23
Headline earnings	**14,859**

4. GOODWILL

Figures in South African Rands (R'000)	Reviewed 31 December 2018
Goodwill	808

Goodwill has been deemed to arise on the acquisition of Blackstar Property Publishing Proprietary Limited.

The Group assesses annually for impairment or more frequently if there are indicators that the goodwill may be impaired. Based on the assessment performed at 31 December 2018, no impairment indicators existed.

5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Figures in South African Rands (R'000)	Reviewed 31 December 2018
Equity accounted value of shares	3,292
Owing to associates and joint ventures	–
	3,292

Further information regarding interest in subsidiaries, associates and joint ventures is set out in note 8.

6. NET CASH AND CASH EQUIVALENTS

Figures in South African Rands (R'000)	Reviewed 31 December 2018
Net cash and cash equivalents comprise cash held by the TBG SA Group and short term bank deposits with an original maturity of twelve months or less. The carrying value of these approximates their fair value.	
Bank overdrafts*	(121,404)

* *Bank overdrafts bear interest at rates related to prime*

7. FINANCIAL INSTRUMENTS

7.1 Financial risk management

The TBG SA 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).

TBG SA Group's major financial risks are mitigated through industry diversification and decentralisation. Thus the impact on the TBG SA Group of any one particular risk within any of these industries is limited. These risks are managed by the management teams of each underlying business in the TBG SA Group, who are responsible for designing and implementing a risk management strategy and monitoring the process of risk management. The underlying businesses in the TBG SA Group have monthly executive management meetings, where areas of concern and risks, and management thereof, are discussed. Any significant issues are further escalated to the TBG SA Group board where appropriate.

7.2 Credit risk

Credit risk is the risk of financial loss to the TBG SA Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk is seen primarily within the TBG SA Group's trade and other receivables. Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. This includes assessing the credit quality of the customer, taking into account its financial position, past experience with the customer and other factors.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is related to the trade and other receivables balance.

Expected credit losses ("ECLs") assessment

The TBG SA Group uses a provision matrix to measure the ECLs of trade receivables from the TBG SA Group's customers, which comprise of a large number of balances.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency until it is written-off. Loss rates are calculated separately for exposures in different segments based on common credit risk characteristics – type of customers and contracts and type of revenue. Additionally, the TBG SA Group takes out debtors insurance on customers where it is considered appropriate to do so.

The table below provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2018.

The Group has made the below assessment using the simplified approach outlined in IFRS 9 and has concluded that the impact of applying IFRS 9 on the financials is insignificant.

Figures in South African Rands (R'000)	**Reviewed 31 December 2018**
Allowance for doubtful debts balance as at 1 July 2018 under IAS 39	**11,069**
Adjustment on initial application of IFRS 9	–
Balance at 1 July 2018 under IFRS 9	**11,069**
Actual provision for impairment raised during the period	412
Actual amounts recovered during the period	(173)
Provision as at 31 December 2018	**11,308**

The following table details the risk profile of trade receivables based on TBG SA Group's provision matrix and has been grouped according to how debtors are aged from the date of invoice as this represents their progress through the various stages of delinquency:

Aging of trade receivables	**Gross trade receivables (excluding VAT) at 31 December 2018 R'000**	**Expected loss rate (a) (%)**	**Total provision R'000**
Current (0-30 days)	94,944	0.01%	9
31-60	89,448	0.05%	43
61-90	7,596	1.9%	144
90-120	3,309	2.4%	80
120+	20,574	53.6%	11,032
Total provision as at 31 December 2018			**11,308**

(a) Expected loss rate calculation:

Historical loss rates are based on actual credit loss experience over the last three years. These rates are multiplied by scalar factors to reflect economic conditions during the period over which the historical data has been collected.

The TBG SA Group has also considered forward-looking information in the determination of the expected loss rate. The following factors were considered:

- Current conditions of the debtors; and
- TBG SA Group's view of economic conditions over the expected lives of the receivables.

As all efforts are made to collect a debt before it is written off (through handing over of the debtor, negotiation and sometimes litigation), the loss rate related to the 120+ days aging category was adjusted upwards to include this risk, as it is likely that any debtor that is written off will fall into this aging category.

7.3 Liquidity risk

Liquidity risk is the risk of being unable to meet a financial commitment. The TBG SA Group's approach to minimising liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the TBG SA Group's reputation.

The TBG SA Group ensures that it has sufficient cash on demand to meet expected operational expenses that includes servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. Management of each underlying business is responsible for managing that business' liquidity risk.

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

As at 31 December 2018	< 1 year	1 – 5 years	> 5 years	Total
Financial assets				
Trade and other receivables*	271,341	–	–	271,341
Amounts receivable from TBSE entities	319,144	–	–	319,144
	590,485	**–**	**–**	**590,485**
Financial liabilities				
Borrowings	(63,070)	(308,530)	–	(371,600)
Trade and other payables*	(264,804)	–	–	(264,804)
Amounts payable to TBSE entities	(1,508,081)	–	–	(1,508,081)
Bank overdrafts	(121,404)	–	–	(121,404)
	(1,957,359)	**(308,530)**	**–**	**(2,265,889)**

* *Excludes VAT, prepayments and amounts received in advance*

7.4 Market risk

The TBG SA Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The TBG SA Group may use hedging instruments from time to time to manage its exposure to foreign currency and interest rate risk. No such instruments were held as at 31 December 2018 and no foreign exchange gains or losses had been reported for the period.

There have been no material changes to the TBG SA Group's exposure to market risks or the manner in which it manages and measures these risks.

7.5 Fair value

IFRS 13 *Fair Value Measurement* (**"IFRS 13"**) requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering the factors specific to the asset or liability. The following 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.

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

TBG SA Group does not have any financial assets at fair value.

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	% Holding 31 December 2018 %	Equity accounted value of shares 31 December 2018 R'000	(Due to)/Receivable from associates 31 December 2018 R'000
Associates			
ThaTha Isithombe Productions Proprietary Limited	38%	–	–
Breakout Management Proprietary Limited	40%	–	–
Next Entertainment Proprietary Limited	40%	3,292	–
Joint Ventures			
Kwasukasukela Joint Venture	50%	–	–
		3,292	**–**

Reconciliation of the investments in associates and joint ventures held by the TBG SA Group is as follows:

	ThaTha Isithombe Productions Proprietary Limited R'000	Breakout Management Proprietary Limited R'000	Next Entertainment Proprietary Limited R'000	Kwasukasukela Joint Venture R'000	Total R'000
Carrying amount at 30 June 2018	–	–	2,709	–	**2,709**
Share of profit of associates and joint ventures	–	–	583	–	**583**
Carrying amount at 31 December 2018	**–**	**–**	**3,292**	**–**	**3,292**

9. CONTINGENT LIABILITIES

No material contingent liabilities were noted in the current period.

10. COMMITMENTS

At the reporting date, the TBG SA Group had outstanding lease commitments under non-cancellable operating leases for buildings, plant and equipment with a term of more than one year, falling due as follows:

Figures in South African Rands (R'000)	Reviewed 31 December 2018
Within one year	(24,134)
More than one year but less than five years	(150,923)
Five years and more	(84,308)
Net exposure	**(259,365)**

11. RELATED PARTY BALANCES AND TRANSACTIONS

There have been no significant changes to related parties from what was disclosed in the historical combined financial information for the years ended 30 June 2018, 2017 and 2016.

12. EVENTS AFTER THE REPORTING PERIOD

On 27 June 2019, Blackstar Holdings Group (Pty) Limited signed an agreement for the disposal of its South African media, broadcasting and content businesses (excluding Gallo and its South African radio assets) (**"SA Assets"** or **"TBG SA Group"**) to Lebashe Investment Group Proprietary Limited (**"Lebashe"**) for a purchase consideration of R800.0 million (**"SA Sale"**), subject to certain adjustments.

TBG SA Group bought the media titles The Media, and The Media Online, as well as the annual MOST Awards and EasyDIY magazine and www.easyDIY.co.za, from Wag The Dog Publishers for an amount of R5.25 million. The payment of the purchase price is subject to certain conclusions being met. These operations will be incorporated into TBG SA Group from 1 July 2019.

On 1 July 2019, TBG SA Group sold the Sunday World newspaper to Fundudzi Media Proprietary Limited. The financial information for Sunday World has been included in the HFI for the periods 30 June 2016, 30 June 2017 and 30 June 2018.

13. GOING CONCERN

The financial information is prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Prior to the SA Sale taking place, the TBG SA Group will undergo a corporate restructure whereby all inter-TBG SA Group loan balances will be capitalised. Following the SA Sale, the TBG SA Group will not have any debt or cash. The TBG SA Group will however have a working capital facility in place to manage any interim cash flow requirements. As a result of the SA Sale, the directors believe that the TBG SA Group will be able to operate for the following twelve months from the date of these financial statements.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION OF TBG SA GROUP

The Directors
Tiso Blackstar Group SE
Berkeley Square House
Berkeley Square
Mayfair
London
W1J 6BD

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION AND THE HISTORICAL COMBINED INTERIM FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

At your request and for the purposes of the Tiso Blackstar Group SE (**"the Company"**) Circular to be dated on or about Friday, 20 September 2019, we have:

- audited the historical combined financial information of the TBG SA Group in respect of the year ended 30 June 2018 as presented in Annexure 1 to the circular to be dated on or about Friday, 20 September 2019 (**"the Circular"**);
- reviewed the historical combined financial information of TBG SA Group in respect of the years ended 30 June 2016 and 30 June 2017 as presented in Annexure 1 to the Circular; and
- reviewed the interim combined historical financial information of TBG SA Group for the six months period ended 31 December 2018 as presented in Annexure 1 to the Circular.

Historical Combined Financial Information for the year ended 30 June 2018

Opinion

The historical combined financial information in respect of the year ended 30 June 2018 as presented in Annexure 1 to the Circular comprises the combined statement of financial position as at 30 June 2018, and the combined statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the historical combined financial information, including a summary of significant accounting policies.

In our opinion, the historical combined financial information presents fairly, in all material respects, the combined statement of financial position of TBG SA Group as at 30 June 2018, and its combined statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the basis of preparation paragraph in note 1.1 of the accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Historical Combined Financial Information for the year ended 30 June 2018* section of our report. We are independent of the Company and TBG SA Group in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) (IRBA Code (Revised January 2018)), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code (Revised November 2018)) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code (Revised January 2018), the IRBA Code (Revised November 2018) and in accordance with other ethical requirements applicable to performing audits in South Africa. Sections 290 and 291 of the IRBA Code (Revised January 2018) are consistent with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. Parts 1 and 3 of the IRBA Code (Revised November 2018) are consistent with parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 to the historical combined financial information for the year ended 30 June 2018, which describes the basis of preparation of the historical combined financial information and further describes that TBG SA Group has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if TBG SA Group had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Historical combined Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical combined financial information for the year ended 30 June 2018 in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical combined financial information, the directors are responsible for assessing the TBG SA Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate TBG SA Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Historical combined Financial Information for the year ended 30 June 2018

Our objectives are to obtain reasonable assurance about whether the historical combined financial information for the year ended 30 June 2018 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical combined financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical combined financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TBG SA Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TBG SA Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical combined financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TBG SA Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within TBG SA Group to express an opinion on the historical combined financial information. We are responsible for the direction, supervision and performance of TBG SA Group audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the historical combined financial information, including the disclosures, and whether the historical combined financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Historical Combined Financial Information for the years ended 30 June 2017 and 30 June 2016

We have reviewed the historical combined financial information of TBG SA Group in respect of the years ended 30 June 2017 and 30 June 2016 set out in Annexure 1 to the Circular, comprising the combined statements of financial position, and the combined statements of comprehensive income, changes in equity and cash flows, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Historical Combined Financial Information

The directors are responsible for the preparation and fair presentation of the historical combined financial information in accordance with the basis of preparation, and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Reviews of the Historical Combined Financial Information for the years ended 30 June 2017 and 30 June 2016

Our responsibility is to express conclusions on the historical combined financial information for the years ended 30 June 2017 and 30 June 2016. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE 2410), which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical combined financial information is not prepared, in all material respects, in accordance with the basis of preparation paragraph in note 1.1 of the accounting policies. This standard also requires us to comply with relevant ethical requirements.

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

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical combined financial information.

Conclusion on the Historical Combined Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the historical combined financial information of TBG SA Group for the years ended 30 June 2017 and 30 June 2016 do not present fairly, in all material respects, the combined financial position of TBG SA Group as at 30 June 2017 and 30 June 2016, and its combined financial performance and combined cash flows for the years then ended, in accordance with the basis of preparation paragraph in note 1.1 of the accounting policies.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 to the historical combined financial information for the years ended 30 June 2017 and 30 June 2016, which describes the basis of preparation of the historical combined financial information and further describes that TBG SA Group has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if TBG SA Group had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our conclusion is not modified in respect of this matter.

Interim Historical Combined Financial Information for the six months period ended 31 December 2018

We have reviewed the condensed interim historical combined financial information of TBG SA Group, as presented in Annexure 1 to the Circular, which comprise the condensed combined statement of financial position as at 31 December 2018 and the condensed combined statements of comprehensive income, changes in equity and cash flows for the six months period then ended, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Interim Historical Combined Financial Information

The directors are responsible for the preparation and presentation of this combined interim historical financial information in accordance with the basis of preparation, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of combined interim historical financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Interim Historical Combined Financial Information for the six months period ended 31 December 2018

Our responsibility is to express a conclusion on the interim historical combined financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the combined interim historical financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

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

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim historical combined financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim historical combined financial information of TBG SA Group for the six months period ended 31 December 2018 is not prepared, in all material respects, in accordance with the basis of preparation, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 to the historical combined financial information for the six months period ended 31 December 2018, which describes the basis of preparation of the historical combined financial information and further describes that TBG SA Group has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if TBG SA Group had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our conclusion is not modified in respect of this matter.

Emphasis of Matter – Comparative Financial Information

We draw attention to note 1.3 to the historical combined financial information for the six months period ended 31 December 2018, which details that no comparative information has been presented in accordance with paragraph 8.7 of the JSE Listings requirements. Our conclusion is not modified in respect of this matter.

Purpose of the report

The purpose of our report is for the Circular of Tiso Blackstar Group SE and is not to be used for any other purpose.

Deloitte & Touche
Registered Auditor
Per: JAR Welch
Partner

16 September 2019

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
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HISTORICAL COMBINED FINANCIAL INFORMATION OF AFRICA RADIO

HISTORICAL COMBINED FINANCIAL INFORMATION ("HFI") OF AFRICA RADIO FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2017 AND 30 JUNE 2016

INTRODUCTION

Africa Radio comprises Tiso Blackstar Group SE's associate interest in the following:

- Cooper Communications Limited (effective shareholding 36.5%);
- Multimedia Group Limited (32.2%); and
- Radio Africa Limited (49%).

The entity which historically held the interest in these associates does not form part of the Africa Radio Assets. A restructuring will be implemented and a new entity will be incorporated within the UK to hold the associate interest, UK NewCo.

Africa Radio's three years' historical financial information is presented by the inclusion of the investment in the associates and cumulative profit/loss from associates in a set of combined historical financial information for the periods. The historical financial information is prepared under the envisaged structure as if one entity holds the interests. Effective 1 July 2016, there was a change in Tiso Blackstar Group's status as an Investment Entity as defined in *IFRS 10 Consolidated Financial Statements* ("IFRS 10"). Therefore in 2016 investments in associates are classified as financial assets at fair value through profit and loss, and measured at fair value, whereas from 2017 onwards the principles of equity accounting under *IAS 28 Investments in Associates and Joint Ventures* ("IAS 28") have been followed. The shareholders' equity within this aggregated financial information will represent the original investment of Tiso Blackstar Group SE in the Africa Radio Assets.

The report of the HFI is the responsibility of the directors.

COMMENTARY

Multimedia Group Limited (32.2% owned)

Founded in 1995, Multimedia group is Ghana's largest radio, television and online network. The group operates six local FM stations, broadcasting mainly in two languages from the two largest urban capitals in Ghana. Riding on the back of its six FM stations are over 40 affiliates and partner stations across the country.

Multimedia Group operates the largest and most-visited indigenous online platforms in Ghana: www.myjoyonline.com, www.adomonline.com and www.multitvworld.com. It also owns MultiTV, the multichannel, free-to-air television network is one of the largest in Ghana. The key channels on MultiTV are JoyNews, Joy Prime and Adom TV. Multimedia Group management owns the majority of its remaining shares.

Radio Africa Limited (49% owned)

Radio Africa group is a fast-growing and dynamic media company, based in Kenya. It comprises six national radio stations, one free-to-air TV station and a national newspaper.

It is home to unique talent, and its stations are market leaders. Media brands include Kiss 100, Classic 105, Radio Jambo, X FM, East FM, Relax FM, The Star newspaper and Kiss Television. The majority of the balance of Radio Africa group's shares is owned by management.

Cooper Communications Limited (effective 36.5% owned)

Coopers owns Lagos Talks, a new talk-radio station based in Nigeria. Tiso Blackstar has partnered with Radio Africa group and Chris Ubosi, the CEO of Megalectrics Limited, which owns and operates three leading radio stations in Nigeria: Classic FM 97.3, The Beat 99.9FM and Naija FM 102.7.

Financial results overview

Africa Radio has shown improved results increasing the Tiso Blackstar Group's share of profit of associates from R1.8 million to R10.9 million from 2017 to 2018. Africa Radio is impacted by the fluctuating exchange rates on translation of the investments in associates into Africa Radio's presentation currency.

The media industries in Ghana, Kenya and Nigeria offer significant growth opportunities as they mature in line with higher domestic economic growth rates. These countries are characterised by a high level of competition and dominated by TV and radio, although print remains an important medium in Kenya.

Renewed economic growth in Ghana has boosted its advertising market, while Kenya has been hampered in recent years by political uncertainty.

The Kenyan business 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 business, market volatility and continued economic instability are likely to hamper performance in the short to medium-term.

HISTORICAL COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R'000)	Notes	On a consolidated basis (Trading Entity): Audited 30 June 2018	On a consolidated basis (Trading Entity): Reviewed 30 June 2017	On a fair value basis (Investment Entity): Reviewed 30 June 2016
Share of profit of associates	4	10,902	1,797	–
Fair value adjustments on investments in associates designated at fair value through profit and loss	5	–	–	50,004
Profit from operations		**10,902**	**1,797**	**50,004**
Taxation	6	–	–	–
Profit for the year		**10,902**	**1,797**	**50,004**
Other comprehensive income/(loss) for the year	7			
Items that may subsequently be reclassified to profit and loss:				
Currency translation differences on the translation of foreign operations		9,297	(66,823)	–
Total comprehensive income/(loss) for the year		**20,199**	**(65,026)**	**50,004**

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

Figures in South African Rands (R'000)	Notes	On a consolidated basis (Trading Entity): Audited 30 June 2018	On a consolidated basis (Trading Entity): Reviewed 30 June 2017	On a fair value basis (Investment Entity): Reviewed 30 June 2016
Assets				
Non-current assets				
Net investments in associates designated at fair value through profit and loss	9	–	–	399,697
Investment in associates – equity accounted	10	354,870	334,671	–
Total non-current assets		**354,870**	**334,671**	**399,697**
Total Assets		**354,870**	**334,671**	**399,697**
Equity				
Reserves				
Attributable to equity owners of Africa Radio		349,693	349,693	349,693
Retained earnings		62,703	51,801	50,004
Foreign currency translation reserve		(57,526)	(66,823)	–
Total Equity		**354,870**	**334,671**	**399,697**

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

Figures in South African Rands (R'000)	Attributable to equity owners of Africa Radio	Retained earnings	Foreign currency translation reserve	Total
Balance at 1 July 2015	339,539	–	–	339,539
Acquisition of Cooper Communications Limited	10,154	–	–	10,154
Profit for the year	–	50,004	–	50,004
Balance at 30 June 2016	**349,693**	**50,004**	**–**	**399,697**
Profit for the year	–	1,797	–	1,797
Other comprehensive loss for the year	–	–	(66,823)	(66,823)
Balance at 30 June 2017	**349,693**	**51,801**	**(66,823)**	**334,671**
Profit for the year	–	10,902	–	10,902
Other comprehensive income for the year	–	–	9,297	9,297
Balance at 30 June 2018	**349,693**	**62,703**	**(57,526)**	**354,870**

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF THE HISTORICAL COMBINED FINANCIAL INFORMATION

The Africa Radio historical combined financial information, being the combined investments in Cooper Communications Limited, Multimedia Group Limited and Radio Africa Limited, has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. The basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information. Accordingly, certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail below. In all other respects, IFRS has been applied.

Segmental information

None of the Africa Radio entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.1 Historical combined financial information

The historical combined financial information of Africa Radio for the years ended 30 June 2018, 2017 and 2016 (“the Reporting Period”) has been prepared by aggregating the historical financial information relating to the investments that will be disposed of to Lebashe and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated annual financial statements of Tiso Blackstar Group SE for the Reporting Period, which was prepared in accordance with IFRS.

The historical combined financial information will be prepared with the objective of presenting the results and net assets of Africa Radio for the Reporting Period. Tiso Blackstar Group SE has had significant influence over Africa Radio for the periods presented.

The historical combined financial information has been audited for the year ended 30 June 2018, and reviewed for the years ended 30 June 2017 and 30 June 2016, by Deloitte & Touche. Refer Annexure 4 for the Independent Reporting Accountants’ report on historical combined financial information of Africa Radio.

The historical combined financial information is presented in South African Rand (R’000) which is the functional currency of Africa Radio.

1.2 Share capital and retained earnings

Africa Radio does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of Africa Radio, as disclosed in the historical combined financial information, represents the cumulative investment of Tiso Blackstar Group SE in Africa Radio.

1.3 Change in status as an Investment Entity of Tiso Blackstar Group SE

Effective 1 July 2016, the Tiso Blackstar Group ceased to be regarded as an Investment Entity as defined in IFRS 10. IFRS 10 specifies that an entity that ceases to be an Investment Entity shall account for the change in its status prospectively from the date at which the change in status occurred.

As no guidance is provided in IAS 28 on how to change from fair value to equity accounting, the Tiso Blackstar Group applied the same principles and judgements as provided in IFRS 10, as they were deemed appropriate and could also be applied to associates. As acquisition accounting was being performed on the subsidiaries it was deemed appropriate to apply the same guidance to associates.

Guidance from IFRS 10 specifies that when an entity ceases to be an Investment Entity, it shall apply *IFRS 3 Business Combinations* to any subsidiary that was previously measured at fair value through profit and loss. The date of the change of status shall be the deemed acquisition date. The fair value of the subsidiary at the deemed acquisition date (being the carrying amount of the investment as at 30 June 2016) represented the transferred deemed consideration when measuring any goodwill or gain from bargain purchase that arose from the deemed acquisition.

Tiso Blackstar Group SE no longer accounted for its net investments in associates as investments held at fair value through profit and loss but rather equity accounted these investments, as such the historical combined financial information is prepared with the investments in Africa Radio being fair valued at 30 June 2016 and subsequently equity accounted in accordance with IAS 28.

1.4 Statement of Cash Flows

IAS 7 Statement of Cash Flows requires presentation of information about the changes in cash and cash equivalents of an entity. However, Africa Radio does not have cash and cash equivalents as it only holds its investments in associates, and since no changes to its investments took place in the periods under review, a cash flow statement has not been presented.

1.5 Translation of foreign currencies

Functional and presentation currency

The functional currency of Africa Radio is South African Rands, being the currency of the primary economic environment in which Africa Radio operates.

Translation of foreign currency assets and liabilities in the individual entities historical combined financial information

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

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

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

Translation of historical combined financial information of entities into the presentation currency

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

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

1.6 Investment in associates

An associate is an entity over which Africa Radio has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these historical combined financial information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised at cost and adjusted thereafter to recognise Africa Radio's share of the profit or loss and other comprehensive income of the associate. When Africa Radio's share of losses of an associate exceeds Africa Radio's interest in that associate, Africa Radio discontinues recognising its share of further losses. Additional losses are recognised only and to the extent that Africa Radio has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over Africa Radio's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of Africa Radio's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of the investment, after reassessment, is recognised immediately in profit and loss in the period in which the investment is acquired. Africa Radio discontinues the use of the equity method from the date when the investment ceases to be an investment in an associate, or when the investment is classified as held for sale.

The carrying amounts of the investment in an associates are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

1.7 Financial instruments

Classification

Africa Radio classifies financial instruments into the category financial assets at fair value through profit or loss.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when Africa Radio becomes party to the contractual provisions of the instruments.

Africa Radio classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instruments.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains or losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

2. IMPACT OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

Newly issued and revised standards

IAS 7: *Statement of Cash Flows*

Amendments as result of the Disclosure initiative (Annual periods beginning on or after 1 January 2017)

IAS 12: *Income Taxes*

Amendments regarding the recognition of deferred tax assets for unrealised losses. (Annual periods beginning on or after 1 January 2017)

Newly issued and revised standards and interpretations – not adopted in the current year

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of Africa Radio. Other than new disclosure requirements, these are not expected to have a significant impact on Africa Radio's results.

IFRS 1: First-time Adoption of International Financial Reporting Standards

Amendments resulting from the 2012 – 2014 Annual Improvement cycle (Annual periods beginning on or after 1 January 2018)

IFRS 2: Share based payments

Amendments resulting from measurement of certain types of share based payments (Annual periods beginning on or after 1 January 2018)

IFRS 9: Financial Instruments

Amendments resulting from general hedge accounting (Annual periods beginning on or after 1 January 2018)

IFRS 9: Financial Instruments

Amendments resulting from modification of financial liabilities as well as prepayment features with negative compensation (Annual periods beginning on or after 1 January 2019)

IFRS 15: Revenue from contracts with customers

IFRS 15 specifies how and when an entity will recognise revenue and required disclosures (Annual periods beginning on or after 1 January 2018)

IFRS 16: Leases

Sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. The customer ("lessee") and the supplier ("lessor") (Annual periods beginning on or after 1 January 2019)

IAS 1: Presentation of Financial Statements

Amendments arising under the Disclosure Initiative (Annual periods beginning on or after 1 January 2017)

3. SIGNIFICANT JUDGEMENTS AND AREAS OF ESTIMATION

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

These estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which it is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Judgements

In the process of applying Africa Radio's accounting policies, management did not identify any estimates, assumptions and judgements which would have an effect on the amounts recognised in the historical combined financial information, for the years ended 30 June 2018 and 30 June 2017.

Assessment as an Investment Entity in 2016

Due to the Tiso Blackstar Group's status as an Investment Entity for the year ended 30 June 2016, the following judgements had an effect on the amounts recognised in the historical combined financial information:

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

The criteria which define an Investment Entity are as follows:

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

Africa Radio therefore did not equity account its interest in associates, but rather recognised these investments at fair value through profit and loss.

Estimates and key assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, which had a significant risk of causing a material adjustment to the carrying amount of the net investments in associates, is discussed below. Africa Radio based its assumptions and estimations on parameters available when the historical combined financial information was prepared.

Fair value of financial assets

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

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

3.2 Determination of fair values

The investments in associates are measured at fair value at 30 June 2016.

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

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

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

As the investments in associates are not traded in an active market, the fair value was determined by using the discounted cash flow methodology:

- Enterprise value is apportioned to the enterprise's financial instruments in order of ranking. The enterprise value is derived using reasonable assumptions and estimations of expected cash flows and the terminal value and discounting to the present value by applying the appropriate risk-adjusted discount rate that quantifies the risk inherent in the investment.
- Given the subjective nature of valuations, sensitivities were applied to certain key inputs when determining the valuations.

3.3 Fair value hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Level 2 – Investment in Cooper Communications Limited

In 2016, Cooper Communications Limited was valued with reference to the cost price paid on acquisition during the year. Africa Radio classifies the fair value of this investment as Level 2.

From 2017 onwards, this investment has been equity accounted as an investment in associate and is no longer fair valued due to the change in status from an Investment Entity effective 1 July 2016.

Level 3 – Investments in Radio Africa Limited and Multimedia Group Limited

For these investments in 2016, Africa Radio determined comparable public companies (peers) based on industry, size, leverage and strategy and calculated a WACC rate.This WACC rate was then applied to the future cash flows of the respective investment to calculate a value based on a discounted cash flow model. The value derived from the discounted cash flow model was then sense checked against a valuation based on earnings multiple model and the share of the investment's net asset value.Africa Radio classifies the fair value of these investments as Level 3.

From 2017 onwards, this investment has been equity accounted as an investment in associate and is no longer fair valued due to the change in status from an Investment Entity effective 1 July 2016.

4. SHARE OF PROFIT OF ASSOCIATES

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Radio Africa Limited (Kenya)	3,957	(3,551)	–
Multimedia Group Limited (Ghana)	6,845	5,766	–
Cooper Communications Limited (Nigeria)	100	(418)	–
	10,902	**1,797**	**–**

5. FAIR VALUE ADJUSTMENTS ON INVESTMENTS IN ASSOCIATES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Fair value adjustments on investments in associates designated at fair value through profit and loss comprise the following:			
Radio Africa Limited (Kenya)	–	–	10,842
Multimedia Group Limited (Ghana)	–	–	38,519
Cooper Communications Limited (Nigeria)	–	–	643
	–	**–**	**50,004**

6. TAXATION

The entity holding these investments is to be domiciled in the United Kingdom, and consequently United Kingdom tax rates have been applied. The analysis of the tax charge provided below is performed using the United Kingdom tax rate of 19% in 2018 and 2017, and 20% in 2016. The tax on Africa Radio's profit before tax differs from the theoretical amount that would arise using the basis tax rate as follows:

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Tax rate reconciliation	**19%**	**19%**	**20%**
Tax at the standard rate of corporate tax in the United Kingdom	2,071	341	10,001
Fair value adjustments on investments in associates designated at fair value through profit and loss	–	–	(10,001)
Share of profit of associates	(2,071)	(341)	–
Current tax charge for the year	–	–	–

7. OTHER COMPREHENSIVE INCOME/(LOSS)

Other comprehensive income/(loss) comprises the foreign currency translation adjustments recognised in the foreign currency translation reserve.These currency adjustments arise on translation of the foreign operations, Radio Africa Limited, Multimedia Group Limited and Cooper Communications Limited, to Africa Radio's functional currency Rands at the closing rate at 30 June 2018 and 30 June 2017, respectively.

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

Translation gain/(loss) on translation of:

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Investment in associate Radio Africa Limited (Kenya)	14,881	(27,388)	–
Investment in associate Multimedia Group Limited (Ghana)	(4,915)	(37,297)	–
Investment in associate Cooper Communications Limited (Nigeria)	(669)	(2,138)	–
	9,297	**(66,823)**	**–**

8. HEADLINE EARNINGS

There are no adjustments required for Africa Radio relating to headline earnings, and as a result, headline earnings is equal to profit for the year.

9. NET INVESTMENTS IN ASSOCIATES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Radio Africa Limited (Kenya)	–	–	206,000
Multimedia Group Limited (Ghana)	–	–	182,900
Cooper Communications Limited (Nigeria)	–	–	10,797
Net investments in associates	**–**	**–**	**399,697**

The shares in Radio Africa Limited were held by Tiso Blackstar Group since June 2014, and the shares in Multimedia Group Limited since September 2013. TBH UK acquired a 24.5% stake in Cooper Communications Limited for R10.2 million in October 2015.

Effective 1 July 2016, there was a change in Tiso Blackstar Group SE's status as an Investment Entity as defined in IFRS 10, and consequently these investments are no longer carried at fair value. The change was accounted for as a deemed acquisition of investment in associates on 1 July 2016 and equity accounted from this date forward.

10. INVESTMENT IN ASSOCIATES – EQUITY ACCOUNTED

		Audited 30 June 2018	**Reviewed 30 June 2017**	**Reviewed 30 June 2016**
Opening balance		334,671	–	–
Reallocation from net investments in associates designated at fair value through profit and loss:				
Radio Africa Limited (Kenya)		–	206,000	–
Multimedia Group Limited (Ghana)		–	182,900	–
Cooper Communications Limited (Nigeria)		–	10,797	–
Share of profit of associates		10,902	1,797	–
Currency translation differences on the translation of foreign associates		9,297	(66,823)	–
Closing balance		**354,870**	**334,671**	**–**
Reconciliation of equity accounted investments				
Investments	**Holding %**			
Radio Africa Limited (Kenya)	49.00%	193,899	175,061	–
Multimedia Group Limited (Ghana)	32.20%	153,299	151,369	–
Cooper Communications Limited (Nigeria)	Effective 36.50%	7,672	8,241	–
		354,870	**334,671**	**–**

Effective 1 July 2016, there was a change in Tiso Blackstar Group SE's status as an Investment Entity as defined in IFRS 10, and consequently these investments are no longer carried at fair value. The change was accounted for as a deemed acquisition of investment in associates on 1 July 2016 and equity accounted from this date forward.

11. FINANCIAL INSTRUMENTS

Overview

Africa Radio has exposure to currency risk in respect of financial instruments.

This note presents information about Africa Radio's exposure to the above risk, Africa Radio's objectives, policies and processes for measuring and managing risk, and Africa Radio's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Tiso Blackstar Board has overall responsibility for the establishment and oversight of Africa Radio's risk management framework. The Tiso Blackstar Board is also responsible for analysing the risks faced by Africa Radio, to set appropriate risk limitation and controls, and to monitor risks and adherence to limits.

Currency risk

Africa Radio is exposed to currency risk on balances and transactions that are denominated in a currency other than the functional currency of Tiso Blackstar Group, the South African Rand. The currency in which these transactions are primarily denominated are as follows:

- Radio Africa Limited (Kenya): Kenyan shilling (KES)
- Multimedia Group Limited (Ghana): Ghanaian cedi (GHS)
- Cooper Communications Limited (Nigeria): Nigerian naira (NGN)

The following exchange rates applied at year-end:

	30 June 2018	**30 June 2017**	**30 June 2016**
ZAR/GHS	2.87	2.97	3.71
KES/ZAR	7.34	7.95	6.88
NGN/ZAR	26.28	24.11	19.29

12. EVENTS AFTER THE REPORTING PERIOD

On or about 26 July 2019, TBH UK signed an agreement for the disposal of its media, broadcasting and content businesses in Ghana, Nigeria and Kenya (**"Africa Radio Assets"**) to Lebashe Investment Group (Pty) Ltd ("**Lebashe"**) for a purchase consideration of R200.0 million (**"Africa Radio Sale"**).

HISTORICAL COMBINED FINANCIAL INFORMATION ("HFI") OF AFRICA RADIO FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

INTRODUCTION

Africa Radio comprises Tiso Blackstar Group SE's associate interest in the following:

- Cooper Communications Limited (effective shareholding 36.5%);
- Multimedia Group Limited (32.2%); and
- Radio Africa Limited (49%).

The entity which historically held the interest in these associates does not form part of the Africa Radio Assets. A restructuring will be implemented and a new entity will be incorporated within the UK to hold the associate interest, UK NewCo.

Africa Radio's six months ended 31 December 2018 historical financial information is presented by the inclusion of the investment in the associates and cumulative profit/loss from associates in a set of combined historical financial information for the period. The historical financial information is prepared under the envisaged structure as if one entity holds the interests. The principles of equity accounting under *IAS 28 Investments in Associates and Joint Ventures* (IAS 28) have been followed. The shareholders' equity within this aggregated financial information will represent the original investment of Tiso Blackstar Group SE in the Africa Radio Assets.

The report of the HFI is the responsibility of the directors.

COMMENTARY

Multimedia Group Limited (32.2% owned)

Founded in 1995, Multimedia group is Ghana's largest radio, television and online network. The group operates six local FM stations, broadcasting mainly in two languages from the two largest urban capitals in Ghana. Riding on the back of its six FM stations are over 40 affiliates and partner stations across the country.

Multimedia Group operates the largest and most-visited indigenous online platforms in Ghana: www.myjoyonline.com, www.adomonline.com and www.multitvworld.com. It also owns MultiTV, the multichannel, free-to-air television network is one of the largest in Ghana. The key channels on MultiTV are JoyNews, Joy Prime and Adom TV. Multimedia Group management owns the majority of its remaining shares.

Radio Africa Limited (49% owned)

Radio Africa group is a fast-growing and dynamic media company, based in Kenya. It comprises six national radio stations, one free-to-air TV station and a national newspaper.

It is home to unique talent, and its stations are market leaders. Media brands include Kiss 100, Classic 105, Radio Jambo, X FM, East FM, Relax FM, The Star newspaper and Kiss Television. The majority of the balance of Radio Africa group's shares is owned by management.

Cooper Communications Limited (effective 36.5% owned)

Coopers owns Lagos Talks, a new talk-radio station based in Nigeria. Tiso Blackstar has partnered with Radio Africa group and Chris Ubosi, the CEO of Megalectrics Limited, which owns and operates three leading radio stations in Nigeria: Classic FM 97.3, The Beat 99.9FM and Naija FM 102.7.

Financial results overview

Africa Radio has shown improved results increasing the Tiso Blackstar Group's share of profit of associates to R5.5 million for the six months ended 31 December 2018. Africa Radio is impacted by the fluctuating exchange rates on translation of the investments in associates into Africa Radio's presentation currency.

The media industries in Ghana, Kenya and Nigeria offer significant growth opportunities as they mature in line with higher domestic economic growth rates. These countries are characterised by a high level of competition and dominated by TV and radio, although print remains an important medium in Kenya.

HISTORICAL COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R'000)	Notes	Reviewed Six months ended 31 December 2018
Share of profit of associates	4	5,511
Profit from operations		**5,511**
Taxation	5	–
Profit for the period		**5,511**
Other comprehensive income for the period	6	
Items that may subsequently be reclassified to profit and loss:		
Currency translation differences on the translation of foreign operations		10,529
Total comprehensive income for the period		**16,040**

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

Figures in South African Rands (R'000)	Notes	Reviewed 31 December 2018
Assets		
Non-current asset		
Investment in associates – equity accounted	8	370,910
Total non-current asset		**370,910**
Total Assets		**370,910**
Equity		
Reserves		
Attributable to equity owners of Africa Radio		349,693
Retained earnings		68,214
Foreign currency translation reserve		(46,997)
Total Equity		**370,910**

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

Figures in South African Rands (R'000)	Attributable to equity owners of Africa Radio	Retained earnings	Foreign currency translation reserve	Total
Balance at 1 July 2018	**349,693**	**62,703**	**(57,526)**	**354,870**
Profit for the period	–	5,511	–	5,511
Other comprehensive income for the period	–	–	10,529	10,529
Balance at 31 December 2018	**349,693**	**68,214**	**(46,997)**	**370,910**

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF THE HISTORICAL COMBINED FINANCIAL INFORMATION

The Africa Radio historical combined financial information, being the combined investments in Cooper Communications Limited, Multimedia Group Limited and Radio Africa Limited, has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. The basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information. Accordingly, certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail below. In all other respects, IFRS has been applied.

IAS 34 – Interim Financial Reporting ("IAS 34")

The HFI is prepared in accordance with IAS 34, except for any material departures as mentioned below.

Segmental information

None of the Africa Radio entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.1 Historical combined financial information

The historical combined financial information of Africa Radio for the six months ended 31 December 2018 ("the Reporting Period") has been prepared by aggregating the historical financial information relating to the investments that will be disposed of to Lebashe and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated interim financial statements of Tiso Blackstar Group SE for the Reporting Period, which was prepared in accordance with IFRS.

The historical combined financial information will be prepared with the objective of presenting the results and net assets of Africa Radio for the Reporting Period. Tiso Blackstar Group SE has had significant influence over Africa Radio for the period presented.

The historical combined financial information has been reviewed by Deloitte & Touche for the six months ended 31 December 2018.

The historical combined financial information is presented in South African Rand (R'000) which is the functional currency of Africa Radio.

1.2 Share capital and retained earnings

Africa Radio does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of Africa Radio, as disclosed in the historical combined financial information, represents the cumulative investment of Tiso Blackstar Group SE in Africa Radio.

1.3 Interim comparatives

Paragraph 8.7 of the JSE Listings Requirements states that no comparative results need to be shown, if that interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information. The comparative results for the six months ended 31 December 2018 has been prepared using the same accounting policies as those in the historical financial information, with the exception of the adoption of *IFRS 9 Financial Instruments*. However, this accounting standard is not applicable to this set of historical combined financial information, and therefore the accounting policies applied are identical to those contained in the Africa Radio historical combined financial information for the years ended 30 June 2018, 30 June 2017 and 30 June 2016.

1.4 Statement of cash flows

IAS 7 Statement of Cash Flows requires presentation of information about the changes in cash and cash equivalents of an entity. However, Africa Radio does not have cash and cash equivalents as it only holds its investments in associates, and since no changes to its investments took place in the periods under review, a cash flow statement has not been presented.

1.5 Translation of foreign currencies

Functional and presentation currency

The functional currency of Africa Radio is South African Rands, being the currency of the primary economic environment in which Africa Radio operates.

Translation of foreign currency assets and liabilities in the individual entities historical combined financial information

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

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

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

Translation of historical combined financial information of entities into the presentation currency

Assets and liabilities of entities are translated into Africa Radio's presentation currency of Rands at period end exchange rates.Capital and reserves are translated at historical rates. Items included in profit and loss are translated at average exchange rates for the period.

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

2. IMPACT OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

Newly issued and revised standards

IAS 7: *Statement of Cash Flows*

Amendments as result of the Disclosure initiative (Annual periods beginning on or after 1 January 2017)

IAS 12: *Income Taxes*

Amendments regarding the recognition of deferred tax assets for unrealised losses. (Annual periods beginning on or after 1 January 2017)

Newly issued and revised standards and interpretations – not adopted in the current period

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of Africa Radio. Other than new disclosure requirements, these are not expected to have a significant impact on Africa Radio's results.

IFRS 1: *First-time Adoption of International Financial Reporting Standards*

Amendments resulting from the 2012 – 2014 Annual Improvement cycle (Annual periods beginning on or after 1 January 2018)

IFRS 2: *Share based payments*

Amendments resulting from measurement of certain types of share based payments (Annual periods beginning on or after 1 January 2018)

IFRS 9: *Financial Instruments*

Amendments resulting from general hedge accounting (Annual periods beginning on or after 1 January 2018)

IFRS 9: *Financial Instruments*

Amendments resulting from modification of financial liabilities as well as prepayment features with negative compensation (Annual periods beginning on or after 1 January 2019)

IFRS 15: *Revenue from contracts with customers*

IFRS 15 specifies how and when an entity will recognise revenue and required disclosures (Annual periods beginning on or after 1 January 2018)

IFRS 16: *Leases*

Sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. The customer ("lessee") and the supplier ("lessor") (Annual periods beginning on or after 1 January 2019)

IAS 1: *Presentation of Financial Statements*

Amendments arising under the Disclosure Initiative (Annual periods beginning on or after 1 January 2017)

3. SIGNIFICANT JUDGEMENTS AND AREAS OF ESTIMATION

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

These estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which it's revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying Africa Radio's accounting policies, management did not identify any estimates, assumptions and judgements which would have an effect on the amounts recognised in the historical combined financial information for the six months ended 31 December 2018.

4. SHARE OF PROFIT/(LOSS) OF ASSOCIATES

Figures in South African Rands (R'000)	**Reviewed Six months ended 31 December 2018**
Radio Africa Limited (Kenya)	(1,144)
Multimedia Group Limited (Ghana)	6,576
Cooper Communications Limited (Nigeria)	79
	5,511

5. TAXATION

Figures in South African Rands (R'000)	**Reviewed Six months ended 31 December 2018**
The entity holding the investments is to be domiciled in the United Kingdom and consequently the United Kingdom tax rate has been applied. The analysis of the tax charge provided below is performed using the United Kingdom tax rate of 19%. The tax on Africa Radio's profit before tax differs from the theoretical amount that would arise using the basis tax rate as follows:	
Tax rate reconciliation	
Tax at the standard rate of corporate tax in the United Kingdom of 19%	1,047
Share of profit of associates	(1,047)
Current tax charge for the year	–

6. OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R'000)	**Reviewed Six months ended 31 December 2018**
Other comprehensive income comprises the foreign currency translation adjustments recognised in the foreign currency translation reserve.These currency adjustments arise on translation of the foreign operations, Radio Africa Limited, Multimedia Group Limited and Cooper Communications Limited, to Africa Radio's functional currency Rands at the closing rate at 31 December 2018.	
Items recognised in other comprehensive income comprise of the following:	
Translation gain on translation of:	
Investment in associate Radio Africa Limited (Kenya)	6,395
Investment in associate Multimedia Group Limited (Ghana)	3,826
Investment in associate Cooper Communications Limited (Nigeria)	308
	10,529

7. HEADLINE EARNINGS

There are no adjustments required for Africa Radio relating to headline earnings, and as a result, headline earnings is equal to profit for the period.

8. INVESTMENT IN ASSOCIATES

Figures in South African Rands (R'000)		**Reviewed Six months ended 31 December 2018**
Opening balance		354,870
Share of profit of associates		5,511
Currency translation differences on the translation of foreign associates		10,529
Closing balance		**370,910**
Reconciliation of equity accounted investments		
Investments	**Holding %**	
Radio Africa Limited (Kenya)	49.00%	199,150
Multimedia Group Limited (Ghana)	32.20%	163,700
Cooper Communications Limited (Nigeria)	Effective 36.50%	8,060
		370,910

9. FINANCIAL INSTRUMENTS

Overview

Africa Radio has exposure to currency risk in respect of financial instruments.

This note presents information about Africa Radio's exposure to the above risk, Africa Radio's objectives, policies and processes for measuring and managing risk, and Africa Radio's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Tiso Blackstar Board has overall responsibility for the establishment and oversight of Africa Radio's risk management framework. The Tiso Blackstar Board is also responsible for analysing the risks faced by Africa Radio, to set appropriate risk limitation and controls, and to monitor risks and adherence to limits.

Currency risk

Africa Radio is exposed to currency risk on balances and transactions that are denominated in a currency other than the functional currency of Tiso Blackstar Group, the South African Rand. The currency in which these transactions are primarily denominated are as follows:

- Radio Africa Limited (Kenya): Kenyan shilling (KES)
- Multimedia Group Limited (Ghana): Ghanaian cedi (GHS)
- Cooper Communications Limited (Nigeria): Nigerian naira (NGN)

The following exchange rates applied as at period-end:

ZAR/GHS	2.94
KES/ZAR	7.08
NGN/ZAR	25.27

10. FAIR VALUE

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Africa Radio does not have any financial assets at fair value.

11. EVENTS AFTER THE REPORTING PERIOD

On or about 26 July 2019, TBH UK signed an agreement for the disposal of its media, broadcasting and content businesses in Ghana, Nigeria and Kenya (**"Africa Radio Assets"**) to Lebashe Investment Group (Pty) Ltd (**"Lebashe"**) for a purchase consideration of R200.0 million (**"Africa Radio Sale"**).

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL COMBINED FINANCIAL INFORMATION OF AFRICA RADIO

The Directors
Tiso Blackstar Group SE
Berkeley Square House
Berkeley Square
Mayfair
London
W1J 6BD

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION AND THE HISTORICAL COMBINED INTERIM FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

At your request and for the purposes of the Tiso Blackstar Group SE (**"the Company"**) Circular to be dated on or about Friday, 20 September 2019, we have:

- audited the historical combined financial information of Africa Radio in respect of the year ended 30 June 2018 as presented in Annexure 3 to the circular to be dated on or about Friday, 20 September 2019 (**"the Circular"**);
- reviewed the historical combined financial information of Africa Radio in respect of the years ended 30 June 2016 and 30 June 2017 as presented in Annexure 3 to the Circular; and
- reviewed the interim historical combined financial information of Africa Radio for the six months period ended 31 December 2018 as presented in Annexure 3 to the Circular.

Historical Combined Financial Information for the year ended 30 June 2018

Opinion

The historical combined financial information in respect of the year ended 30 June 2018 as presented in Annexure 3 to the Circular comprises the combined statement of financial position as at 30 June 2018, and the combined statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the historical combined financial information, including a summary of significant accounting policies.

In our opinion, the historical combined financial information presents fairly, in all material respects, the combined statement of financial position of Africa Radio as at 30 June 2018, and its combined statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the basis of preparation paragraph in note 1 of the accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Historical Combined Financial Information* for the year ended 30 June 2018 section of our report. We are independent of the Company and Africa Radio in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) (IRBA Code (Revised January 2018)), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code (Revised November 2018)) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code (Revised January 2018), the IRBA Code (Revised November 2018) and in accordance with other ethical requirements applicable to performing audits in South Africa. Sections 290 and 291 of the IRBA Code (Revised January 2018) are consistent with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. Parts 1 and 3 of the IRBA Code (Revised November 2018) are consistent with parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1 to the historical combined financial information for the year ended 30 June 2018, which describes the basis of preparation of the historical combined financial information and further describes that Africa Radio has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if Africa Radio had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Historical combined Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical combined financial information for the year ended 30 June 2018 in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical combined financial information, the directors are responsible for assessing Africa Radio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Africa Radio or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Historical combined Financial Information for the year ended 30 June 2018

Our objectives are to obtain reasonable assurance about whether the historical combined financial information for the year ended 30 June 2018 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical combined financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical combined financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Africa Radio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Africa Radio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical combined financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Africa Radio to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Africa Radio to express an opinion on the historical combined financial information. We are responsible for the direction, supervision and performance of Africa Radio audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the historical combined financial information, including the disclosures, and whether the historical combined financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Historical Combined Financial Information for the years ended 30 June 2017 and 30 June 2016

We have reviewed the historical combined financial information of Africa Radio in respect of the years ended 30 June 2017 and 30 June 2016 set out in Annexure 3 to the Circular, comprising the combined statements of financial position, and the combined statements of comprehensive income, changes in equity and cash flows, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Historical Combined Financial Information

The directors are responsible for the preparation and fair presentation of the historical combined financial information in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Reviews of the Historical Combined Financial Information for the years ended 30 June 2017 and 30 June 2016

Our responsibility is to express conclusions on the historical combined financial information for the years ended 30 June 2017 and 30 June 2016. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE 2410), which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical combined financial information is not prepared, in all material respects, in accordance with the basis of preparation paragraph in note 1 of the accounting policies. This standard also requires us to comply with relevant ethical requirements.

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

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical combined financial information.

Conclusion on the Historical Combined Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the historical combined financial information of Africa Radio for the years ended 30 June 2017 and 30 June 2016 do not present fairly, in all material respects, the combined financial position of Africa Radio as at 30 June 2017 and 30 June 2016, and its combined financial performance and combined cash flows for the years then ended, in accordance with the basis of preparation paragraph in note 1 of the accounting policies.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1 to the historical combined financial information for the years ended 30 June 2017 and 30 June 2016, which describes the basis of preparation of the historical combined financial information and further describes that Africa Radio has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if Africa Radio had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our conclusion is not modified in respect of this matter.

Interim Historical Combined Financial Information for the six months period ended 31 December 2018

We have reviewed the condensed interim historical combined financial information of Radio Africa, as presented in Annexure 3 to the Circular, which comprise the condensed combined statement of financial position as at 31 December 2018 and the condensed combined statements of comprehensive income, changes in equity and cash flows for the six months period then ended, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Interim Historical Combined Financial Information

The directors are responsible for the preparation and presentation of this combined interim historical financial information in accordance with the basis of preparation, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of combined interim historical financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Interim Historical Combined Financial Information for the six months period ended 31 December 2018

Our responsibility is to express a conclusion on the interim combined historical financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the combined interim historical financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

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

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim historical combined financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim historical combined financial information of Africa Radio for the six months period ended 31 December 2018 is not prepared, in all material respects, in accordance with the basis of preparation, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1 to the historical combined financial information for the six months period ended 31 December 2018, which describes the basis of preparation of the historical combined financial information and further describes that Africa Radio has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if Africa Radio had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our conclusion is not modified in respect of this matter.

Emphasis of Matter – Comparative Financial Information

We draw attention to note 1.3 to the historical combined financial information for the six months period ended 31 December 2018, which details that no comparative information has been presented in accordance with paragraph 8.7 of the JSE Listings requirements. Our conclusion is not modified in respect of this matter.

Purpose of the report

The purpose of our report is for the Circular of Tiso Blackstar Group SE and is not to be used for any other purpose.

Deloitte & Touche
Registered Auditor
Per: JAR Welch
Partner

16 September 2019

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
South Africa

HISTORICAL COMBINED FINANCIAL INFORMATION OF SA RADIO

HISTORICAL COMBINED FINANCIAL INFORMATION ("HFI") OF SA RADIO FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2017 AND 30 JUNE 2016

INTRODUCTION

The historical combined financial information was prepared on an aggregated basis, taking into account the principles of consolidation, however, neither the historical structure nor envisaged structure of the SA Radio Sale on its own would result in consolidation under *IFRS 10 Consolidated Financial Statements* (**"IFRS 10"**). These entities do not have investments in associates or subsidiaries.

In particular, the following principles were included in the preparation of the aggregated financial information:

- intercompany transactions and balances between the entities within the SA Radio Sale will be eliminated; and
- the share capital and pre-acquisition reserves of the entities cannot be eliminated and will therefore be aggregated within the SA Radio Sale.

The report of the HFI is the responsibility of the directors.

COMMENTARY

SA Radio continued to improve during the financial years, with Vuma trebling its audience over the past year due to a new programming and music strategy, while Rise Broadcast has shown solid growth. SA Radio relies on radio listenership for its profitability and it continues to command significant share of various radio platforms.

Financial results overview

During the three years' HFI, SA Radio's revenue increased by 12.3% from R14.8 million in 2017 to R16.7 million in 2018, and by 31.0% from R11.3 million in 2016, as a result of an increase in audience and an improved market strategy.

Loss from operations have steadily decreased from R22.0 million in 2016 and R18.5 million in 2017, to R13.8 million in 2018.

SA Radio remained resilient in difficult circumstances through tight cost control and growth in revenue streams. This was mainly driven by no additional overheads being incurred with the increase in revenue.

HISTORICAL COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R'000)	Notes	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Revenue	3	16,650	14,821	11,312
Cost of sales		(6,959)	(7,265)	(7,447)
Gross profit		**9,691**	**7,556**	**3,865**
Operating expenses		(23,207)	(24,821)	(24,510)
Depreciation and amortisation		(328)	(1,201)	(1,404)
Loss from operations		**(13,844)**	**(18,466)**	**(22,049)**
Finance income		1	1	–
Loss before taxation	4	**(13,843)**	**(18,465)**	**(22,049)**
Taxation	5	228	155	134
Loss for the year		**(13,615)**	**(18,310)**	**(21,915)**
Other comprehensive income for the year		–	–	–
Total comprehensive loss for the year		**(13,615)**	**(18,310)**	**(21,915)**

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

Figures in South African Rands (R'000)	Notes	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
ASSETS				
Non-current assets				
Property and equipment	7	262	512	1,496
Intangible assets	8	4	12	40
Deferred taxation	9	1,020	792	637
		1,286	**1,316**	**2,173**
Current assets				
Trade and other receivables	10	2,515	2,085	2,767
Cash and cash equivalents	11	1,333	782	599
		3,848	**2,867**	**3,366**
TOTAL ASSETS		**5,134**	**4,183**	**5,539**
EQUITY AND LIABILITIES				
Capital and reserves				
Equity attributable to owners of SA Radio		14,017	14,017	14,017
Accumulated losses		(131,631)	(118,016)	(99,706)
		(117,614)	**(103,999)**	**(85,689)**
Liabilities				
Current liabilities				
Shareholder's loans	12	118,800	105,124	88,257
Trade and other payables	13	1,391	906	1,347
Provisions	14	2,521	2,109	1,432
Straight lining of lease liability		36	43	192
		122,748	**108,182**	**91,228**
TOTAL EQUITY AND LIABILITIES		**5,134**	**4,183**	**5,539**

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

Figures in South African Rands (R'000)	Equity attributable to owners of SA Radio	Accumulated losses	Total
Balance at 1 July 2015	**14,017**	**(77,791)**	**(63,774)**
Total comprehensive loss for the year	–	(21,915)	(21,915)
Balance at 30 June 2016	**14,017**	**(99,706)**	**(85,689)**
Total comprehensive loss for the year	–	(18,310)	(18,310)
Balance at 30 June 2017	**14,017**	**(118,016)**	**(103,999)**
Total comprehensive loss for the year	–	(13,615)	(13,615)
Balance at 30 June 2018	**14,017**	**(131,631)**	**(117,614)**

HISTORICAL COMBINED STATEMENT OF CASH FLOWS

Figures in South African Rands (R'000)	Notes	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Cash flows from operating activities				
Cash utilised by operations	15	(13,056)	(16,496)	(19,691)
Finance income		1	1	–
Net cash utilised by operating activities		**(13,055)**	**(16,495)**	**(19,691)**
Cash flows from investing activities				
Proceed on disposal of property and equipment		–	–	10
Additions to intangible assets	8	–	(7)	(84)
Additions to property and equipment	7	(70)	(182)	(152)
Net cash utilised by investing activities		**(70)**	**(189)**	**(226)**
Cash flows from financing activities				
Increase in shareholder's loans		13,676	16,867	20,005
Net increase in cash and cash equivalents		**551**	**183**	**88**
Cash and cash equivalents at the beginning of the year		782	599	511
Cash and cash equivalents at the end of the year	11	**1,333**	**782**	**599**

ACCOUNTING POLICIES

1. PRESENTATION OF HISTORICAL COMBINED FINANCIAL INFORMATION

1.1 Basis of preparation of the historical combined financial information

The historical combined financial information, being the combined financial information of Rise Broadcast (Pty) Limited (**"Rise Broadcast"**) and Vuma 103 FM (Pty) Limited ("**Vuma"**), has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. The basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information. Accordingly certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and consequently some material departures from IFRS have been required, which are discussed in more detail below. In all other respects, IFRS has been applied.

Notes excluded from the HFI are as follows:

Share capital and retained income

SA Radio does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of SA Radio as disclosed in the historical combined financial information, represents the cumulative investment of Tiso Blackstar Group SE in SA Radio.

Earnings per share, diluted earnings per share and headline earnings per share

As indicated above, it is not considered meaningful to disclose a historical analysis of share capital, therefore, it is not meaningful to disclose a historical analysis of various earnings per share metrics.

New Standards in issue (IFRS 9, IFRS 15 and IFRS 16)

The IFRS standards effective for SA Radio Sale at the respective reporting dates have been applied in the preparation of the HFI. The accounts have been prepared prior to the implementation of *IFRS 9 Financial Instruments* (**"IFRS 9"**), *IFRS 15 Revenue from Contracts with Customers* (**"IFRS 15"**) and *IFRS 16 Leases* (**"IFRS 16"**) and as such these IFRS standards have not been applied to the HFI.

Segmental information

None of the SA Radio entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.2 Historical combined financial information

The historical combined financial information of SA Radio for the years ended 30 June 2018, 2017 and 2016 (**"the Reporting Period"**) has been prepared by aggregating the historical financial information relating to the investments that will be disposed of to Lebashe and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated annual financial statements of Tiso Blackstar Group SE for the Reporting Period, which was prepared in accordance with IFRS.

Consolidated HFI (IFRS 10)

The assets being disposed of under the SA Radio Sale comprise two separate statutory entities which are under common control of the ultimate holding company, Tiso Blackstar Group SE. However, the direct holding company of these two entities does not form part of the SA Radio Sale, and therefore each statutory entity will be disposed of separately. As such, there is no entity that is exercising control over the SA Radio Assets in terms of IFRS 10.

The historical combined financial information has been prepared with the objective of presenting the results and net assets of SA Radio for the Reporting Period. SA Radio has, for the periods presented, been under the control of Tiso Blackstar Group SE. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had SA Radio operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

The historical combined financial information has been audited for the year ended 30 June 2018, and reviewed for the years ended 30 June 2017 and 30 June 2016, by Deloitte & Touche. Refer Annexure 6 for the Independent Reporting Accountants' report on historical combined financial information of SA Radio.

The historical combined financial information is presented in South African Rand (R'000s) which is the functional currency of SA Radio.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of the business, net of discounts and value added taxation. The rendering of services is recognised as the service is provided.

1.4 Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, which is the rate which discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.5 Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfers all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease, or on another basis if it is more representative of the time pattern of the user's benefit. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

1.6 Taxation and deferred tax

The income tax charge/credit included in the statement of comprehensive income is calculated using a method consistent with that used for a separate tax return, as if SA Radio was a separate taxpayer. Taxation payable has been included as an aggregation of the separate statutory entity's tax positions.

1.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property and equipment to their estimated residual values over their estimated useful lives. The following life spans were used during the year to depreciate property and equipment to estimated residual values:

Studio equipment	3 – 7 years
Leasehold improvements	2 – 10 years
Furniture and fittings and office equipment	2 – 7 years
Motor vehicles	4 years
Computer equipment	2 – 5 years
Security equipment	5 years

Leasehold improvements are depreciated to their estimated residual values over their expected useful lives or, where shorter, the term of the relevant lease. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their own estimated useful lives. Useful lives, residual values and methods of depreciation are reviewed annually.

The gain or loss arising on the disposal or scrapping of an item of property and equipment is recognised in profit or loss. Small assets are expensed in the year of purchase depending on the nature and cost of the asset.

1.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. If assessed as having a finite useful life, it is amortised over its estimated useful life, and tested for impairment if there is an indication that impairment is required.

Useful lives, residual values and methods of amortisation are reviewed annually.

The following estimated useful life was used during the year to amortise intangible assets to estimated residual value:

Computer software	2-5 years

1.9 Impairment of tangible and intangible assets

At least at each reporting date, the carrying amounts of tangible and intangible assets are assessed to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does exceed the carrying amount which would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.10 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that the obligation will need to be settled. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are present valued where the effect of discounting is material.

1.11 Going Concern

The HFI is prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Prior to the SA Radio Sale taking place, SA Radio will undergo a corporate restructure whereby all intercompany loan balances will be capitalised. SA Radio will have sufficient working capital facility in place to manage any interim cash flow requirements. As a result of the SA Radio Sale, the directors believe that SA Radio will be able to operate for the following twelve months from the date of these historical combined financial information.

1.12 IAS 24 – Related Party Disclosures

Transactions and balances owing to other divisions and subsidiaries of Tiso Blackstar Group SE have been disclosed as related parties.

1.13 Intercompany transactions and funding

All transactions between the entities forming part of SA Radio and the rest of the Tiso Blackstar Group SE group of companies, which have historically been eliminated in the consolidated financial statements of Tiso Blackstar Group SE, have now been presented either as amounts owing to or receivable from group companies as though they were with an external related party. These transactions are presented in note 16.

1.14 Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Trade payables

Trade payables are measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and bank overdrafts. Cash and cash equivalents are measured at fair value at initial recognition, with any changes in fair value being recognised in profit or loss.

1.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of SA Radio's accounting policies, which are described from note 1.2 onwards, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management

In applying SA Radio's accounting policies, the following significant judgements have been made:

Deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available in future against which the deferred taxation assets can be utilised. The future availability of taxable profits is based on management's judgements regarding future business plans.

Asset lives and residual values

Property and equipment are depreciated to their residual values over their expected useful lives. Residual values and asset lives are assessed annually based on management's judgement of relevant factors and conditions.

Impairment of tangible and intangible assets

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is then estimated in order to determine the extent of any impairment.

Irrespective of whether there is any indication of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use are also tested annually for impairment by comparing their carrying amounts with their recoverable amounts.

Provision for doubtful debts

The provision for doubtful debts is regularly assessed by management. This assessment is impacted by general trading and market conditions, as well as trading levels relative to credit guarantee insurance limits. The provision for each doubtful debt is based on management's judgement of the specific facts at the reporting date and past default experience.

2. IMPACT OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

Newly issued and revised standards

IAS 7:	*Statement of Cash Flows*
	Amendments as result of the Disclosure initiative (Annual periods beginning on or after 01 January 2017)
IAS 12:	*Income Taxes*
	Amendments regarding the recognition of deferred tax assets for unrealised losses (Annual periods beginning on or after 1 January 2017)

The implementation of these did not have a significant impact on SA Radio.

Newly issued and revised standards and interpretations – not adopted in the current year

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of SA Radio. Other than new disclosure requirements, these are not expected to have a significant impact on SA Radio`s financial information.

IFRS 1:	*First-time Adoption of International Financial Reporting Standards*
	Amendments resulting from the 2012 – 2014 Annual Improvement cycle (Annual periods beginning on or after 1 January 2018)
IFRS 2:	*Share based payments*
	Amendments resulting from measurement of certain types of share based payments (Annual periods beginning on or after 1 January 2018)
IFRS 9:	*Financial Instruments*
	Amendments resulting from general hedge accounting (Annual periods beginning on or after 1 January 2018)
IFRS 9:	*Financial Instruments*
	Amendments resulting from modification of financial liabilities as well as prepayment features with negative compensation (Annual periods beginning on or after 1 January 2019)
IFRS 15:	*Revenue from contracts with customers*
	IFRS 15 specifies how and when an entity will recognise revenue and required disclosures (Annual periods beginning on or after 1 January 2018)
IFRS 16:	*Leases*
	Sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. The customer (“lessee”) and the supplier (“lessor”) (Annual periods beginning on or after 1 January 2019)
IAS 1:	*Presentation of Financial Statements*
	Amendments arising under the Disclosure Initiative (Annual periods beginning on or after 1 January 2017)

3. REVENUE

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Revenue comprises the following:			
Advertisements placed on radio platforms	16,650	14,821	11,312

4. LOSS BEFORE TAXATION

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Loss before taxation has been arrived after taking into account the following:			
Auditors' remuneration	(150)	(231)	(122)
Depreciation of property and equipment	(320)	(1,166)	(1,290)
Amortisation of intangible assets	(8)	(35)	(114)
Bad debts	(175)	(51)	(101)
Straight lining of leases	7	149	57
Consulting fees	(316)	(358)	(309)
Legal fees	–	(126)	(482)
Rental of offices	(2,140)	(1,898)	(2,012)

5. TAXATION

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Deferred taxation			
– Current year	228	155	116
– Prior year	–	–	18
	228	**155**	**134**
Tax rate reconciliation	**%**	**%**	**%**
South African normal taxation rate (%)	(28.0)	(28.0)	(28.0)
Adjusted for:			
– Assessed loss not raised	26.4	27.2	27.5
Prior year over provision	–	–	(0.1)
Effective rate of taxation	**(1.6)**	**(0.8)**	**(0.6)**

No provision for current taxation has been made as SA Radio incurred a tax loss in the current year.

6. HEADLINE LOSS

There are no adjustments required for SA Radio relating to headline loss, and as a result, headline loss is equal to loss for the year.

7. PROPERTY AND EQUIPMENT

Figures in South African Rands (R'000)	Computer equipment	Furniture and fittings	Leasehold improvements	Office equipment	Studio equipment	Motor Vehicles	Security equipment	Total
Balance as at 1 July 2015	**483**	**504**	**580**	**152**	**780**	**118**	**34**	**2,651**
Additions	107	12	28	3	2	–	–	152
Disposals	(13)	–	–	(4)	–	–	–	(17)
Depreciation	(251)	(248)	(270)	(75)	(387)	(44)	(15)	(1,290)
Balance as at 30 June 2016	**326**	**268**	**338**	**76**	**395**	**74**	**19**	**1,496**
Additions	26	23	3	–	130	–	–	182
Depreciation	(228)	(246)	(272)	(56)	(305)	(44)	(15)	(1,166)
Balance as at 30 June 2017	**124**	**45**	**69**	**20**	**220**	**30**	**4**	**512**
Additions	2	22	–	6	40	–	–	70
Depreciation	(60)	(22)	(58)	(18)	(129)	(30)	(3)	(320)
Balance as at 30 June 2018	**66**	**45**	**11**	**8**	**131**	**–**	**1**	**262**
Balance as at 30 June 2016	**326**	**268**	**338**	**76**	**395**	**74**	**19**	**1,496**
Cost	1,683	1,685	1,439	343	3,182	176	76	**8,584**
Accumulated depreciation	(1,357)	(1,417)	(1,101)	(267)	(2,787)	(102)	(57)	**(7,088)**
Balance as at 30 June 2017	**124**	**45**	**69**	**20**	**220**	**30**	**4**	**512**
Cost	1,709	1,708	1,442	343	3,312	176	76	**8,766**
Accumulated depreciation	(1,585)	(1,663)	(1,373)	(323)	(3,092)	(146)	(72)	**(8,254)**
Balance as at 30 June 2018	**66**	**45**	**11**	**8**	**131**	**–**	**1**	**262**
Cost	1,711	1,730	1,442	349	3,352	176	76	**8,836**
Accumulated depreciation	(1,645)	(1,685)	(1,431)	(341)	(3,221)	(176)	(75)	**(8,574)**

8. INTANGIBLE ASSETS

	Computer software
Balance as at 1 July 2015	70
Additions	84
Amortisation	(114)
Balance as at 30 June 2016	**40**
Additions	7
Amortisation	(35)
Balance as at 30 June 2017	**12**
Amortisation	(8)
Balance as at 30 June 2018	**4**
Balance as at 30 June 2016	**40**
Cost	561
Accumulated amortisation	(521)
Balance as at 30 June 2017	**12**
Cost	568
Accumulated amortisation	(556)
Balance as at 30 June 2018	**4**
Cost	568
Accumulated amortisation	(564)

9. DEFERRED TAXATION

	Computer software
The major components of the deferred taxation asset together with movements during the year is analysed as follows:	
Balance as at 1 July 2015	503
Recognised in the statement of profit or loss	134
Balance as at 30 June 2016	637
Recognised in the statement of profit or loss	155
Balance as at 30 June 2017	792
Recognised in the statement of profit or loss	228
Balance as at 30 June 2018	**1,020**

A deferred tax asset has not been raised for the assessable tax losses of R127.6 million (2017: R114.6 million, 2016: R96.7 million), as it is not believed to be probable that future taxable profit will be available against which it can be usilised.

10. TRADE AND OTHER RECEIVABLES

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Trade receivables	2,061	1,337	1,834
Provision for doubtful debts	(175)	(70)	(188)
	1,886	1,267	1,646
South African Revenue Service – VAT	331	350	656
Prepaid expenses	72	250	133
Deposits paid	218	218	328
Other receivables	8	–	4
	2,515	**2,085**	**2,767**
Reconciliation of provision for doubtful debts			
Balance as at 1 July 2015			(87)
Provided for during the year			(101)
Balance as at 30 June 2016			(188)
Provided for during the year			(51)
Bad debts written off during the year			169
Balance as at 30 June 2017			(70)
Provided for during the year			(175)
Bad debts written off during the year			70
Balance as at 30 June 2018			**(175)**

The average credit period for the radio industry is 45 days, as the customers are media agencies who only remit payment for sale of goods within 45 day terms.

No interest is charged on the trade receivables.

Included in SA Radio's trade receivable's balance are debtors with a carrying amount of R787,192 (2017: R522,004; 2016: R545,820) which are past due and not impaired at the reporting date.

The allowance for estimated irrecoverable amounts has been determined with reference to past default experience. The directors consider that the carrying amounts of trade and other receivables approximate their fair value.

Ageing of past due but not impaired			
31 – 60 days	35	61	169
61 – 90 days	69	26	23
Over 120 days	683	435	354
	787	**522**	**546**

11. CASH AND CASH EQUIVALENTS

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Cash and cash equivalents at the end of the period	1,333	782	599

12. SHAREHOLDER'S LOANS

Tiso Blackstar Group (Pty) Limited ("TBG SA Group") has the following loans with SA Radio as at 30 June:

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
With Vuma 103 FM (Pty) Limited	71,043	63,109	53,747
With Rise Broadcast (Pty) Limited	47,757	42,015	34,510
	118,800	**105,124**	**88,257**

The TBG SA Group loans are unsecured, bear no interest and have no terms of repayment. Refer note 1.11 for going concern considerations of SA Radio.

13. TRADE AND OTHER PAYABLES

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Trade payables	618	317	839
Revenue received in advance	159	126	21
Sundry creditors	189	203	203
Accruals	181	49	91
South Africa Revenue Services – PAYE, UIF, SDL	244	211	193
	1,391	**906**	**1,347**

The average credit period on the purchase of goods and services is 30 days. No interest is charged on trade payables.

The directors consider that the carrying amounts of trade and payables approximates their fair value.

14. PROVISIONS

Balance as at 1 July 2015	979
Recognised in the statement of profit or loss	469
Reversed in the statement of profit or loss	(16)
Balance as at 30 June 2016	1,432
Recognised in the statement of profit or loss	677
Balance as at 30 June 2017	2,109
Recognised in the statement of profit or loss	412
Balance as at 30 June 2018	**2,521**

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Provision for leave pay(1)	177	231	216
Provision for audit fees(2)	145	120	60
Provision for Needletime levy(3)	1,041	814	613
Provision for levies(4)	1,158	944	543
	2,521	**2,109**	**1,432**

(1) The provision for leave pay arises as a result of leave days accrued by employees. It is provided for based on the number of leave days due to employees and the total cost of employment.

(2) The provision for audit fees relates to the fee payable for the current financial year's audit, based on the agreed upon amount.

(3) The provision for Needletime levy arises as a result of payment due to the National Association of Broadcasters (NAB) in the form of royalties which is payable by a broadcaster to the owner of copyright in any sound recording broadcast by the broadcaster. The Needletime royalty has been stipulated by the Supreme Court of Appeal at 3% of revenue.

(4) Provision for levies represents licenses and royalties on use of music which would be paid out in the following year. The obligation arises when the music is used on the station. The provision includes the following:

- The provision for SAARF levy arises as a result of payment due to the South African Advertising Research Foundation, which is calculated at 1% of net revenue;
- The provision for ICASA levy arises as a result of annual license fee payment due to Independent Communications Authority of South Africa, which is calculated at 0.15% of gross revenue. This levy also comprises of contribution to Universal Service and Access Fund (USAF), which is calculated at 0.2% of annual revenue also taking into account commission, discounts, rental and transmitter fees; and
- The provision for SAMRO levy arises as a result of performing rights fees due to the South African Music Rights Organisation, which is calculated at a stipulated tariff (per financial period) of net revenue.

15. CASH UTILISED BY OPERATIONS

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Loss before taxation	(13,843)	(18,465)	(22,049)
Adjusted for:			
Depreciation of property and equipment	320	1,166	1,290
Amortisation of intangible assets	8	35	114
Loss on disposal of property and equipment	–	–	7
Net movement in provisions	412	677	453
Straight lining of leases	(7)	(149)	(57)
Finance income	(1)	(1)	–
Operating loss before working capital changes	**(13,111)**	**(16,737)**	**(20,242)**
Movement in working capital:			
(Increase)/Decrease in trade and other receivables	(430)	682	555
Increase/(Decrease) in trade and other payables	485	(441)	(4)
	(13,056)	**(16,496)**	**(19,691)**

16. RELATED PARTY BALANCES AND TRANSACTIONS

Details of the balances and transactions entered into during the year with SA Radio's shareholder at the end of the year are as follows:

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Related party balances			
TBG SA Group	(118,800)	(105,124)	(88,257)
Related party transactions			
Financial services received from TBG SA Group	(21)	(900)	(1,960)

17. FINANCIAL INSTRUMENTS

17.1 Financial risk management

The financial instruments of SA Radio consist mainly of cash and cash equivalents, trade receivables and other receivables and payables.

All financial instruments are carried at fair value or amounts that approximate fair value, except for the non-current portion of fixed rate receivables, payables and interest-bearing borrowings which are carried at amortised cost.

The carrying amounts for cash, cash equivalents as well as the current portion of receivables, payables and interest-bearing borrowings approximate fair value due to the short-term nature of these instruments.

The fair values have been determined using available market information and appropriate valuation methodologies.

Categories of Financial Instruments

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Financial assets			
Trade and other receivables	2,112	1,485	1,978
Cash and cash equivalents	1,333	782	599
	3,445	**2,267**	**2,577**
Financial liabilities			
Shareholder's loans	(118,800)	(105,124)	(88,257)
Trade and other payables	(807)	(520)	(1,042)
	(119,607)	**(105,644)**	**(89,299)**

17.2 Credit risk

SA Radio has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Reputable financial institutions are used for investing and cash handling purposes. At reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

17.3 Liquidity risk

Liquidity risk is the risk that SA Radio will not be able to meet its financial obligations as they fall due. SA Radio manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The table below details SA Radio's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

As at 30 June 2016	< 1 year	1 – 5 years	> 5 years	Total
Trade and other payables	(1,042)	–	–	**(1,042)**
Shareholder's loans	–	–	(88,257)	**(88,257)**
	(1,042)	**–**	**(88,257)**	**(89,299)**

As at 30 June 2017	< 1 year	1 – 5 years	> 5 years	Total
Trade and other payables	(520)	–	–	**(520)**
Shareholder's loans	–	–	(105,124)	**(105,124)**
	(520)	**–**	**(105,124)**	**(105,644)**

As at 30 June 2018	< 1 year	1 – 5 years	> 5 years	Total
Trade and other payables	(807)	–	–	**(807)**
Shareholder's loans	–	–	(118,800)	**(118,800)**
	(807)	**–**	**(118,800)**	**(119,607)**

17.4 Interest rate risk

SA Radio does not limit its risk in respect of interest rate changes. Interest rate fluctuations will directly impact on SA Radio's results, however, the exposure is immaterial.

18. FAIR VALUE

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

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

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

SA Radio does not have any financial assets at fair value.

19. OPERATING LEASE COMMITMENTS

	Audited 30 June 2018	Reviewed 30 June 2017	Reviewed 30 June 2016
Property	(1,545)	(283)	(1,391)
Less than one year	(1,236)	(283)	(1,108)
Due between one and five years	(309)	–	(283)
More than five years	–	–	–
	(1,545)	**(283)**	**(1,391)**

20. EVENTS AFTER THE REPORTING PERIOD

On or about 26 July 2019, BHG signed an agreement for the disposal of its broadcasting and content businesses in South Africa ("SA Radio Assets") to Lebashe Investment Group (Pty) Ltd ("Lebashe") ("SA Radio Sale"). BHG will dispose of 100% of its shares in and claims against each of its South African radio assets, being Rise Broadcast and Vuma, to Lebashe for an aggregate purchase consideration of R50.0 million ("SA Radio Sale Agreement").

HISTORICAL COMBINED FINANCIAL INFORMATION (“HFI”) OF SA RADIO FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

INTRODUCTION

The historical combined financial information (**“HFI”**) was prepared on an aggregated basis, taking into account the principles of consolidation, however, neither the historical structure nor envisaged structure of the SA Radio Sale on its own would result in consolidation under *IFRS 10 Consolidated Financial Statements* (**“IFRS 10”**). These entities do not have investments in associates or subsidiaries.

In particular, the following principles were included in the preparation of the aggregated financial information:

- intercompany transactions and balances between the entities within the SA Radio Sale will be eliminated; and
- the share capital and pre-acquisition reserves of the entities cannot be eliminated and will therefore be aggregated within the SA Radio Sale.

The report of the HFI is the responsibility of the directors.

COMMENTARY

SA Radio continued to improve during the six month period, with Vuma trebling its audience over the past period due to a new programming and music strategy, while Rise Broadcast has shown solid growth. SA Radio relies on radio listenership for its profitability and it continues to command significant share of various radio platforms.

Financial results overview

SA Radio had an improved first half of 2019, with revenue increasing by 0.5% to R9.7 million. Loss from operations for the six month period of R6.0 million compared favourably with the full year losses to 30 June 2018 of R13.8 million.

HISTORICAL COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in South African Rands (R’000)	**Notes**	**Reviewed 31 December 2018**
Revenue	3	9,717
Cost of sales		(2,016)
Gross profit		**7,701**
Operating expenses		(13,664)
Depreciation and amortisation		(76)
Loss from operations		**(6,039)**
Finance costs		(1)
Loss before taxation	4	**(6,040)**
Taxation	5	100
Loss for the period		**(5,940)**
Other comprehensive income for the period		–
Total comprehensive loss for the period		**(5,940)**

HISTORICAL COMBINED STATEMENT OF FINANCIAL POSITION

Figures in South African Rands (R'000)	Notes	Reviewed 31 December 2018
Assets		
Non-current assets		
Property and equipment	7	342
Intangible assets	8	3
Deferred taxation	9	1,120
		1,465
Current assets		
Trade and other receivables	10	4,349
Cash and cash equivalents	11	1,439
		5,788
Total assets		**7,253**
Equity and liabilities		
Capital and reserves		
Equity attributable to owners of SA Radio		14,017
Accumulated losses		(137,571)
		(123,554)
Liabilities		
Current liabilities		
Shareholder's loans	12	125,834
Trade and other payables	13	1,997
Provisions	14	2,940
Straight lining of lease liability		36
		130,807
Total equity and liabilities		**7,253**

HISTORICAL COMBINED STATEMENT OF CHANGES IN EQUITY

Figures in South African Rands (R'000)	Equity attributable to owners of SA Radio	Accumulated losses	Total
Balance at 1 July 2018	**14,017**	**(131,631)**	**(117,614)**
Total comprehensive loss for the period	–	(5,940)	(5,940)
Balance at 31 December 2018	**14,017**	**(137,571)**	**(123,554)**

HISTORICAL COMBINED STATEMENT OF CASH FLOWS

Figures in South African Rands (R'000)	Notes	Reviewed 31 December 2018
Cash flows from operating activities		
Cash utilised by operations	15	(6,772)
Finance costs		(1)
Net cash utilised by operating activities		(6,773)
Cash flows from investing activities		
Additions to property and equipment		(155)
Cash flows from financing activities		
Increase in shareholder's loans		7,034
Net increase in cash and cash equivalents		**106**
Cash and cash equivalents at the beginning of the period		1,333
Cash and cash equivalents at the end of the period	11	**1,439**

ACCOUNTING POLICIES

1. PRESENTATION OF HISTORICAL COMBINED FINANCIAL INFORMATION

1.1 Basis of preparation of the historical combined financial information

The historical combined financial information, being the combined financial information of Rise Broadcast (Pty) Limited (**"Rise Broadcast"**) and Vuma 103 FM (Pty) Limited **("Vuma")**, has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements. The basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information, and accordingly in preparing the historical combined financial information certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and accordingly there have been material departures from IFRS, which are discussed in more detail below. In all other respects, IFRS has been applied.

Notes excluded from the HFI are as follows:

Share capital and retained income

SA Radio does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of SA Radio as disclosed in the historical combined financial information, represents the cumulative investment of Tiso Blackstar Group SE in SA Radio.

Earnings per share, diluted earnings per share, headline earnings, net asset value per share and tangible net asset value per share

As indicated above, it is not considered meaningful to disclose a historical analysis of share capital, therefore, it is not meaningful to disclose a historical analysis of various earnings per share metrics.

New Standards in issue (IFRS 9, IFRS 15 and IFRS 16)

The IFRS standards effective for SA Radio at the respective reporting date have been applied in the preparation of the HFI. The accounts have been prepared prior to the implementation of *IFRS 16 Leases* (**"IFRS 16"**) and as such this IFRS standard has not been applied to the HFI. Refer note 1.5 for the application of *IFRS 9 Financial Instruments* (**"IFRS 9"**) and *IFRS 15 Revenue from Contracts with Customers* (**"IFRS 15"**) to the HFI.

IAS 34 – Interim Financial Reporting ("IAS 34")

The HFI is prepared in accordance with IAS 34, except for any material departures as mentioned below.

Segmental information

None of the SA Radio entities are a listed entity and therefore no segmental analysis is required in terms of IFRS.

1.2 Historical combined financial information

The historical combined financial information of SA Radio for the six months ended 31 December 2018 (**"the Reporting Period"**) has been prepared by aggregating the historical financial information relating to the investments that will be disposed of to Lebashe and is not directly comparable to previously published information.

This historical combined financial information has previously been reported as part of the consolidated interim results of Tiso Blackstar Group SE for the Reporting Period, which was prepared in accordance with IFRS, and are consistent in all material respects with those applied in the annual financial statements for the year ended 30 June 2018 of the separate statutory entities.

Consolidated HFI (IFRS 10)

The assets being disposed of under the SA Radio Sale comprise two separate statutory entities which are under common control of the ultimate holding company, Tiso Blackstar Group SE. However, the direct holding company of these two entities does not form part of the SA Radio Sale, and therefore each statutory entity will be disposed of separately. As such, there is no entity that is exercising control over the SA Radio Assets in terms of IFRS 10.

The historical combined financial information has been prepared with the objective of presenting the results and net assets of SA Radio for the Reporting Period. SA Radio has, for the period presented, been under the control of Tiso Blackstar Group SE. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had SA Radio operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

The historical combined financial information has been reviewed by Deloitte & Touche for the six months ended 31 December 2018. Refer Annexure 6 for the Independent Reporting Accountants' report on historical combined financial information of SA Radio.

The historical combined financial information is presented in South African Rand (R'000) which is the functional currency of SA Radio.

1.3 Interim comparatives

Paragraph 8.7 of the JSE Listings Requirements states that no comparative results need to be shown, if that interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information. The comparative results for the six months ended 31 December 2018 has been prepared using the same accounting policies as those in the historical financial information for the years ended 30 June 2018, 30 June 2017 and 30 June 2016, with the exception of the adoption of *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers*. However, as noted in the published Tiso Blackstar Group SE interim results for 31 December 2018, the adoption of these standards had no material impact on the amounts previously reported. Refer notes 1.5.1 and 1.5.2 for the adoption of IFRS 15 and IFRS 9, respectively. Hence, no comparative results need to be shown, as the accounting policies are not different.

1.4 Going concern

The HFI is prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Prior to the SA Radio Sale taking place, SA Radio will undergo a corporate restructure whereby all intercompany loan balances will be capitalised. SA Radio will have sufficient working capital facility in place to manage any interim cash flow requirements. As a result of the SA Radio Sale, the directors believe that SA Radio will be able to operate for the following twelve months from the date of these historical combined financial information.

1.5 IFRS standards that became effective during the period

The principal accounting policies used by SA Radio are consistent with those of the previous periods (refer to page 93 to 105 of the historical financial information for the years ended 30 June 2018, 30 June 2017 and 30 June 2016), except for changes due to the adoption of new or revised IFRSs, for which the first time disclosure is more comprehensive than would otherwise be done on interim and includes the once-off transition impact. Further, the transition impact and accounting policies have been disclosed in the relevant notes.

The following standards became effective on 1 January 2018 and were adopted by SA Radio for the financial year beginning 1 July 2018:

(a) IFRS 15 – Revenue from Contracts with Customers; and
(b) IFRS 9 – Financial Instruments.

SA Radio has adopted both IFRS 9 and IFRS 15 on 1 July 2018. SA Radio has elected not to restate the comparatives but rather recognise the cumulative effect of applying the new standards in equity at the date of initial application, in accordance with IFRS 9 par 7.2.15 and IFRS 15 para C3(b). Management performed an assessment on transition of the new standards and no quantitatively material adjustments were identified, as such no restatement to comparatives and no adjustment to opening retained earnings are required.

1.5.1 Revenue from Contracts with Customers ("IFRS 15")

SA Radio recognises revenue from contracts with customers as it satisfies a performance obligation by delivering the promised goods or services to the customer.

SA Radio recognises revenue from the following major streams:

Advertisements placed on radio platforms

Revenue is measured based on the price specified in a contract when control of a product or service is transferred to a customer.

The amount of revenue recognised is the transaction price allocated to that performance obligation that at least compensates SA Radio for the performance completed and to which it is entitled. A significant portion of SA Radio's revenue is derived from contracts with customers in which the transfer of control coincides with the fulfilment of performance obligations.

SA Radio applies payment terms of 30 days to all its customers. As such, SA Radio will not adjust the amount of consideration for any performance obligations fulfilled for the effects of the time value of money, as there will be no significant financing component contained in the contracts with customers.

Additionally, there are no obligations for refunds or warranties related to the above revenue streams.

Adoption of IFRS 15

SA Radio has applied IFRS 15 which became effective for SA Radio for the period beginning 1 July 2018. IFRS 15 introduced a fivestep approach to revenue recognition to provide users with more relevant, detailed disclosures about the timing and value of revenue recognised.

SA Radio adopted IFRS 15 on 1 July 2018. SA Radio has elected not to restate the comparatives but rather recognise the cumulative effect of applying the new standards in equity at the date of initial application, in accordance with IFRS 15 par C3(b). Management performed an assessment on transition of the new standards and no quantitatively material adjustments were identified, as such no restatement to comparatives and no adjustment to opening retained earnings are required.

Key requirements or changes in accounting policy

The new standard requires entities to recognise revenue to depict the transfer of goods or services to customers, and reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The new standard also results in enhanced disclosures with respect to revenue earned, and provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements.

Type of product/ service	Nature and timing of satisfaction of performance obligations	Recognition under IFRS 15	Recognition under IAS 18 Revenue	Impact
Advertising	Revenue from the placement of advertisements on the radio, website and social media platform. Agreements with customers vary in terms of air-time/ space on the radio, length on the website and pricing, however performance obligations do not differ materially.	The contract with the customer stipulates that the entity must broadcast an advert on behalf of the customer on their radio platform, which will result in the recognition of revenue. There is therefore a single performance obligation with multiple instances of occurrence, meaning revenue will be recognised at a point in time for each advert that is placed on the website and broadcast on SA Radio.	Revenue is recognised as the advertisements are broadcast on the radio.	No impact

1.5.2 IFRS 9 – Financial Instruments (“IFRS 9”)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when SA Radio becomes a party to the contractual provisions of the instruments and are initially measured at fair value.

Classification and subsequent measurement of financial assets

On initial recognition of a financial asset, it is classified and subsequently measured at amortised cost.

Financial assets are classified on the basis of SA Radio’s business model for managing the financial asset and the related cash flow characteristics.

Type of financial instrument	Measurement category
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Trade and other payables	Financial liabilities at amortised cost
Shareholder’s loans	Financial liabilities at amortised cost

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument. Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts (excluding expected credit losses) through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in *IAS 39 Financial Instruments: Recognition and Measurement* with an ‘expected credit loss’ (ECL) model. The new impairment model will only apply to trade and other receivables. The loss allowance for trade and other receivables will always be measured at an amount equal to lifetime ECLs as required by IFRS 9. The ECL for trade and other receivables is measured using a provision matrix based on SA Radio’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of credit risk conditions at the reporting date.

Derecognition of financial assets

SA Radio derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SA Radio neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SA Radio enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

SA Radio derecognises financial liabilities when, and only when, SA Radio's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity instruments

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

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method, less any expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts and are measured at amortised cost using the effective interest method. Bank overdrafts are presented in current liabilities on the statement of financial position.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

2. IMPACT OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS

Newly issued and revised standards

IAS 7: *Statement of Cash Flows*
Amendments as result of the Disclosure initiative (Annual periods beginning on or after 01 January 2017)

IAS 12: *Income Taxes*
Amendments regarding the recognition of deferred tax assets for unrealised losses. (Annual periods beginning on or after 1 January 2017)

The implementation of these did not have a significant impact on SA Radio.

Newly issued and revised standards and interpretations – not adopted in the current period

The following new or revised IFRS standards and interpretations have been issued with effective dates applicable to future financial statements of SA Radio. Other than new disclosure requirements, these are not expected to have a significant impact on SA Radio's financial information.

IFRS 1: *First-time Adoption of International Financial Reporting Standards*
Amendments resulting from the 2012 – 2014 Annual Improvement cycle (Annual periods beginning on or after 1 January 2018)

IFRS 2: *Share based payments*
Amendments resulting from measurement of certain types of share based payments (Annual periods beginning on or after 1 January 2018)

IFRS 9: *Financial Instruments*
Amendments resulting from general hedge accounting (Annual periods beginning on or after 1 January 2018)

IFRS 9: *Financial Instruments*
Amendments resulting from modification of financial liabilities as well as prepayment features with negative compensation (Annual periods beginning on or after 1 January 2019)

IFRS 15: *Revenue from contracts with customers*
IFRS 15 specifies how and when an entity will recognise revenue and required disclosures (Annual periods beginning on or after 1 January 2018)

IFRS 16: *Leases*
Sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie. The customer ("lessee") and the supplier ("lessor") (Annual periods beginning on or after 1 January 2019)

IAS 1: *Presentation of Financial Statements*
Amendments arising under the Disclosure Initiative (Annual periods beginning on or after 1 January 2017)

3. REVENUE

	Reviewed 31 December 2018
Revenue comprises the following:	
Advertisements placed on radio platforms	9,717

SA Radio derives its revenue from contracts with customers for the transfer of services over time and at a point in time.

IFRS 15 introduces extensive disclosure requirements and changes in presentation. The effect of this on the nature and extent of SA Radio's disclosures on revenue has been limited.

Disclosures include the disaggregation of revenue by key categories. This has been shown below:

Disaggregation of revenue by category	
Advertisements placed on radio platforms	9,717

4. LOSS BEFORE TAXATION

	Reviewed 31 December 2018
Loss before taxation has been arrived after taking into account the following:	
Auditors' remuneration	(106)
Depreciation of property and equipment	(75)
Amortisation of intangible assets	(1)
Rental of offices	(1,130)
Consulting fees	(165)

5. TAXATION

	Reviewed 31 December 2018
Deferred taxation	
Current period	100
Tax rate reconciliation	**%**
South African normal taxation rate (%)	(28.0)
Adjusted for:	
– Assessed loss not raised	26.30
Effective rate of taxation	**(1.7)**

No provision for current taxation has been made as SA Radio incurred a tax loss in the current period.

6. HEADLINE LOSS

There are no adjustments required for SA Radio relating to headline loss, and as a result, headline loss is equal to the loss for the period.

7. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and fittings	Leasehold improvements	Office equipment	Studio equipment	Motor Vehicles	Security equipment	Total
Balance as at 1 July 2018	**66**	**45**	**11**	**8**	**131**	**–**	**1**	**262**
Additions	–	6	–	–	–	149	–	155
Depreciation	(23)	(5)	(3)	(3)	(26)	(15)	–	(75)
Balance as at 31 December 2018	**43**	**46**	**8**	**5**	**105**	**134**	**1**	**342**
Balance as at 31 December 2018	**43**	**46**	**8**	**5**	**105**	**134**	**1**	**342**
Cost	1,711	1,736	1,442	349	3,352	325	76	**8,991**
Accumulated depreciation	(1,668)	(1,690)	(1,434)	(344)	(3,247)	(191)	(75)	**(8,649)**

8. INTANGIBLE ASSETS

	Computer software
Balance as at 1 July 2018	**4**
Amortisation	(1)
Balance as at 31 December 2018	**3**
Balance as at 31 December 2018	**3**
Cost	568
Accumulated amortisation	(565)

9. DEFERRED TAXATION

The major components of the deferred taxation asset together with movements during the period is analysed as follows:

Balance as at 1 July 2018	1,020
Recognised in the statement of profit or loss	100
Balance as at 31 December 2018	**1,120**

A deferred tax asset has not been raised for the assessable tax losses of R133.7 million, as it is not believed to be probable that future taxable profit will be available against which it can be utilised.

10. TRADE AND OTHER RECEIVABLES

	Reviewed 31 December 2018
Trade receivables	3,932
Credit loss allowance	(156)
	3,776
South African Revenue Service – VAT	226
Prepaid expenses	124
Deposits paid	223
	4,349

Refer note 17 for the application of the ECL model for trade receivables in terms of IFRS 9.

11. CASH AND CASH EQUIVALENTS

	Reviewed 31 December 2018
Cash and cash equivalents at the end of the period	**1,439**

12. SHAREHOLDER'S LOANS

Tiso Blackstar Group (Pty) Limited ("TBG SA Group") has the following loans with SA Radio as at 31 December 2018:

	Reviewed 31 December 2018
With Vuma 103 FM (Pty) Limited	75,019
With Rise Broadcast (Pty) Limited	50,815
	125,834

The TBG SA Group loans are unsecured, bear no interest and have no terms of repayment. Refer note 1.4 for going concern considerations of SA Radio.

13. TRADE AND OTHER PAYABLES

	Reviewed 31 December 2018
Trade payables	857
Revenue received in advance	207
Sundry creditors	161
Accruals	458
South Africa Revenue Services – PAYE, UIF, SDL	289
South African Revenue Services – VAT	25
	1,997

14. PROVISIONS

At 1 July 2018	2,521
Recognised in the statement of profit or loss	419
At 31 December 2018	**2,940**

	Reviewed 31 December 2018
Provision for leave pay(1)	162
Provision for audit fees(2)	249
Provision for Needletime levy(3)	2,118
Provision for levies(4)	411
	2,940

(1) *The provision for leave pay arises as a result of leave days accrued by employees. It is provided for based on the number of leave days due to employees and the total cost of employment.*

(2) *The provision for audit fees relates to the fee payable for the prior financial year's audit, based on the agreed upon amount.*

(3) *The provision for Needletime levy arises as a result of payment due to the National Association of Broadcasters (NAB) in the form of royalties which is payable by a broadcaster to the owner of copyright in any sound recording broadcast by the broadcaster. The Needletime royalty has been stipulated by the Supreme Court of Appeal at 3% of revenue.*

(4) *Provision for levies represents licenses and royalties on use of music which would be paid out in the following year. The obligation arises when the music is used on the station. The provision includes the following:*

- The provision for SAARF levy arises as a result of payment due to the South African Advertising Research Foundation, which is calculated at 1% of net revenue;
- The provision for ICASA levy arises as a result of annual license fee payment due to Independent Communications Authority of South Africa, which is calculated at 0.15% of gross revenue. This levy also comprises of contribution to Universal Service and Access Fund (USAF), which is calculated at 0.2% of annual revenue also taking into account commission, discounts, rental and transmitter fees; and
- The provision for SAMRO levy arises as a result of performing rights fees due to the South African Music Rights Organisation, which is calculated at a stipulated tariff (per financial period) of net revenue.

15. CASH UTILISED BY OPERATIONS

	Reviewed 31 December 2018
Loss before taxation	(6,040)
Adjusted for:	
Depreciation of property and equipment	75
Amortisation of intangible assets	1
Finance costs	1
Net movements in provisions	419
Operating loss before working capital changes	**(5,544)**
Movement in working capital:	
Increase in trade and other receivables	(1,834)
Increase in trade and other payables	606
	(6,772)

16. RELATED PARTY BALANCES AND TRANSACTIONS

Details of the balances and transactions entered into during the period with SA Radio's shareholder at the end of the period is as follows:

	Reviewed 31 December 2018
Related party balances	
TBG SA Group	(125,834)

There were no financial services received from TBG SA Group during the period.

17. FINANCIAL INSTRUMENTS

17.1 Financial risk management

SA Radio has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; and interest rate risk.

These risks are managed by the management team of SA Radio, who are responsible for designing and implementing a risk management strategy and monitoring the process of risk management.

17.2 Credit risk

Credit risk is the risk of financial loss to SA Radio if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk is seen primarily within SA Radio's trade and other receivables. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. This includes assessing the credit quality of the customer, taking into account its financial position, SA Radio's past experience with the customer and other factors.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is related to the trade and other receivables balance.

Expected credit losses (ECLs) assessment

SA Radio uses a provision matrix to measure the ECLs of trade receivables from SA Radio's customers, which comprise of a large number of balances.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency until it is written off. Loss rates are calculated separately for exposures in different segments based on common credit risk characteristics – type of customers and contracts, type of revenue, etc. Additionally, SA Radio takes out debtors insurance on customers where it is considered appropriate to do so.

The table below provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2018.

SA Radio has made the below assessment using the simplified approach outlined in IFRS 9 and has concluded that the impact of applying IFRS 9 on the financials is minimal.

Allowance for doubtful debts balance as at 1 July 2018 under IAS 39	**175**
Adjustment on initial application of IFRS 9	–
Balance at 1 July 2018 under IFRS 9	**175**
Actual provision for impairment raised during the period	16
Actual amounts recovered during the period	(35)
Actual amounts written off during the period	–
Provision as at 31 December 2018	**156**

The below expected credit loss assessment has been calculated for SA Radio taking into consideration the risk characteristics for the business; primarily types of customers that they hold, the nature of their receivables and the terms attached to it, and the related economic circumstances that these customers may face.

	Gross receivables (excl VAT) at 31 December 2018	**Expected loss rate (%)[(a)]**	**Total provision**
Current (0-30 days)	1,108	0.8%	9
31-60	1,641	1.0%	16
61-90	165	3.4%	6
90-120	52	2.2%	1
120+	452	27.4%	124
Total	**3,418**		**156**

(a) *Expected loss rate calculation*
Historical loss rates are based on actual credit loss experience over the last three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and SA Radio's view of economic conditions over the expected lives of the receivables (i.e. forward-looking information).

17.3 Liquidity risk

Liquidity risk is the risk that SA Radio will not be able to meet its financial obligations as they fall due. SA Radio manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The table below details SA Radio's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

As at 31 December 2018	**< 1 year**	**1 – 5 years**	**> 5 years**	**Total**
Trade and other payables	1,018	–	–	**1,018**
Shareholder's loans	–	–	125,834	**125,834**
	1,018	**–**	**125,834**	**126,852**

17.4 Interest rate risk

SA Radio does not limit its risk in respect of interest rate changes. Interest rate fluctuations will directly impact on the SA Radio's results, however, the exposure is small as most financing is interest-free.

18. FAIR VALUE

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

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

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

SA Radio does not have any financial assets at fair value.

19. EVENTS AFTER THE REPORTING PERIOD

On or about 26 July 2019, BHG signed an agreement for the disposal of its broadcasting and content businesses in South Africa ("SA Radio Assets") to Lebashe Investment Group (Pty) Ltd ("Lebashe") ("SA Radio Sale"). BHG will dispose of 100% of its shares in and claims against each of its South African radio assets, being Rise Broadcast and Vuma, to Lebashe for an aggregate purchase consideration of R50.0 million ("SA Radio Sale Agreement").

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL COMBINED FINANCIAL INFORMATION OF SA RADIO

The Directors
Tiso Blackstar Group SE
Berkeley Square House
Berkeley Square
Mayfair
London
W1J 6BD

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL COMBINED FINANCIAL INFORMATION AND THE HISTORICAL COMBINED INTERIM FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR

Introduction

At your request and for the purposes of the Tiso Blackstar Group SE (**"the Company"**) Circular to be dated on or about Friday, 20 September 2019, we have:

- audited the historical combined financial information of SA Radio in respect of the year ended 30 June 2018 as presented in Annexure 5 to the circular to be dated on or about Friday, 20 September 2019 (**"the Circular"**);
- reviewed the historical combined financial information of SA Radio in respect of the years ended 30 June 2016 and 30 June 2017 as presented in Annexure 5 to the Circular; and
- reviewed the interim historical combined financial information of SA Radio for the six months period ended 31 December 2018 as presented in Annexure 5 to the Circular.

Historical Combined Financial Information for the year ended 30 June 2018

Opinion

The historical combined financial information in respect of the year ended 30 June 2018 as presented in Annexure 5 to the Circular comprises the combined statement of financial position as at 30 June 2018, and the combined statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the historical combined financial information, including a summary of significant accounting policies.

In our opinion, the historical combined financial information presents fairly, in all material respects, the combined statement of financial position of SA Radio as at 30 June 2018, and its combined statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the basis of preparation paragraph in note 1.1 of the accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Historical Combined Financial Information for the year ended 30 June 2018* section of our report. We are independent of the Company and SA Radio in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) (IRBA Code (Revised January 2018)), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code (Revised November 2018)) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code (Revised January 2018), the IRBA Code (Revised November 2018) and in accordance with other ethical requirements applicable to performing audits in South Africa. Sections 290 and 291 of the IRBA Code (Revised January 2018) are consistent with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. Parts 1 and 3 of the IRBA Code (Revised November 2018) are consistent with parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 to the historical combined financial information for the year ended 30 June 2018, which describes the basis of preparation of the historical combined financial information and further describes that SA Radio has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if SA Radio had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Historical combined Financial Information

The Company's directors are responsible for the preparation and fair presentation of the historical combined financial information for the year ended 30 June 2018 in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical combined financial information, the directors are responsible for assessing SA Radio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate SA Radio or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Historical combined Financial Information for the year ended 30 June 2018

Our objectives are to obtain reasonable assurance about whether the historical combined financial information for the year ended 30 June 2018 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical combined financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical combined financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SA Radio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SA Radio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical combined financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SA Radio to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within SA Radio to express an opinion on the historical combined financial information. We are responsible for the direction, supervision and performance of SA Radio audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the historical combined financial information, including the disclosures, and whether the historical combined financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Historical Combined Financial Information for the years ended 30 June 2017 and 30 June 2016

We have reviewed the historical combined financial information of SA Radio in respect of the years ended 30 June 2017 and 30 June 2016 set out in Annexure 5 to the Circular, comprising the combined statements of financial position, and the combined statements of comprehensive income, changes in equity and cash flows, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Historical Combined Financial Information

The directors are responsible for the preparation and fair presentation of the historical combined financial information in accordance with the basis of preparation and for such internal control as the directors determine is necessary to enable the preparation of historical combined financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Reviews of the Historical Combined Financial Information for the years ended 30 June 2017 and 30 June 2016

Our responsibility is to express conclusions on the historical combined financial information for the years ended 30 June 2017 and 30 June 2016. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE 2410), which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical combined financial information is not prepared, in all material respects, in accordance with the basis of preparation paragraph in note 1.1 of the accounting policies. This standard also requires us to comply with relevant ethical requirements.

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

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical combined financial information.

Conclusion on the Historical Combined Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the historical combined financial information of SA Radio for the years ended 30 June 2017 and 30 June 2016 do not present fairly, in all material respects, the combined financial position of SA Radio as at 30 June 2017 and 30 June 2016, and its combined financial performance and combined cash flows for the years then ended, in accordance with the basis of preparation paragraph in note 1.1 of the accounting policies.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.1 to the historical combined financial information for the years ended 30 June 2017 and 30 June 2016, which describes the basis of preparation of the historical combined financial information and further describes that SA Radio has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if SA Radio had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our conclusion is not modified in respect of this matter.

Interim Historical Combined Financial Information for the six months period ended 31 December 2018

We have reviewed the condensed interim historical combined financial information of SA Radio, as presented in Annexure 5 to the Circular, which comprise the condensed combined statement of financial position as at 31 December 2018 and the condensed combined statements of comprehensive income, changes in equity and cash flows for the six months period then ended, including a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Interim Historical Combined Financial Information

The directors are responsible for the preparation and presentation of this combined interim historical financial information in accordance with the basis of preparation, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of combined interim historical financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Interim Historical Combined Financial Information for the six months period ended 31 December 2018

Our responsibility is to express a conclusion on the interim historical combined financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the combined interim historical financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

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

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim historical combined financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim historical combined financial information of SA Radio for the six months period ended 31 December 2018 is not prepared, in all material respects, in accordance with the basis of preparation, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

Emphasis of Matter – Basis of Preparation

We draw attention to note 1.2 to the historical combined financial information for the six months period ended 31 December 2018, which describes the basis of preparation of the historical combined financial information and further describes that SA Radio has not operated as a separate entity. As a result the historical combined financial information is not necessarily indicative of results that would have occurred if SA Radio had been a stand-alone entity during the periods presented, and may not be suitable for a purpose other than the circular. Our conclusion is not modified in respect of this matter.

Emphasis of Matter – Comparative Financial Information

We draw attention to note 1.3 to the historical combined financial information for the six months period ended 31 December 2018, which details that no comparative information has been presented in accordance with paragraph 8.7 of the JSE Listings requirements. Our conclusion is not modified in respect of this matter.

Purpose of the report

The purpose of our report is for the Circular of Tiso Blackstar Group SE and is not to be used for any other purpose.

Deloitte & Touche
Registered Auditor
Per: JAR Welch
Partner

16 September 2019

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
South Africa

PRO FORMA FINANCIAL INFORMATION OF TISO BLACKSTAR GROUP

The *pro forma* financial information has been prepared to illustrate the effects of how the Transaction, Capital Reduction, and Specific Repurchase might affect the financial position and results of Tiso Blackstar for the six months ended 31 December 2018. The *pro forma* financial information is based on the reviewed results of the Tiso Blackstar Group for the six months ended 31 December 2018, adjusted for the *pro forma* financial effects of the SA Sale, Africa Radio Sale, SA Radio Sale and the Specific Repurchase from Media Participants.

The *pro forma* financial effects of the Transaction and the Specific Repurchase on: (i) the statement of financial position, net assets and net tangible assets per share of Tiso Blackstar; and (ii) the statement of profit and loss and other comprehensive income and earnings and headline earnings per share on Tiso Blackstar are set out in **Annexure 7** and **paragraph 6** of this Circular. The independent reporting accountants' report on the *pro forma* financial information of Tiso Blackstar is contained in **Annexure 8** of this Circular.

The *pro forma* financial information is presented in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

The *pro forma* financial effects have been prepared by the management of Tiso Blackstar and are the responsibility of the Board.

The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of Tiso Blackstar's financial position, changes in equity or results of operations or cash flows post implementation of the Transaction and the Specific Repurchase.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS and are consistent with those applied in the Interim Financial Statements of Tiso Blackstar for the six months ended 31 December 2018.

It has been assumed for purposes of the *pro forma* financial effects that the Transaction took place with effect from **1 July 2018** for the statement of profit and loss and other comprehensive income and as at **31 December 2018** for the statement of financial position.

The *pro forma* financial statements below illustrate the financial effects for twelve scenarios.

The SA Sale, Africa Radio Sale and SA Radio Sale are implemented through a series of transactions and as a result of the Conditions precedent within the Transaction Agreements, there is a possibility of the SA Sale being implemented with either one of or both of the Africa Radio Sale and SA Radio Sale not becoming effective. The Africa Radio Sale and SA Radio Sale can never be implemented if the SA Sale is not also implemented. The following possibilities are therefore considered:

- Scenario 1, 5 and 9: SA Sale, Africa Radio Sale and SA Radio achieved;
- Scenario 2, 6 and 10: SA Sale, SA Radio Sale achieved, disposal of Africa Radio not achieved;
- Scenario 3, 7 and 11: SA Sale, Africa Radio Sale achieved, disposal of SA Radio Sale not achieved; and
- Scenario 4, 8 and 12: SA Sale achieved, disposal of Africa Radio and SA Radio not achieved.

The Specific Repurchase provides Media Participants with an opportunity to dispose of their vested Forfeitable Shares at a fixed market-related price. For the purpose of the preparation of the *pro forma* financial statements, relating to the Specific Repurchase, the following possibilities are considered:

- Scenario 1 – 4: the maximum number of Shares (100%);
- Scenario 5 – 8: half of the maximum number of Shares (50%); and
- Scenario 9 – 12: none of the Shares (0%).

Pro forma condensed consolidated statement of profit and loss and other comprehensive income for the six months ended 31 December 2018.

The *pro forma* consolidated statement of profit and loss and comprehensive income for the six months ended 31 December 2018 has been prepared to show the impact of the Transaction and Specific Repurchase as if they were both effective 1 July 2018.

SCENARIO 1: ASSUME DISPOSAL OF TBG SA, AFRICA RADIO AND SA RADIO ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group, Africa Radio and SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(863,253)	–	–	–	–	–	–	**1,304,489**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	692,456	–	–	–	–	–	–	**(788,689)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(170,797)**	**–**	**–**	**–**	**–**	**–**	**–**	515,800
Operating expenses	(442,493)	(13,062)	(455,555)	120,898	–	–	–	(19,130)	(8,994)	(276)	**(363,057)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,079	11,120	–	–	–	–	–	**(53,405)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(47,753)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(276)**	**101,612**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(258,077)	–	–	–	–	**(381,409)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(45,508)**	**11,120**	**(258,077)**	**–**	**(19,130)**	**(8,994)**	**(276)**	**(279,797)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,688	–	–	30,720	–	–	–	**(33,708)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	4,929	–	–	–	–	–	–	**12,800**
Impairment loss of associates – equity accounted	(81,052)	(118,487)	(199,539)	–	–	–	–	–	–	–	**(199,539)**
Profit/(loss) before taxation	**(28,923)**	**(206,292)**	**(235,215)**	**(17,043)**	**11,120**	**(258,077)**	**30,720**	**(19,130)**	**(8,994)**	**(276)**	**(496,895)**
Taxation	(29,196)	(3,690)	(32,886)	12,847	(4,580)	–	(5,651)	–	(901)	(19)	**(31,190)**
Profit/(loss) from continuing operations	**(58,119)**	**(209,982)**	**(268,101)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(528,085)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(190,874)**	**(272,271)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(532,255)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	**(85,260)**	(190,874)	(276,134)	**(3,487)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(535,409)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(190,874)**	**(272,271)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(532,255)**

SCENARIO 1: ASSUME DISPOSAL OF TBG SA, AFRICA RADIO AND SA RADIO ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group, Africa Radio and SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Notes	1	2		3	4	5	6	7	8	9	
Basic loss per share (in cents)	(32.41)		**(104.97)**								**(203.54)**
Diluted loss per share (in cents)	(31.37)		**(101.61)**								**(199.72)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**1.15**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**1.13**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(2,011)	**263,049**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(2,011)	**268,074**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(190,874)	**(276,134)**	(3,487)	6,540	(258,077)	25,069	(19,130)	(9,895)	(295)	**(535,409)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/ businesses	16,400	–	**16,400**	–	–	258,077	–	–	–	–	**274,477**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	4,309	**(3,560)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	3,038

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group, Africa Radio and SA Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio for the six months ended 31 December 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities. Also included are the consolidation entries relating to the carved out assets and liabilities.

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group, Africa Radio and SA Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	200,000	50,000	1,050,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	–	(388,894)
Less Consolidated net asset values (refer note 5c)	(503,963)	(412,397)	(2,823)	(919,183)
Disposal's impact on profit/(loss)	**(92,857)**	**(212,397)**	**47,177**	**(258,077)**

a.

R'000	
Proceeds on disposal receivable in cash comprise the following:	800,000
SA Sale Consideration	200,000
Africa Radio Sale Consideration	50,000
SA Radio Sale Consideration	**1,050,000**

b.

R'000	
Adjustments to the SA Sale Consideration comprise the following:	
TBG SA Group negative bank balances included in bank overdrafts	(66,969)
TBG SA debt included in Borrowings and other liabilities	(278,403)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
	(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio as at 1 July 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three-year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares amounting to 2.01 million shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.02 million and once-off fees of R0.03 million are incurred on acquisition of the Repurchase Shares. The increase of 2.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter, the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.25 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss and SA Radio Sale will result in a once-off capital gain however this is to be offset against the once-off capital loss incurred arising on the SA Sale. Consequently no tax charge on capital gains will arise.

11. It is considered that the Africa Radio Sale will result in a once-off capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

12. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 2: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(863,253)	–	–	–	–	–	–	**1,304,489**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	692,456	–	–	–	–	–	–	**(788,689)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(170,797)**	**–**	**–**	**–**	**–**	**–**	**–**	**515,800**
Operating expenses	(442,493)	(13,062)	(455,555)	120,898	–	–	–	(19,130)	(8,994)	(276)	**(363,057)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,079	11,120	–	–	–	–	–	**(53,405)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(47,753)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(276)**	**101,612**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(45,680)	–	–	–	–	**(169,012)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(45,508)**	**11,120**	**(45,680)**	**–**	**(19,130)**	**(8,994)**	**(276)**	**(67,400)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,688	–	–	30,720	–	–	–	**(33,708)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	(583)	–	–	–	–	–	–	**7,288**
Impairment loss of associates – equity accounted	(81,052)	(273,358)	(354,410)	–	–	–	–	–	–	–	**(354,410)**
Profit/(loss) before taxation	**(28,923)**	**(361,163)**	**(390,086)**	**(22,555)**	**11,120**	**(45,680)**	**30,720**	**(19,130)**	**(8,994)**	**(276)**	**(444,881)**
Taxation	(29,196)	(3,690)	(32,886)	12,847	(4,580)	–	(5,651)	–	(901)	(19)	**(31,190)**
Profit/(loss) from continuing operations	**(58,119)**	**(364,853)**	**(422,972)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(476,071)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(345,745)**	**(427,142)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(480,241)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	**(85,260)**	(345,745)	(431,005)	**(8,999)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(483,395)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(345,745)**	**(427,142)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(480,241)**

SCENARIO 2: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	9	
Basic loss per share (in cents)	(32.41)		**(163.85)**								**(183.77)**
Diluted loss per share (in cents)	(31.37)		**(158.61)**								**(180.32)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**(0.94)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**(0.92)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(2,011)	**263,049**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(2,011)	**268,074**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(345,745)	**(431,005)**	(8,999)	6,540	(45,680)	25,069	(19,130)	(9,895)	(295)	**(483,395)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/businesses	16,400	–	**16,400**	–	–	45,680	–	–	–	–	**62,080**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	154,871	**154,871**	–	–	–	–	–	–	–	**154,871**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(9,072)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(2,474)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018 available, on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group and SA Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio for the six months ended 31 December 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group and SA Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	50,000	850,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(2,823)	(506,786)
Disposal's impact on profit/(loss)	**(92,857)**	**47,177**	**(45,680)**

	R'000	
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	SA Radio Sale Consideration	50,000
		850,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio as at 1 July 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares amounting to 2.01 million shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.02 million and once-off fees of R0.03 million are incurred on acquisition of the Repurchase Shares. The increase of 2.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.25 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss and SA Radio Sale will result in a once-off capital gain however this is to be offset against the once-off capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

11. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 3: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group & SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Notes	1		2	3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(853,536)	–	–	–	–	–	–	**1,314,206**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	690,440	–	–	–	–	–	–	**(790,705)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(163,096)**	**–**	**–**	**–**	**–**	**–**	**–**	**523,501**
Operating expenses	(442,493)	(13,062)	(455,555)	107,234	–	–	–	(19,130)	(8,994)	(276)	**(376,721)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,004	11,120	–	–	–	–	–	**(53,480)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(53,791)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(276)**	**95,574**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(305,254)	–	–	–	–	**(428,586)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(51,546)**	**11,120**	**(305,254)**	**–**	**(19,130)**	**(8,994)**	**(276)**	**(333,012)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,687	–	–	30,720	–	–	–	**(33,709)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	4,929	–	–	–	–	–	–	**12,800**
Impairment loss of associates – equity accounted	(81,052)	(118,487)	(199,539)	–	–	–	–	–	–	–	**(199,539)**
Profit/(loss) before taxation	**(28,923)**	**(206,292)**	**(235,215)**	**(23,082)**	**11,120**	**(305,254)**	**30,720**	**(19,130)**	**(8,994)**	**(276)**	**(550,111)**
Taxation	(29,196)	(3,690)	(32,886)	12,947	(4,580)	–	(5,651)	–	(901)	(19)	**(31,090)**
Profit/(loss) from continuing operations	**(58,119)**	**(209,982)**	**(268,101)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(581,201)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(190,874)**	**(272,271)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(585,371)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	**(85,260)**	(190,874)	(276,134)	**(9,426)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(588,525)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(190,874)**	**(272,271)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(585,371)**

SCENARIO 3: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group & SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Basic loss per share (in cents)	(32.41)		**(104.97)**								**(223.73)**
Diluted loss per share (in cents)	(31.37)		**(101.61)**								**(219.54)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**(1.10)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**(1.08)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(2,011)	**263,049**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(2,011)	**268,074**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(190,874)	**(276,134)**	(9,426)	6,540	(305,254)	25,069	(19,130)	(9,895)	(295)	**(588,525)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/ businesses	16,400	–	**16,400**	–	–	305,254	–	–	–	–	**321,654**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	–	**–**	–	–	–	–	–	–	–	**–**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(9,499)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(2,901)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group and Africa Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio for the six months ended 31 December 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group and Africa Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	200,000	1,000,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(412,397)	(916,360)
Disposal's impact on profit/(loss)	**(92,857)**	**(212,397)**	**(305,254)**

	R'000	
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	Africa Radio Sale Consideration	200,000
		1,000,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio as at 1 July 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.0 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares amounting to 2.01 million shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.02 million and once-off fees of R0.03 million are incurred on acquisition of the Repurchase Shares. The increase of 2.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.25 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss. Consequently, no tax charge on capital gains will arise.

11. It is considered that the Africa Radio Sale will result in a once-off capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

12. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 4: ASSUME DISPOSAL OF TBG SA GROUP, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(853,536)	–	–	–	–	–	–	**1,314,206**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	690,440	–	–	–	–	–	–	**(790,705)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(163,096)**	**–**	**–**	**–**	**–**	**–**	**–**	**523,501**
Operating expenses	(442,493)	(13,062)	(455,555)	107,234	–	–	–	(19,130)	(8,994)	(276)	**(376,721)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,004	11,120	–	–	–	–	–	**(53,480)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(53,791)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(276)**	**95,574**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(92,857)	–	–	–	–	**(216,189)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(51,546)**	**11,120**	**(92,857)**	**–**	**(19,130)**	**(8,994)**	**(276)**	**(120,615)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,687	–	–	30,720	–	–	–	**(33,709)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	(583)	–	–	–	–	–	–	**7,288**
Impairment loss of associates – equity accounted	(81,052)	(273,358)	(354,410)	–	–	–	–	–	–	–	**(354,410)**
Profit/(loss) before taxation	**(28,923)**	**(361,163)**	**(390,086)**	**(28,594)**	**11,120**	**(92,857)**	**30,720**	**(19,130)**	**(8,994)**	**(276)**	**(498,097)**
Taxation	(29,196)	(3,690)	(32,886)	12,947	(4,580)	–	(5,651)	–	(901)	(19)	**(31,090)**
Profit/(loss) from continuing operations	**(58,119)**	**(364,853)**	**(422,972)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(529,187)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(345,745)**	**(427,142)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(533,357)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	**(85,260)**	(345,745)	(431,005)	**(14,938)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(536,511)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(345,745)**	**(427,142)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(533,357)**

SCENARIO 4: ASSUME DISPOSAL OF TBG SA GROUP, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Basic loss per share (in cents)	(32.41)		**(163.85)**								**(203.96)**
Diluted loss per share (in cents)	(31.37)		**(158.61)**								**(200.14)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**(3.20)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**(3.14)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(2,011)	**263,049**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(2,011)	**268,074**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(345,745)	**(431,005)**	(14,938)	6,540	(92,857)	25,069	(19,130)	(9,895)	(295)	**(536,511)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/ businesses	16,400	–	**16,400**	–	–	92,857	–	–	–	–	**109,257**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	154,871	**154,871**	–	–	–	–	–	–	–	**154,871**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(15,011)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(295)**	**(8,413)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group for the six months ended 31 December 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**
Consideration (refer note 5a)	800,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)
Disposal's impact on profit/(loss)	**(92,857)**

a. Proceeds on disposal receivable in cash comprise SA Sale Consideration of R800.0 million

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group as at 1 July 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular). Also included are the consolidation entries relating to the carved out asset and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares amounting to 2.0 million shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.02 million and once-off fees of R0.03 million are incurred on acquisition of the Repurchase Shares. The increase of 2.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.25 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss. Consequently, no tax charge on capital gains will arise.

11. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 5: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 Decemer er 2018	Reversal of TBG SA Group, Africa Radio & SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(863,253)	–	–	–	–	–	–	**1,304,489**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	692,456	–	–	–	–	–	–	**(788,689)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(170,797)**	**–**	**–**	**–**	**–**	**–**	**–**	**515,800**
Operating expenses	(442,493)	(13,062)	(455,555)	120,898	–	–	–	(19,130)	(8,994)	(138)	**(362,919)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,079	11,120	–	–	–	–	–	**(53,405)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(47,753)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(138)**	**101,750**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(258,077)	–	–	–	–	**(381,409)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(45,508)**	**11,120**	**(258,077)**	**–**	**(19,130)**	**(8,994)**	**(138)**	**(279,659)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,688	–	–	30,720	–	–	–	**(33,708)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	4,929	–	–	–	–	–	–	**12,800**
Impairment loss of associates – equity accounted	(81,052)	(118,487)	(199,539)	–	–	–	–	–	–	–	**(199,539)**
Profit/(loss) before taxation	**(28,923)**	**(206,292)**	**(235,215)**	**(17,043)**	**11,120**	**(258,077)**	**30,720**	**(19,130)**	**(8,994)**	**(138)**	**(496,757)**
Taxation	(29,196)	(3,690)	(32,886)	12,847	(4,580)	–	(5,651)	–	(901)	(9)	**(31,180)**
Profit/(loss) from continuing operations	**(58,119)**	**(209,982)**	**(268,101)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(527,937)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(190,874)**	**(272,271)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(532,107)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	(85,260)	(190,874)	(276,134)	(3,487)	6,540	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(535,261)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(190,874)**	**(272,271)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(532,107)**

SCENARIO 5: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group, Africa Radio & SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Basic loss per share (in cents)	(32.41)		**(104.97)**								**(202.71)**
Diluted loss per share (in cents)	(31.37)		**(101.61)**								**(198.92)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**1.21**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**1.18**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(1,006)	**264,054**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(1,006)	**269,079**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(190,874)	**(276,134)**	(3,487)	6,540	(258,077)	25,069	(19,130)	(9,895)	(147)	**(535,261)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/ businesses	16,400	–	**16,400**	–	–	258,077	–	–	–	–	**274,477**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29		–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	4,309	**(3,560)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	3,186

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group, Africa Radio and SA Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio for the six months ended 31 December 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities Also included are the consolidation entries relating to the carved out assets and liabilities.
4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group, Africa Radio and SA Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	200,000	50,000	1,050,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(412,397)	(2,823)	(919,183)
Disposal's impact on profit/(loss)	**(92,857)**	**(212,397)**	**47,177**	**(258,077)**

	R'000	
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	Africa Radio Sale Consideration	200,000
	SA Radio Sale Consideration	50,000
		1,050,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio as at 1 July 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities Also included are the consolidation entries relating to the carved out assets and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

    b. Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares amounting to 1.01 million Shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.01 million and once-off fees of R0.01 million are incurred on acquisition of the Repurchase Shares. The increase of 1.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.13 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss and SA Radio Sale will result in a once-off capital gain however this is to be offset against the once-off capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

11. It is considered that the Africa Radio Sale will result in a once-off capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

1.2 All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 6: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(863,253)	–	–	–	–	–	–	**1,304,489**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	692,456	–	–	–	–	–	–	**(788,689)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(170,797)**	**–**	**–**	**–**	**–**	**–**	**–**	**515,800**
Operating expenses	(442,493)	(13,062)	(455,555)	120,898	–	–	–	(19,130)	(8,994)	(138)	**(362,919)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,079	11,120	–	–	–	–	–	**(53,405)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(47,753)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(138)**	**101,750**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(45,680)	–	–	–	–	**(169,012)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(45,508)**	**11,120**	**(45,680)**	**–**	**(19,130)**	**(8,994)**	**(138)**	**(67,262)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,688	–	–	30,720	–	–	–	**(33,708)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	(583)	–	–	–	–	–	–	**7,288**
Impairment loss of associates – equity accounted	(81,052)	(273,358)	(354,410)	–	–	–	–	–	–	–	**(354,410)**
Profit/(loss) before taxation	**(28,923)**	**(361,163)**	**(390,086)**	**(22,555)**	**11,120**	**(45,680)**	**30,720**	**(19,130)**	**(8,994)**	**(138)**	**(444,743)**
Taxation	(29,196)	(3,690)	(32,886)	12,847	(4,580)	–	(5,651)	–	(901)	(9)	**(31,180)**
Profit/(loss) from continuing operations	**(58,119)**	**(364,853)**	**(422,972)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(475,923)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(345,745)**	**(427,142)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(480,093)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	**(85,260)**	(345,745)	(431,005)	**(8,999)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(483,247)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(345,745)**	**(427,142)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(480,093)**

SCENARIO 6: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group & SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Basic loss per share (in cents)	(32.41)		**(163.85)**								**(183.01)**
Diluted loss per share (in cents)	(31.37)		**(158.61)**								**(179.59)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**(0.88)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**(0.86)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(1,006)	**264,054**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(1,006)	**269,079**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(345,745)	**(431,005)**	(8,999)	6,540	(45,680)	25,069	(19,130)	(9,895)	(147)	**(483,247)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/businesses	16,400	–	**16,400**	–	–	45,680	–	–	–	–	**62,080**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	154,871	**154,871**	–	–	–	–	–	–	–	**154,871**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	4,309	**(9,072)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	(2,326)

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group and SA Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio for the six months ended 31 December 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group and SA Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	50,000	850,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(2,823)	(506,786)
Disposal's impact on profit/(loss)	**(92,857)**	**47,177**	**(45,680)**

	R'000	
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	SA Radio Sale Consideration	50,000
		850,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio as at 1 July 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out asset and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares amounting to 1.01 million Shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.01 million and once-off fees of R0.01 million are incurred on acquisition of the Repurchase Shares. The increase of 1.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.13 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss and SA Radio Sale will result in a once-off capital gain however this is to be offset against the once-off capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

11. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 7: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(853,536)	–	–	–	–	–	–	**1,314,206**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	690,440	–	–	–	–	–	–	**(790,705)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(163,096)**	**–**	**–**	**–**	**–**	**–**	**–**	**523,501**
Operating expenses	(442,493)	(13,062)	(455,555)	107,234	–	–	–	(19,130)	(8,994)	(138)	**(376,583)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,004	11,120	–	–	–	–	–	**(53,480)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(53,791)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(138)**	**95,712**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(305,254)	–	–	–	–	**(428,586)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(51,546)**	**11,120**	**(305,254)**	**–**	**(19,130)**	**(8,994)**	**(138)**	**(332,874)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,687	–	–	30,720	–	–	–	**(33,709)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	4,929	–	–	–	–	–	–	**12,800**
Impairment loss of associates – equity accounted	(81,052)	(118,487)	(199,539)	–	–	–	–	–	–	–	**(199,539)**
Profit/(loss) before taxation	**(28,923)**	**(206,292)**	**(235,215)**	**(23,082)**	**11,120**	**(305,254)**	**30,720**	**(19,130)**	**(8,994)**	**(138)**	**(549,973)**
Taxation	(29,196)	(3,690)	(32,886)	12,947	(4,580)	–	(5,651)	–	(901)	(9)	**(31,080)**
Profit/(loss) from continuing operations	**(58,119)**	**(209,982)**	**(268,101)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(581,053)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(190,874)**	**(272,271)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(585,223)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	(85,260)	(190,874)	(276,134)	**(9,426)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(588,377)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(190,874)**	**(272,271)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(585,223)**

SCENARIO 7: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group & SA Radio carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Basic loss per share (in cents)	(32.41)		**(104.97)**								**(222.82)**
Diluted loss per share (in cents)	(31.37)		**(101.61)**								**(218.66)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**(1.04)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**(1.02)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(1,006)	**264,054**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(1,006)	**269,079**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(190,874)	**(276,134)**	9,426	6,540	(305,254)	25,069	(19,130)	(9,895)	(147)	**(588,377)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/ businesses	16,400	–	**16,400**	–	–	305,254	–	–	–	–	**321,654**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	–	**–**	–	–	–	–	–	–	–	**–**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(9,499)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(2,753)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group and Africa Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio for the six months ended 31 December 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group and Africa Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	200,000	1,000,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(412,397)	(916,360)
Disposal's impact on profit/(loss)	**(92,857)**	**(212,397)**	**(305,254)**

a.

R'000	
Proceeds on disposal receivable in cash comprise the following:	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
	1,000,000

b.

R'000	
Adjustments to the SA Sale Consideration comprise the following:	
TBG SA Group negative bank balances included in bank overdrafts	(66,969)
TBG SA debt included in Borrowings and other liabilities	(278,403)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
	(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio as at 1 July 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares amounting to 1.0 million Shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.01 million and once-off fees of R0.01 million are incurred on acquisition of the Repurchase Shares. The increase of 1.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.13 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss. Consequently, no tax charge on capital gains will arise.

11. It is considered that the Africa Radio Sale will result in a once-off capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

12. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 8: ASSUME DISPOSAL OF TBG SA GROUP, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Pro forma effect of Specific Repurchase from Media Participants**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	9	
Revenue	2,046,638	121,104	2,167,742	(853,536)	–	–	–	–	–	–	**1,314,206**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	690,440	–	–	–	–	–	–	**(790,705)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(163,096)**	**–**	**–**	**–**	**–**	**–**	**–**	**523,501**
Operating expenses	(442,493)	(13,062)	(455,555)	107,234	–	–	–	(19,130)	(8,994)	(138)	**(376,583)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,004	11,120	–	–	–	–	–	**(53,480)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(53,791)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**(138)**	**95,712**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(92,857)	–	–	–	–	**(216,189)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(51,546)**	**11,120**	**(92,857)**	**–**	**(19,130)**	**(8,994)**	**(138)**	**(120,477)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,687	–	–	30,720	–	–	–	**(33,709)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	(583)	–	–	–	–	–	–	**7,288**
Impairment loss of associates – equity accounted	(81,052)	(273,358)	(354,410)	–	–	–	–	–	–	–	**(354,410)**
Profit/(loss) before taxation	**(28,923)**	**(361,163)**	**(390,086)**	**(28,594)**	**11,120**	**(92,857)**	**30,720**	**(19,130)**	**(8,994)**	**(138)**	**(497,959)**
Taxation	(29,196)	(3,690)	(32,886)	12,947	(4,580)	–	(5,651)	–	(901)	(9)	**(31,080)**
Profit/(loss) from continuing operations	**(58,119)**	**(364,853)**	**(422,972)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(529,039)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(345,745)**	**(427,142)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(533,209)**
Profit/(loss) for the period attributable to:											
Equity holders of the parent	**(85,260)**	(345,745)	(431,005)	**(14,938)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(536,363)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	–	**3,154**
	(81,397)	**(345,745)**	**(427,142)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(533,209)**

SCENARIO 8: ASSUME DISPOSAL OF TBG SA GROUP, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Basic loss per share (in cents)	(32.41)		**(163.85)**								**(203.13)**
Diluted loss per share (in cents)	(31.37)		**(158.61)**								**(199.33)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**								**(3.13)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**								**(3.07)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	(1,006)	**264,054**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	(1,006)	**269,079**
Reconciliation of earnings and headline earnings											
(Losses)/Earnings	(85,260)	(345,745)	**(431,005)**	(14,938)	6,540	(92,857)	25,069	(19,130)	(9,895)	(147)	**(536,363)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/ businesses	16,400	–	**16,400**	–	–	92,857	–	–	–	–	**109,257**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	154,871	**154,871**	–							**154,871**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(15,011)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(147)**	**(8,265)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group for the six months ended 31 December 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**
Consideration (refer note 5a)	800,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)
Disposal's impact on profit/(loss)	**(92,857)**

a. Proceeds on disposal receivable in cash comprise the SA Sale Consideration of R800.0 million.

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group as at 1 July 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular).

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares amounting to 1.0 million Shares calculated as per note 7 and funded out of the proceeds received on disposal. Once-off share transfer tax of R0.01 million and once-off fees of R0.01 million are incurred on acquisition of the Repurchase Shares. The increase of 1.01 million Shares to the weighted average number of shares and diluted weighted average number of shares impacts the earnings, diluted earnings and headline earnings per share.

   Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

   It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to a bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Once-off fees of R0.13 million arise in respect of the warehousing of the Shares.

10. It is considered that the SA Sale will result in a once-off capital loss. Consequently, no tax charge on capital gains will arise.

11. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 9: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group, Africa Radio & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	
Revenue	2,046,638	121,104	2,167,742	(863,253)	–	–	–	–	–	**1,304,489**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	692,456	–	–	–	–	–	**(788,689)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(170,797)**	**–**	**–**	**–**	**–**	**–**	**515,800**
Operating expenses	(442,493)	(13,062)	(455,555)	120,898	–	–	–	(19,130)	(8,994)	**(362,781)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,079	11,120	–	–	–	–	**(53,405)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(47,753)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**101,888**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(258,077)	–	–	–	**(381,409)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(45,508)**	**11,120**	**(258,077)**	**–**	**(19,130)**	**(8,994)**	**(279,521)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,688	–	–	30,720	–	–	**(33,708)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	4,929	–	–	–	–	–	**12,800**
Impairment loss of associates – equity accounted	(81,052)	(118,487)	(199,539)	–	–	–	–	–	–	**(199,539)**
Profit/(loss) before taxation	**(28,923)**	**(206,292)**	**(235,215)**	**(17,043)**	**11,120**	**(258,077)**	**30,720**	**(19,130)**	**(8,994)**	**(496,619)**
Taxation	(29,196)	(3,690)	(32,886)	12,847	(4,580)	–	(5,651)	–	(901)	**(31,171)**
Profit/(loss) from continuing operations	**(58,119)**	**(209,982)**	**(268,101)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(527,790)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(190,874)**	**(272,271)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(531,960)**
Profit/(loss) for the period attributable to:										
Equity holders of the parent	**(85,260)**	(190,874)	(276,134)	**(3,487)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(535,114)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	**3,154**
	(81,397)	**(190,874)**	**(272,271)**	**(4,196)**	**6,540**	**(258,077)**	**25,069**	**(19,130)**	**(9,895)**	**(531,960)**

SCENARIO 9: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group, Africa Radio & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Basic loss per share (in cents)	(32.41)		**(104.97)**							**(201.88)**
Diluted loss per share (in cents)	(31.37)		**(101.61)**							**(198.13)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**							**1.26**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**							**1.23**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	**265,060**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	**270,085**
Reconciliation of earnings and headline earnings										
(Losses)/Earnings	(85,260)	(190,874)	**(276,134)**	(3,487)	6,540	(258,077)	25,069	(19,130)	(9,895)	**(535,114)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/businesses	16,400	–	**16,400**	–	–	258,077	–	–	–	**274,477**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	**137,595**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(3,560)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**3,333**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group, Africa Radio and SA Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio for the six months ended 31 December 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities Also included are the consolidation entries relating to the carved out assets and liabilities.

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group, Africa Radio and SA Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	200,000	50,000	1,050,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(412,397)	(2,823)	(919,183)
Disposal's impact on profit/(loss)	**(92,857)**	**(212,397)**	**47,177**	**(258,077)**

	R'000	
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	Africa Radio Sale Consideration	200,000
	SA Radio Sale Consideration	50,000
		1,050,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio as at 1 July 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular). Also included are the consolidation entries relating to the carved out assets and liabilities Also included are the consolidation entries relating to the carved out assets and liabilities.

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b Once-off Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. It is considered that the SA Sale will result in a once-off capital loss and SA Radio Sale will result in a once-off capital gain however this is to be offset against the once-off capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

10. It is considered that the Africa Radio Sale will result in a once-off capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

11. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 10: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	
Revenue	2,046,638	121,104	2,167,742	(863,253)	–	–	–	–	–	**1,304,489**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	692,456	–	–	–	–	–	**(788,689)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(170,797)**	**–**	**–**	**–**	**–**	**–**	**515,800**
Operating expenses	(442,493)	(13,062)	(455,555)	120,898	–	–	–	(19,130)	(8,994)	**(362,781)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,079	11,120	–	–	–	–	**(53,405)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(47,753)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**101,888**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(45,680)	–	–	–	**(169,012)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(45,508)**	**11,120**	**(45,680)**	**–**	**(19,130)**	**(8,994)**	**(67,124)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,688	–	–	30,720	–	–	**(33,708)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	(583)	–	–	–	–	–	**7,288**
Impairment loss of associates – equity accounted	(81,052)	(273,358)	(354,410)	–	–	–	–	–	–	**(354,410)**
Profit/(loss) before taxation	**(28,923)**	**(361,163)**	**(390,086)**	**(22,555)**	**11,120**	**(45,680)**	**30,720**	**(19,130)**	**(8,994)**	**(444,605)**
Taxation	(29,196)	(3,690)	(32,886)	12,847	(4,580)	–	(5,651)	–	(901)	**(31,171)**
Profit/(loss) from continuing operations	**(58,119)**	**(364,853)**	**(422,972)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(475,776)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(345,745)**	**(427,142)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(479,946)**
Profit/(loss) for the period attributable to:										
Equity holders of the parent	**(85,260)**	(345,745)	(431,005)	**(8,999)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(483,100)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	**3,154**
	(81,397)	**(345,745)**	**(427,142)**	**(9,708)**	**6,540**	**(45,680)**	**25,069**	**(19,130)**	**(9,895)**	**(479,946)**

SCENARIO 10: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & SA Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Basic loss per share (in cents)	(32.41)		**(163.85)**							**(182.26)**
Diluted loss per share (in cents)	(31.37)		**(158.61)**							**(178.87)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**							**(0.82)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**							**(0.81)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	**265,060**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	**270,085**
Reconciliation of earnings and headline earnings										
(Losses)/Earnings	(85,260)	(345,745)	**(431,005)**	(8,999)	6,540	(45,680)	25,069	(19,130)	(9,895)	**(483,100)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/businesses	16,400	–	**16,400**	–	–	45,680	–	–	–	**62,080**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	154,871	**154,871**	–	–	–	–	–	–	**154,871**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(9,072)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(2,179)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group and SA Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio for the six months ended 31 December 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group and SA Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5a)	800,000	50,000	850,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(2,823)	(506,786)
Disposal's impact on profit/(loss)	**(92,857)**	**47,177**	**(45,680)**

	R'000	
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	SA Radio Sale Consideration	50,000
		850,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio as at 1 July 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b. Once-off Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. It is considered that the SA Sale will result in a once-off capital loss and SA Radio Sale will result in a once-off capital gain however this is to be offset against the once-off capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

10. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 11: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & Africa Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	
Revenue	2,046,638	121,104	2,167,742	(853,536)	–	–	–	–	–	**1,314,206**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	690,440	–	–	–	–	–	**(790,705)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(163,096)**	**–**	**–**	**–**	**–**	**–**	**523,501**
Operating expenses	(442,493)	(13,062)	(455,555)	107,234	–	–	–	(19,130)	(8,994)	**(376,445)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,004	11,120	–	–	–	–	**(53,480)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(53,791)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**95,850**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(305,254)	–	–	–	**(428,586)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(51,546)**	**11,120**	**(305,254)**	**–**	**(19,130)**	**(8,994)**	**(332,736)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,687	–	–	30,720	–	–	**(33,709)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	4,929	–	–	–	–	–	**12,800**
Impairment loss of associates – equity accounted	(81,052)	(118,487)	(199,539)	–	–	–	–	–	–	**(199,539)**
Profit/(loss) before taxation	**(28,923)**	**(206,292)**	**(235,215)**	**(23,082)**	**11,120**	**(305,254)**	**30,720**	**(19,130)**	**(8,994)**	**(549,835)**
Taxation	(29,196)	(3,690)	(32,886)	12,947	(4,580)	–	(5,651)	–	(901)	**(31,071)**
Profit/(loss) from continuing operations	**(58,119)**	**(209,982)**	**(268,101)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(580,906)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(190,874)**	**(272,271)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(585,076)**
Profit/(loss) for the period attributable to:										
Equity holders of the parent	**(85,260)**	(190,874)	(276,134)	**(9,426)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(588,230)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	**3,154**
	(81,397)	**(190,874)**	**(272,271)**	**(10,135)**	**6,540**	**(305,254)**	**25,069**	**(19,130)**	**(9,895)**	**(585,076)**

SCENARIO 11: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group & Africa Radio carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Basic loss per share (in cents)	(32.41)		**(104.97)**							**(221.92)**
Diluted loss per share (in cents)	(31.37)		**(101.61)**							**(217.79)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**							**(0.98)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**							**(0.96)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	**265,060**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	**270,085**
Reconciliation of earnings and headline earnings										
(Losses)/Earnings	(85,260)	(190,874)	**(276,134)**	(9,426)	6,540	(305,254)	25,069	(19,130)	(9,895)	**(588,230)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/businesses	16,400	–	**16,400**	–	–	305,254	–	–	–	**321,654**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	–	**–**	–	–	–	–	–	–	**–**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	4,309	**(9,499)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	(2,606)

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group and Africa Radio carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio for the six months ended 31 December 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group and Africa Radio for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	SA Sale	Africa Radio Sale	Total
Consideration (refer note 5a)	800,000	200,000	1,000,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)	–	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)	(412,397)	(916,360)
Disposal's impact on profit/(loss)	**(92,857)**	**(212,397)**	**(305,254)**

	R'000	R'000
a.	Proceeds on disposal receivable in cash comprise the following:	
	SA Sale Consideration	800,000
	Africa Radio Sale Consideration	200,000
		1,000,000

	R'000	
b.	Adjustments to the SA Sale Consideration comprise the following:	
	TBG SA Group negative bank balances included in bank overdrafts	(66,969)
	TBG SA debt included in Borrowings and other liabilities	(278,403)
	Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
		(388,894)

c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio as at 1 July 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b Once-off Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. It is considered that the SA Sale will result in a once-off capital loss. Consequently, no tax charge on capital gains will arise.

10. It is considered that the Africa Radio Sale will result in a once-off capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

11. All adjustments are of a continuing nature unless indicated otherwise.

SCENARIO 12: ASSUME DISPOSAL OF TBG SA GROUP ACHIEVED, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	**Tiso Blackstar Reviewed Results for the period ended 31 December 2018**	**Subsequent events requiring adjustment to pro forma information**	**Tiso Blackstar Adjusted results for the period ended 31 December 2018**	**Reversal of TBG SA Group carved out results**	**Consolidation entries relating to carved out results**	**Profit/loss on disposal**	**Reduction of Tiso Blackstar debt to appropriate levels**	**Exit of Media Participants from Forfeitable Share Plan**	**Other Pro forma adjustments**	**Tiso Blackstar Pro forma Results for the period ended 31 December 2018**
Notes	1	2		3	4	5	6	7	8	
Revenue	2,046,638	121,104	2,167,742	(853,536)	–	–	–	–	–	**1,314,206**
Cost of sales	(1,402,327)	(78,818)	(1,481,145)	690,440	–	–	–	–	–	**(790,705)**
Gross profit/(loss)	**644,311**	**42,286**	**686,597**	**(163,096)**	**–**	**–**	**–**	**–**	**–**	**523,501**
Operating expenses	(442,493)	(13,062)	(455,555)	107,234	–	–	–	(19,130)	(8,994)	**(376,445)**
Depreciation and amortisation	(75,945)	(6,659)	(82,604)	18,004	11,120	–	–	–	–	**(53,480)**
Straight lining of leases	(6,978)	–	(6,978)	3,609	–	–	–	–	–	**(3,369)**
Operating income	25,159	26	25,185	(19,542)	–	–	–	–	–	**5,643**
Operating profit/(loss)	**144,054**	**22,591**	**166,645**	**(53,791)**	**11,120**	**–**	**–**	**(19,130)**	**(8,994)**	**95,850**
Other (losses)/gains	(47,483)	(78,094)	(125,577)	2,245	–	(92,857)	–	–	–	**(216,189)**
Net profit/(loss)	**96,571**	**(55,503)**	**41,068**	**(51,546)**	**11,120**	**(92,857)**	**–**	**(19,130)**	**(8,994)**	**(120,339)**
Finance income	4,456	45	4,501	(1,152)	–	–	–	–	–	**3,349**
Finance costs	(75,877)	(13,239)	(89,116)	24,687	–	–	30,720	–	–	**(33,709)**
Share of profit/(loss) of associates – equity accounted	26,979	(19,108)	7,871	(583)	–	–	–	–	–	**7,288**
Impairment loss of associates – equity accounted	(81,052)	(273,358)	(354,410)	–	–	–	–	–	–	**(354,410)**
Profit/(loss) before taxation	(28,923)	(361,163)	(390,086)	(28,594)	11,120	(92,857)	30,720	(19,130)	(8,994)	**(497,821)**
Taxation	(29,196)	(3,690)	(32,886)	12,947	(4,580)	–	(5,651)	–	(901)	**(31,071)**
Profit/(loss) from continuing operations	**(58,119)**	**(364,853)**	**(422,972)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(528,892)**
Profit/(loss) from discontinued operations, net of taxation	(23,278)	19,108	(4,170)	–	–	–	–	–	–	**(4,170)**
Profit/(loss) for the period	**(81,397)**	**(345,745)**	**(427,142)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(533,062)**
Profit/(loss) for the period attributable to:										
Equity holders of the parent	**(85,260)**	(345,745)	(431,005)	**(14,938)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(536,216)**
Non-Controlling interests	3,863	–	3,863	(709)	–	–	–	–	–	**3,154**
	(81,397)	**(345,745)**	**(427,142)**	**(15,647)**	**6,540**	**(92,857)**	**25,069**	**(19,130)**	**(9,895)**	**(533,062)**

SCENARIO 12: ASSUME DISPOSAL OF TBG SA GROUP ACHIEVED, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK (continued)

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION						
R'000	Tiso Blackstar Reviewed Results for the period ended 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted results for the period ended 31 December 2018	Reversal of TBG SA Group carved out results	Consolidation entries relating to carved out results	Profit/loss on disposal	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Tiso Blackstar Pro forma Results for the period ended 31 December 2018
Basic loss per share (in cents)	(32.41)		**(163.85)**							**(202.30)**
Diluted loss per share (in cents)	(31.37)		**(158.61)**							**(198.54)**
Headline earnings/(loss) per share (in cents)	21.48		**1.64**							**(3.06)**
Diluted headline earnings/(loss) per share (in cents)	20.80		**1.59**							**(3.01)**
Weighted average number of shares in issue (net of treasury shares in thousands)	263,049	–	**263,049**	–	–	–	–	2,011	–	**265,060**
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	271,747	–	**271,747**	–	–	–	–	(1,662)	–	**270,085**
Reconciliation of earnings and headline earnings										
(Losses)/Earnings	(85,260)	(345,745)	**(431,005)**	(14,938)	6,540	(92,857)	25,069	(19,130)	(9,895)	**(536,216)**
(Loss)/profit on disposal of property, plant and equipment	(824)	1,688	**864**	(102)	–	–	–	–	–	**762**
Loss on disposal of subsidiaries/businesses	16,400	–	**16,400**	–	–	92,857	–	–	–	**109,257**
Impairment of KTH	81,052	–	**81,052**	–	–	–	–	–	–	**81,052**
Impairment of Robor	–	137,595	**137,595**	–	–	–	–	–	–	**137,595**
Impairment of African associates	–	154,871	**154,871**	–	–	–	–	–	–	**154,871**
Loss on remeasurement of fair value less costs to sell CSI	10,704	–	**10,704**	–	–	–	–	–	–	**10,704**
Release of foreign currency translation reserve on disposal of subsidiary	11,644	–	**11,644**	–	–	–	–	–	–	**11,644**
Total non-controlling interests and tax effects of adjustments	231	(735)	**(504)**	29	–	–	–	–	–	**(475)**
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	22,568	120	**22,688**	–	–	–	–	–	–	**22,688**
Headline earnings/(losses)	**56,515**	**(52,206)**	**4,309**	**(15,011)**	**6,540**	**–**	**25,069**	**(19,130)**	**(9,895)**	**(8,118)**

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results for the period ended 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, are detailed in Annexure 7a. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Reversal of TBG SA Group carved out results" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group for the six months ended 31 December 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out results for TBG SA Group for the six months ended 31 December 2018 include the derecognition of amortisation of R11.1 million (and the related deferred tax charge of R3.1 million) originally recognised by Tiso Blackstar on consolidation of TBG SA Group at 31 December 2018. This amortisation is reversed as a result of the disposal of the TBG SA Group assumed to take place on 1 July 2018.

   The taxation charge and deferred taxation charge included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. A consolidation entry is required to reduce the tax charge of TBG SA Group by R1.5 million due to the fact that the total tax charge reflected in the TBG SA Group carved out results differs to the tax charge relating to the legal entities being disposed of included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. The once-off loss arising on the disposal and recognised in "Other gains/(losses)" is summarised below:

R'000	SA Sale
Consideration (refer note 5a)	800,000
Adjustments to the SA Sale Consideration (refer note 5b)	(388,894)
Consolidated net asset values (refer note 5c)	(503,963)
Disposal's impact on profit/(loss)	**(92,857)**

   a. Proceeds on disposal receivable in cash comprise the SA Sale Consideration of R800.0 million.

R'000	
b. Adjustments to the SA Sale Consideration comprise the following:	
TBG SA Group negative bank balances included in bank overdrafts	(66,969)
TBG SA debt included in Borrowings and other liabilities	(278,403)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(43,522)
	(388,894)

   c. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group as at 1 July 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular).

6. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure. On the assumption that this reduction took place on 1 July 2018, a total interest saving of R30.7 million was recognised, determined by calculating the interest saving on each type of debt held by Tiso Blackstar using the actual interest rates applicable during the six months ended 31 December 2018 which resulted in a blended interest rate of 10.76%. The tax impact of the adjustment to net finance costs amounting to R5.7 million was calculated taking into consideration the tax residency and tax position of the Tiso Blackstar subsidiaries who hold the respective borrowings and cash. The balance of the proceeds are included in cash and cash equivalents.

7. As a result of the SA Sale, a total of 2.01 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. This was calculated on the basis that vesting took place on 1 July 2018 and therefore does not include the tranche of Forfeitable Shares that were awarded/granted in October 2018. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 1 July 2018. This provides a more realistic indication of the achievement of performance conditions on deemed vesting date. In addition to this, an anticipated once-off Cash Bonus of R19.1 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable Shares that do no vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

8. Other Pro forma adjustments comprise the following:

   a Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

   b Once-off stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

9. It is considered that the SA Sale will result in a once-off capital loss. Consequently, no tax charge on capital gains will arise.

10. All adjustments are of a continuing nature unless indicated otherwise.

SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO THE PRO FORMAS FOR SCENARIOS 1, 3, 5, 7, 9 AND 11 (SCENARIOS WHERE AFRICA RADIO IS ASSUMED TO BE DISPOSED OF).

	ADJUSTING EVENTS				
R'000	Acquisition of 100% interest in First Impression Labels and related earnings	Reduction in TBH UK borrowings utilising proceeds from sale of assets	Robor – reclassification and subsequent impairment	Fair value adjustment to contingent consideration on acquisition of subsidiary	Total subsequent events requiring adjustment to pro forma information
Notes	1	2	3	4	
Revenue	121,104	–	–	–	121,104
Cost of sales	(78,818)	–	–	–	(78,818)
Gross profit/(loss)	**42,286**	**–**	**–**	**–**	**42,286**
Operating expenses	(13,062)	–	–	–	(13,062)
Depreciation and amortisation	(9,292)	2,633	–	–	(6,659)
Operating income	26	–	–	–	26
Operating profit/(loss)	**19,958**	**2,633**	**–**	**–**	**22,591**
Other (losses)/gains	706	(2,394)	(67,061)	(9,345)	(78,094)
Net profit/(loss)	**20,664**	**239**	**(67,061)**	**(9,345)**	**(55,503)**
Finance income	45	–	–	–	45
Finance costs	(9,897)	2,169	(3,100)	(2,411)	(13,239)
Share of profit/(loss) of associates – equity accounted	–	–	(19,108)	–	(19,108)
Impairment loss of associates – equity accounted	–	–	(118,487)	–	(118,487)
Profit/(loss) before taxation	**10,812**	**2,408**	**(207,756)**	**(11,756)**	**(206,292)**
Taxation	(3,886)	196	–	–	(3,690)
Profit/(loss) from continuing operations	**6,926**	**2,604**	**(207,756)**	**(11,756)**	**(209,982)**
Profit/(loss) from discontinued operations, net of taxation	–	–	19,108	–	19,108
Profit/(loss) for the period	**6,926**	**2,604**	**(188,648)**	**(11,756)**	**(190,874)**
Profit/(loss) for the period attributable to:					
Equity holders of the parent	**6,926**	**2,604**	**(188,648)**	**(11,756)**	(190,874)
Non-Controlling interests	–	–	–	–	–
	6,926	**2,604**	**(188,648)**	**(11,756)**	**(190,874)**
Basic loss per share (in cents)					(72.56)
Diluted loss per share (in cents)					(70.24)
Headline earnings/(loss) per share (in cents)					(19.85)
Diluted headline earnings/(loss) per share (in cents)					(19.21)
Weighted average number of shares in issue (net of treasury shares in thousands)	–	–	–	–	263,049
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	–	–	–	–	271,747
Reconciliation of earnings and headline earnings					
(Losses)/Earnings	6,926	2,604	(188,648)	(11,756)	(190,874)
(Loss)/profit on disposal of property, plant and equipment	(706)	2,394	–	–	1,688
Loss on disposal of subsidiaries/businesses					–
Impairment of KTH					–
Impairment of Robor	–	–	137,595	–	137,595
Loss on remeasurement of fair value less costs to sell CSI	–	–	–	–	–
Release of foreign currency translation reserve on disposal of subsidiary	–	–	–	–	–
Total non-controlling interests and tax effects of adjustments	198	(933)	–	–	(735)
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	–	–	120	–	120
Headline earnings/(losses)	**6,418**	**4,065**	**(50,933)**	**(11,756)**	**(52,206)**

SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO THE PRO FORMAS FOR SCENARIOS 2, 4, 6, 8, 10 AND 12 (SCENARIOS WHERE AFRICA RADIO IS ASSUMED TO NOT BE ACHIEVED).

CURRENCY	**ADJUSTING EVENTS**					
R'000	**Acquisition of 100% interest in First Impression Labels and related earnings**	**Reduction in TBH UK borrowings utilising proceeds from sale of assets**	**Robor – reclassification and subsequent impairment**	**Fair value adjustment to contingent consideration on acquisition of subsidiary**	**Africa Radio impaired to R200m if not sold**	**Total subsequent events requiring adjustment to pro forma information**
Notes	1	2	3	4	5	
Revenue	121,104	–	–	–	–	121,104
Cost of sales	(78,818)	–	–	–	–	(78,818)
Gross profit/(loss)	**42,286**	**–**	**–**	**–**	**–**	**42,286**
Operating expenses	(13,062)	–	–	–	–	(13,062)
Depreciation and amortisation	(9,292)	2,633	–	–	–	(6,659)
Operating income	26	–	–	–	–	26
Operating profit/(loss)	**19,958**	**2,633**	**–**	**–**	**–**	**22,591**
Other (losses)/gains	706	(2,394)	(67,061)	(9,345)	–	(78,094)
Net profit/(loss)	**20,664**	**239**	**(67,061)**	**(9,345)**	**–**	**(55,503)**
Finance income	45	–	–	–	–	45
Finance costs	(9,897)	2,169	(3,100)	(2,411)	–	(13,239)
Share of profit/(loss) of associates – equity accounted	–	–	(19,108)	–	–	(19,108)
Impairment loss of associates – equity accounted	–	–	(118,487)	–	(154,871)	(273,358)
Profit/(loss) before taxation	**10,812**	**2,408**	**(207,756)**	**(11,756)**	**(154,871)**	**(361,163)**
Taxation	(3,886)	196	–	–	–	(3,690)
Profit/(loss) from continuing operations	**6,926**	**2,604**	**(207,756)**	**(11,756)**	**(154,871)**	**(364,853)**
Profit/(loss) from discontinued operations, net of taxation	–	–	19,108	–	–	19,108
Profit/(loss) for the period	**6,926**	**2,604**	**(188,648)**	**(11,756)**	**(154,871)**	**(345,745)**
Profit/(loss) for the period attributable to:						
Equity holders of the parent	**6,926**	**2,604**	**(188,648)**	**(11,756)**	**(154,871)**	**(345,745)**
Non-Controlling interests	–	–	–	–	–	–
	6,926	**2,604**	**(188,648)**	**(11,756)**	**(154,871)**	**(345,745)**
Basic loss per share (in cents)						(131.44)
Diluted loss per share (in cents)						(127.23)
Headline earnings/(loss) per share (in cents)						(19.85)
Diluted headline earnings/(loss) per share (in cents)						(19.21)
Weighted average number of shares in issue (net of treasury shares in thousands)	–	–	–	–	–	263,049
Diluted: Weighted average number of shares in issue (net of treasury shares in thousands)	–	–	–	–	–	271,747
Reconciliation of earnings and headline earnings						
(Losses)/Earnings	6,926	2,604	(188,648)	(11,756)	(154,871)	(345,745)
(Loss)/profit on disposal of property, plant and equipment	(706)	2,394	–	–	–	1,688
Loss on disposal of subsidiaries/ businesses	–	–	–	–	–	–
Impairment of KTH						–
Impairment of Robor	–	–	–	137,595	–	137,595
Impairment of African associates	–	–	–	–	154,871	154,871
Loss on remeasurement of fair value less costs to sell CSI	–	–	–	–	–	–
Release of foreign currency translation reserve on disposal of subsidiary	–	–	–	–	–	–
Total non-controlling interests and tax effects of adjustments	198	(933)	–	–	–	(735)
Non headline earnings items included in equity accounted earnings of associates, net of tax effects and non-controlling interests	–	–	120	–	–	120
Headline earnings/(losses)	**6,418**	**4,065**	**(50,933)**	**(11,756)**	**–**	**(52,206)**

NOTES AND ASSUMPTIONS:

Subsequent events requiring adjustment to the pro forma information and assumed to take place on 1 July 2018, include the following events:

1. Acquisition of 100% interest in First Impression Labels Proprietary Limited ("FIL") for an amount of R190.0 million was assumed to take place on 1 July 2018 for the purpose of the preparation of the pro forma statement of profit and loss and other comprehensive income. This includes: the FIL results for the six months ended 31 December 2018; amortisation of R0.7 million and the relating tax effect arising on the intangible assets recognised at a Tiso Blackstar level on acquisition of FIL; the additional depreciation of R3.1 million and relating tax of R0.9 million in respect of the fair value adjustment to plant and equipment recognised at a Tiso Blackstar level; the finance costs of R5.2 million and relating tax of R1.5 million arising on the additional borrowings raised to fund the initial purchase consideration payment of R95.0 million, calculated using the agreed upon interest rate of JIBAR + 3.5%, applicable for the six months ended 31 December 2018; and the interest cost of R3.0 million arising on the remaining purchase consideration owing to the seller calculated using the interest rate for money held on call as specified in the sales agreement, applicable for the six months ended 31 December 2018. All adjustments for the acquisition of FIL are considered to be continuing in nature.
2. In June 2019, property and plant in Port Elizabeth was sold and the proceeds on disposal of R34.8 million were utilised to reduce TBH UK's term debt. The R2.4 million once-off loss on disposal was calculated based on the assumption that the disposal took place on 1 July 2018 and once-off depreciation of R2.6 million arising on the sold assets during the six months was reversed. The net adjustment arising on the plant and equipment disposal resulted in the release of deferred taxation of R0.2 million. Finance costs reduced by R2.2 million (calculated at an interest rate of 12.2%) as a result of TBH UK's reduced debt balance with no tax impact as TBH UK has an assessed loss for which no deferred tax has been recognised.
3. An additional R50.0 million equity loan was provided to the associate Robor Proprietary Limited ("Robor") in March 2019, utilising funds from TBH UK's general banking facility. Assuming it was paid on 1 July 2018, additional finance costs of R3.1 million would have arisen on the general banking facility, calculated at the South African prime rate plus 2%. As a result of events which took place subsequent to 31 December 2018, the initial plan to dispose of the interest in Robor was unsuccessful and Robor no longer meets the definition of a discontinued operation under IFRS 5 Non-current assets held for sale and Discontinued Operations and thus the loss from associate of R19.1 million was reclassified from "Loss from discontinued operations" to "Share of losses from associates – equity accounted". In addition to this, the carrying value of R118.5 million, a loan receivable from a company related to Robor of R17.1 million and the equity loan provided to Robor of R50.0 million at 30 June 2019 were impaired once-off to nil on assessment of the fair value of the investment in light of the events which took place. There is no tax impact arising on this impairment as the investment in Robor will fall within the UK substantial shareholdings exemption.
4. In June 2017, Hirt & Carter Group acquired a 51% interest in Bothma Branding Solutions Proprietary Limited. In July 2019, an addendum was made to the Bothma Branding Solutions Proprietary Limited sales agreement whereby the adjustment to the contingent consideration owing was agreed upon. As a result, an additional once-off provision of R9.3 million was expensed at 1 July 2018, based on the present value of the purchase price adjustment payable to the sellers. There is no tax impact as a result of the additional provision being raised.. A finance cost of R2.4 million was recognised and a reduction in the deferred tax charge of R0.5 million as a result of the unwinding of the discounted provision at a rate of 10.3% over the six months ended 31 December 2018.

Subsequent events for Scenarios 2, 4, 6, 8, 10 and 12 (scenarios where Africa Radio Sale is assumed to not be achieved).

5. Once-off impairment of equity accounted investment in Africa Radio to its fair value of R200.0 million which was determined with reference to the Africa Radio Sale Consideration.

There are no other material subsequent events that require adjustment to the pro forma financial information. All adjustments are of a continuing nature unless otherwise stated.

***Pro forma* condensed consolidated statement of financial position as at 31 December 2018**

The *pro forma* consolidated statement of financial position as at 31 December 2018 has been prepared to show the impact of the Transaction and Specific Repurchase as if they were effective 31 December 2018.

SCENARIO 1: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**129,832**	**4,226,633**	**(1,280,607)**	**(78,120)**	**–**	**–**	**–**	**–**	**–**	**–**	**2,867,906**
Property, plant and equipment	387,925	36,711	424,636	(108,519)	–	–	–	–	–	–	–	316,117
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,373)	387,638	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	–	1,403,744	(374,203)	–	–	–	–	–	–	–	1,029,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(25,704)	(2,460)	–	–	–	–	–	–	24,838
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(426,965)**	**–**	**1,050,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(10,241)**	**1,030,271**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(311,836)	–	–	–	–	–	–	–	571,351
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	(1,439)	–	1,050,000	(401,549)	(396,578)	(26,291)	(9,895)	(10,241)	243,016
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**92,261**	**5,478,423**	**(1,707,572)**	**(78,120)**	**1,050,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(10,241)**	**3,898,177**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**197,486**	**(2,671,703)**	**(410,844)**	**1,288,670**	**(1,050,000)**	**401,549**	**–**	**26,291**	**9,895**	**10,241**	**(2,395,901)**
Equity and reserves	(2,837,489)	197,486	(2,640,003)	(414,881)	1,288,670	(1,050,000)	401,549	–	26,291	9,895	10,241	(2,368,238)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,838,467**	**(1,314,771)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(822,262)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	53,913	–	–	–	–	–	–	–	(138,416)
Trade and other payables	(898,955)	(31,718)	(930,673)	321,520	–	–	–	–	–	–	–	(609,153)
Inter-group loans	–	–	–	1,314,771	(1,314,771)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**2,118,416**	**(1,210,550)**	**–**	**–**	**396,578**	**–**	**–**	**–**	**(1,502,276)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**(92,261)**	**(5,478,423)**	**1,707,572**	**78,120**	**(1,050,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**10,241**	**(3,898,177)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(2,670)	262,833
NAV	2,837,489	(197,486)	2,640,003	414,881	(1,288,670)	1,050,000	(401,549)	–	(26,291)	(9,895)	(10,241)	2,368,238
NAV per share (cents)	1,079.58		1,004.44									901.04
TNAV	633,952	(307,917)	326,035	1,187,062	(1,213,010)	1,050,000	(401,549)	–	(26,291)	(9,895)	(10,241)	902,111
TNAV per share (cents)	241.20		124.05									343,23

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio as at 31 December 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group, Africa Radio and SA Radio as at 31 December 2018 include:
   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
   c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
   d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
   e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
SA Radio Sale Consideration	50,000
	1,050,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5)	800,000	200,000	50,000	**1,050,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	–	**(401,549)**
Less:				
Consolidated net asset values	(500,600)	(370,911)	(2,278)	**(873,789)**
– Carved out assets and liabilities (refer note 3)	662,238	(370,911)	123,553	**414,880**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	–	(125,831)	**(1,288,669)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	(170,911)	47,722	**(225,338)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash.

11. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares for an amount of R9.9 million amounting to 2.67 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.02 million and fees of R0.03 million are incurred on acquisition of the Repurchase Shares.

    Under the UK Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the UK Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.25 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss and SA Radio Sale will result in a capital gain however this is to be offset against the capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

13. It is considered that the Africa Radio Sale will result in a capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

SCENARIO 2: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**(41,079)**	**4,055,722**	**(909,696)**	**(78,120)**	**–**	**–**	**–**	**–**	**–**	**–**	**3,067,906**
Property, plant and equipment	387,925	36,711	424,636	(108,519)	–	–	–	–	–	–	–	316,117
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,373)	387,638	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	(170,911)	1,232,833	(3,292)	–	–	–	–	–	–	–	1,229,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(25,704)	(2,460)	–	–	–	–	–	–	24,838
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(426,965)**	**–**	**850,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(10,241)**	**830,271**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(311,836)	–	–	–	–	–	–	–	571,351
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	(1,439)	–	850,000	(401,549)	(396,578)	(26,291)	(9,895)	(10,241)	43,016
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**(78,650)**	**5,307,512**	**(1,336,661)**	**(78,120)**	**850,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(10,241)**	**3,898,177**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**368,397**	**(2,500,792)**	**(781,755)**	**1,288,670**	**(850,000)**	**401,549**	**–**	**26,291**	**9,895**	**10,241**	**(2,395,901)**
Equity and reserves	(2,837,489)	368,397	(2,469,092)	(785,792)	1,288,670	(850,000)	401,549	–	26,291	9,895	10,241	(2,368,238)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,838,467**	**(1,314,771)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(822,262)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	53,913	–	–	–	–	–	–	–	(138,416)
Trade and other payables	(898,955)	(31,718)	(930,673)	321,520	–	–	–	–	–	–	–	(609,153)
Inter-group loans	–	–	–	1,314,771	(1,314,771)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**2,118,416**	**(1,210,550)**	**–**	**–**	**396,578**	**–**	**–**	**–**	**(1,502,276)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**78,650**	**(5,307,512)**	**1,336,661**	**78,120**	**(850,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**10,241**	**(3,898,177)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(2,670)	262,833
NAV	2,837,489	(368,397)	2,469,092	785,792	(1,288,670)	850,000	(401,549)	–	(26,291)	(9,895)	(10,241)	2,368,238
NAV per share (cents)	1,079.58		939.41									901.04
TNAV	633,952	(478,828)	155,124	1,557,973	(1,213,010)	850,000	(401,549)	–	(26,291)	(9,895)	(10,241)	902,111
TNAV per share (cents)	241.20		59.02									343,23

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, and SA Radio as at 31 December 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group and SA Radio as at 31 December 2018 include:
   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
   c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
   d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
   e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and relating deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
SA Radio Sale Consideration	50,000
	850,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5)	800,000	50,000	**850,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	**(401,549)**
Less:			
Consolidated net asset values	(500,600)	(2,278)	**(502,878)**
Carved out assets and liabilities (refer note 3)	662,238	123,553	**785,791**
Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	(125,831)	**(1,288,669)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	47,722	**(54,427)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

11. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares for an amount of R9.9 million amounting to 2.67 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.02 million and fees of R0.03 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.25 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss and SA Radio Sale will result in a capital gain however this is to be offset against the capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

SCENARIO 3: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**129,832**	**4,226,633**	**(1,279,142)**	**(78,122)**	**–**	**–**	**–**	**–**	**–**	**–**	**2,869,369**
Property, plant and equipment	387,925	36,711	424,636	(108,177)	–	–	–	–	–	–	–	316,459
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,370)	387,635	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	–	1,403,744	(374,203)	–	–	–	–	–	–	–	1,029,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(24,584)	(2,459)	–	–	–	–	–	–	25,959
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(421,177)**	**–**	**1,000,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(10,241)**	**986,059**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(307,487)	–	–	–	–	–	–	–	575,700
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	–	–	1,000,000	(401,549)	(396,578)	(26,291)	(9,895)	(10,241)	194,455
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**92,261**	**5,478,423**	**(1,700,319)**	**(78,122)**	**1,000,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(10,241)**	**3,855,428**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**197,486**	**(2,671,703)**	**(287,290)**	**1,162,838**	**(1,000,000)**	**401,549**	**–**	**26,291**	**9,895**	**10,241**	**(2,348,179)**
Equity and reserves	(2,837,489)	197,486	(2,640,003)	(291,327)	1,162,838	(1,000,000)	401,549	–	26,291	9,895	10,241	(2,320,516)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,707,660**	**(1,188,937)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(827,235)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	50,937	–	–	–	–	–	–	–	(141,392)
Trade and other payables	(898,955)	(31,718)	(930,673)	319,523	–	–	–	–	–	–	–	(611,150)
Inter-group loans	–	–	–	1,188,937	(1,188,937)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**1,987,609**	**(1,084,716)**	**–**	**–**	**396,578**	**–**	**–**	**–**	**(1,507,249)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**(92,261)**	**(5,478,423)**	**1,700,319**	**78,122**	**(1,000,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**10,241**	**(3,855,428)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(2,670)	262,833
NAV	2,837,489	(197,486)	2,640,003	291,327	(1,162,838)	1,000,000	(401,549)	–	(26,291)	(9,895)	(10,241)	2,320,516
NAV per share (cents)	1,079.58		1,004.44									882.89
TNAV	633,952	(307,917)	326,035	1,063,505	(1,087,175)	1,000,000	(401,549)	–	(26,291)	(9,895)	(10,241)	854,389
TNAV per share (cents)	241.20		124.05									325,07

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio as at 31 December 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group and Africa Radio as at 31 December 2018 include:
    a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
    b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
    c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
    d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
    e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and relating deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
	1,000,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5)	800,000	200,000	**1,000,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	**(401,549)**
Less:			
Consolidated net asset values	(500,600)	(370,911)	**(871,511)**
– Carved out assets and liabilities (refer note 3)	662,238	(370,911)	**291,327**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	–	**(1,162,838)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	(170,911)	**(273,060)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash.

11. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares for an amount of R9.9 million amounting to 2.67 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.02 million and fees of R0.03 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.25 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss. Consequently, no tax charge on capital gains will arise.

13. It is considered that the Africa Radio Sale will result in a capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

CENARIO 4: ASSUME DISPOSAL OF TBG SA GROUP, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 100% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**(41,079)**	**4,055,722**	**(908,231)**	**(78,122)**	**–**	**–**	**–**	**–**	**–**	**–**	**3,069,369**
Property, plant and equipment	387,925	36,711	424,636	(108,177)	–	–	–	–	–	–	–	316,459
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,370)	387,635	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	(170,911)	1,232,833	(3,292)	–	–	–	–	–	–	–	1,229,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(24,584)	(2,459)	–	–	–	–	–	–	25,959
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(421,177)**	**–**	**800,000**	**(401,549)**	**(391,033)**	**(26,291)**	**(9,895)**	**(10,241)**	**791,604**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(307,487)	–	–	–	–	–	–	–	575,700
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	–	–	800,000	(401,549)	(391,033)	(26,291)	(9,895)	(10,241)	–
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**(78,650)**	**5,307,512**	**(1,329,408)**	**(78,122)**	**800,000**	**(401,549)**	**(391,033)**	**(26,291)**	**(9,895)**	**(10,241)**	**3,860,973**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**368,397**	**(2,500,792)**	**(658,201)**	**1,162,838**	**(800,000)**	**401,549**	**–**	**26,291**	**9,895**	**10,241**	**(2,348,179)**
Equity and reserves	(2,837,489)	368,397	(2,469,092)	(662,238)	1,162,838	(800,000)	401,549	–	26,291	9,895	10,241	(2,320,516)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**314,317**	**–**	**–**	**–**	**(685,559)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	314,317	–	–	–	(268,232)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,707,660**	**(1,188,937)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(827,235)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	50,937	–	–	–	–	–	–	–	(141,392)
Trade and other payables	(898,955)	(31,718)	(930,673)	319,523	–	–	–	–	–	–	–	(611,150)
Inter-group loans	–	–	–	1,188,937	(1,188,937)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**1,987,609**	**(1,084,716)**	**–**	**–**	**391,033**	**–**	**–**	**–**	**(1,512,794)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**78,650**	**(5,307,512)**	**1,329,408**	**78,122**	**(800,000)**	**401,549**	**391,033**	**26,291**	**9,895**	**10,241**	**(3,860,973)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(2,670)	262,833
NAV	2,837,489	(368,397)	2,469,092	662,238	(1,162,838)	800,000	(401,549)	–	(26,291)	(9,895)	(10,241)	2,320,516
NAV per share (cents)	1,079.58		939.41									882.89
TNAV	633,952	(478,828)	155,124	1,434,416	(1,087,175)	800,000	(401,549)	–	(26,291)	(9,895)	(10,241)	854,389
TNAV per share (cents)	241.20		59.02									325.07

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018 available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, as at 31 December 2018 included in Annexure 1 of this Circular (with the Independent Reporting Accountant's Report on such information contained in Annexure 2 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group as at 31 December 2018 include:
    a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
    b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
    c. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group at a Tiso Blackstar level; and
    d. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and relating deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. Proceeds on disposal receivable in cash comprise the SA Sale Consideration of R800.0 million.
6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**
Consideration (refer note 5)	800,000
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)
Less:	
Consolidated net asset values	(500,600)
– Carved out assets and liabilities (refer note 3)	662,238
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)
Disposal's net impact on equity and reserves attributable to the parent	**(102,149)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and

    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

11. Under the Specific Repurchase, the Company repurchases 100% of the Repurchase Shares for an amount of R9.9 million amounting to 2.67 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.02 million and fees of R0.03 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.25 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital. Consequently, no tax charge on capital gains will arise.

SCENARIO 5: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**129,832**	**4,226,633**	**(1,280,607)**	**(78,120)**	**–**	**–**	**–**	**–**	**–**	**–**	**2,867,906**
Property, plant and equipment	387,925	36,711	424,636	(108,519)	–	–	–	–	–	–	–	316,117
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,373)	387,638	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	–	1,403,744	(374,203)	–	–	–	–	–	–	–	1,029,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(25,704)	(2,460)	–	–	–	–	–	–	24,838
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(426,965)**	**–**	**1,050,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(5,120)**	**1,035,392**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(311,836)	–	–	–	–	–	–	–	571,351
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	(1,439)	–	1,050,000	(401,549)	(396,578)	(26,291)	(9,895)	(5,120)	248,137
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**92,261**	**5,478,423**	**(1,707,572)**	**(78,120)**	**1,050,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(5,120)**	**3,903,298**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**197,486**	**(2,671,703)**	**(410,844)**	**1,288,670**	**(1,050,000)**	**401,549**	**–**	**26,291**	**9,895**	**5,120**	**(2,401,022)**
Equity and reserves	(2,837,489)	197,486	(2,640,003)	(414,881)	1,288,670	(1,050,000)	401,549	–	26,291	9,895	5,120	(2,373,359)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,838,467**	**(1,314,771)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(822,262)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	53,913	–	–	–	–	–	–	–	(138,416)
Trade and other payables	(898,955)	(31,718)	(930,673)	321,520	–	–	–	–	–	–	–	(609,153)
Inter-group loans	–	–	–	1,314,771	(1,314,771)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**2,118,416**	**(1,210,550)**	**–**	**–**	**396,578**	**–**	**–**	**–**	**(1,502,276)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**(92,261)**	**(5,478,423)**	**1,707,572**	**78,120**	**(1,050,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**5,120**	**(3,903,298)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(1,335)	264,168
NAV	2,837,489	(197,486)	2,640,003	414,881	(1,288,670)	1,050,000	(401,549)	–	(26,291)	(9,895)	(5,120)	2,373,359
NAV per share (cents)	1,079.58		1,004.44									898.43
TNAV	633,952	(307,917)	326,035	1,187,062	(1,213,010)	1,050,000	(401,549)	–	(26,291)	(9,895)	(5,120)	907,232
TNAV per share (cents)	241.20		124.05									343.43

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio as at 31 December 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group, Africa Radio and SA Radio as at 31 December 2018 include:

   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
   c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
   d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
   e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and relating deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
SA Radio Sale Consideration	50,000
	1,050,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5)	800,000	200,000	50,000	**1,050,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	–	**(401,549)**
Less:				
Consolidated net asset values	(500,600)	(370,911)	(2,278)	**(873,789)**
– Carved out assets and liabilities (refer note 3)	662,238	(370,911)	123,553	**414,880**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	–	(125,831)	**(1,288,669)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	(170,911)	47,722	**(225,338)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash.

11. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares for an amount of R5.0 million amounting to 1.33 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.01 million and fees of R0.01 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.1 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss and SA Radio Sale will result in a capital gain however this is to be offset against the capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

13. It is considered that the Africa Radio Sale will result in a capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

SCENARIO 6: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**(41,079)**	**4,055,722**	**(909,696)**	**(78,120)**	**–**	**–**	**–**	**–**	**–**	**–**	**3,067,906**
Property, plant and equipment	387,925	36,711	424,636	(108,519)	–	–	–	–	–	–	–	316,117
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,373)	387,638	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	(170,911)	1,232,833	(3,292)	–	–	–	–	–	–	–	1,229,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(25,704)	(2,460)	–	–	–	–	–	–	24,838
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(426,965)**	**–**	**850,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(5,120)**	**835,392**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(311,836)	–	–	–	–	–	–	–	571,351
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	(1,439)	–	850,000	(401,549)	(396,578)	(26,291)	(9,895)	(5,120)	48,137
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**(78,650)**	**5,307,512**	**(1,336,661)**	**(78,120)**	**850,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(5,120)**	**3,903,298**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**368,397**	**(2,500,792)**	**(781,755)**	**1,288,670**	**(850,000)**	**401,549**	**–**	**26,291**	**9,895**	**5,120**	**(2,401,022)**
Equity and reserves	(2,837,489)	368,397	(2,469,092)	(785,792)	1,288,670	(850,000)	401,549	–	26,291	9,895	5,120	(2,373,359)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,838,467**	**(1,314,771)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(822,262)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	53,913	–	–	–	–	–	–	–	(138,416)
Trade and other payables	(898,955)	(31,718)	(930,673)	321,520	–	–	–	–	–	–	–	(609,153)
Inter-group loans	–	–	–	1,314,771	(1,314,771)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**2,118,416**	**(1,210,550)**	**–**	**–**	**396,578**	**–**	**–**	**–**	**(1,502,276)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**78,650**	**(5,307,512)**	**1,336,661**	**78,120**	**(850,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**5,120**	**(3,903,298)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(1,335)	264,168
NAV	2,837,489	(368,397)	2,469,092	785,792	(1,288,670)	850,000	(401,549)	–	(26,291)	(9,895)	(5,120)	2,373,359
NAV per share (cents)	1,079.58		939.41									898.43
TNAV	633,952	(478,828)	155,124	1,557,973	(1,213,010)	850,000	(401,549)	–	(26,291)	(9,895)	(5,120)	907,232
TNAV per share (cents)	241.20		59.02									343.43

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio as at 31 December 2018 included in Annexure 1, and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group and SA Radio as at 31 December 2018 include:

   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
   c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
   d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
   e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and relating deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
SA Radio Sale Consideration	50,000
	850,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5)	800,000	50,000	**850,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	**(401,549)**
Less:			
Consolidated net asset values	(500,600)	(2,278)	**(502,878)**
– Carved out assets and liabilities (refer note 3)	662,238	123,553	**785,791**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	(125,831)	**(1,288,669)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	47,722	**(54,427)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

11. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares for an amount of R5.0 million amounting to 1.33 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.01 million and fees of R0.01 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.1 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss and SA Radio Sale will result in a capital gain however this is to be offset against the capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

SCENARIO 7: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**129,832**	**4,226,633**	**(1,279,142)**	**(78,122)**	**–**	**–**	**–**	**–**	**–**	**–**	**2,869,369**
Property, plant and equipment	387,925	36,711	424,636	(108,177)	–	–	–	–	–	–	–	316,459
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,370)	387,635	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	–	1,403,744	(374,203)	–	–	–	–	–	–	–	1,029,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(24,584)	(2,459)	–	–	–	–	–	–	25,959
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(421,177)**	**–**	**1,000,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(5,120)**	**991,180**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(307,487)	–	–	–	–	–	–	–	575,700
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	–	–	1,000,000	(401,549)	(396,578)	(26,291)	(9,895)	(5,120)	199,576
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**92,261**	**5,478,423**	**(1,700,319)**	**(78,122)**	**1,000,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**(5,120)**	**3,860,549**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**197,486**	**(2,671,703)**	**(287,290)**	**1,162,838**	**(1,000,000)**	**401,549**	**–**	**26,291**	**9,895**	**5,120**	**(2,353,300)**
Equity and reserves	(2,837,489)	197,486	(2,640,003)	(291,327)	1,162,838	(1,000,000)	401,549	–	26,291	9,895	5,120	(2,325,637)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,707,660**	**(1,188,937)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(827,235)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	50,937	–	–	–	–	–	–	–	(141,392)
Trade and other payables	(898,955)	(31,718)	(930,673)	319,523	–	–	–	–	–	–	–	(611,150)
Inter-group loans	–	–	–	1,188,937	(1,188,937)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**1,987,609**	**(1,084,716)**	**–**	**–**	**396,578**	**–**	**–**	**–**	**(1,507,249)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**(92,261)**	**(5,478,423)**	**1,700,319**	**78,122**	**(1,000,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**5,120**	**(3,860,549)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(1,335)	264,168
NAV	2,837,489	(197,486)	2,640,003	291,327	(1,162,838)	1,000,000	(401,549)	–	(26,291)	(9,895)	(5,120)	2,325,637
NAV per share (cents)	1,079.58		1,004.44									880.36
TNAV	633,952	(307,917)	326,035	1,063,505	(1,087,175)	1,000,000	(401,549)	–	(26,291)	(9,895)	(5,120)	859,510
TNAV per share (cents)	241.20		124.05									325.36

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio as at 31 December 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group and Africa Radio as at 31 December 2018 include:
    a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
    b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
    c. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group at a Tiso Blackstar level; and
    d. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.
5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
	1,000,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5)	800,000	200,000	**1,000,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	**(401,549)**
Less:			
Consolidated net asset values	(500,600)	(370,911)	**(871,511)**
– Carved out assets and liabilities (refer note 3)	662,238	(370,911)	**291,327**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	–	**(1,162,838)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	(170,911)	**(273,060)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash.

11. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares for an amount of R5.0 million amounting to 1.33 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.01 million and fees of R0.01 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.1 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss. Consequently, no tax charge on capital gains will arise.

13. It is considered that the Africa Radio Sale will result in a capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

SCENARIO 8: ASSUME DISPOSAL OF TBG SA GROUP ACHIEVED, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND 50% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION								
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Pro forma effect of Specific Repurchase from Media Participants	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	11	
Non-current assets	**4,096,801**	**(41,079)**	**4,055,722**	**(908,231)**	**(78,122)**	**–**	**–**	**–**	**–**	**–**	**–**	**3,069,369**
Property, plant and equipment	387,925	36,711	424,636	(108,177)	–	–	–	–	–	–	–	316,459
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,370)	387,635	–	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	(170,911)	1,232,833	(3,292)	–	–	–	–	–	–	–	1,229,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(24,584)	(2,459)	–	–	–	–	–	–	25,959
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(421,177)**	**–**	**800,000**	**(401,549)**	**(396,154)**	**(26,291)**	**(9,895)**	**(5,120)**	**791,604**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(307,487)	–	–	–	–	–	–	–	575,700
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	–	–	800,000	(401,549)	(396,154)	(26,291)	(9,895)	(5,120)	–
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**(78,650)**	**5,307,512**	**(1,329,408)**	**(78,122)**	**800,000**	**(401,549)**	**(396,154)**	**(26,291)**	**(9,895)**	**(5,120)**	**3,860,973**
EQUITY AND LIABILITIES												
TOTAL EQUITY	**(2,869,189)**	**368,397**	**(2,500,792)**	**(658,201)**	**1,162,838**	**(800,000)**	**401,549**	**–**	**26,291**	**9,895**	**5,120**	**(2,353,300)**
Equity and reserves	(2,837,489)	368,397	(2,469,092)	(662,238)	1,162,838	(800,000)	401,549	–	26,291	9,895	5,120	(2,325,637)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES												
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,438**	**–**	**–**	**–**	**(680,438)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,438	–	–	–	(263,111)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,707,660**	**(1,188,937)**	**–**	**–**	**76,716**	**–**	**–**	**–**	**(827,235)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	50,937	–	–	–	–	–	–	–	(141,392)
Trade and other payables	(898,955)	(31,718)	(930,673)	319,523	–	–	–	–	–	–	–	(611,150)
Inter-group loans	–	–	–	1,188,937	(1,188,937)	–	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**1,987,609**	**(1,084,716)**	**–**	**–**	**396,154**	**–**	**–**	**–**	**(1,507,673)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**78,650**	**(5,307,512)**	**1,329,408**	**78,122**	**(800,000)**	**401,549**	**396,154**	**26,291**	**9,895**	**5,120**	**(3,860,973)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	(1,335)	264,168
NAV	2,837,489	(368,397)	2,469,092	662,238	(1,162,838)	800,000	(401,549)	–	(26,291)	(9,895)	(5,120)	2,325,637
NAV per share (cents)	1,079.58		939.41									880.36
TNAV	633,952	(478,828)	155,124	1,434,416	(1,087,175)	800,000	(401,549)	–	(26,291)	(9,895)	(5,120)	859,510
TNAV per share (cents)	241.20		59.02									325.36

NOTES AND ASSUMPTIONS:

1. The “Tiso Blackstar Reviewed Results at 31 December 2018” information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.
2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the “Disposal of carved out assets and liabilities” is extracted from the reviewed Historical Combined Financial Information for TBG SA Group at 31 December 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant’s Report on such information contained in Annexure 2 to this Circular).
4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group as at 31 December 2018 include:
    a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
    b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
    c. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group at a Tiso Blackstar level; and
    d. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA’s assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar’s reviewed results for the period ended 31 December 2018.
5. Proceeds on disposal receivable in cash comprise the SA Sale Consideration of R800.0 million.
6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R’000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal’s impact on equity and reserves attributable to the parent is summarised below:

R’000	SA Sale
Consideration (refer note 5)	800,000
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)
Less:	
Consolidated net asset values	(500,600)
– Carved out assets and liabilities (refer note 3)	662,238
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)
Disposal’s net impact on equity and reserves attributable to the parent	**(102,149)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R24.9 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

11. Under the Specific Repurchase, the Company repurchases 50% of the Repurchase Shares for an amount of R5.0 million amounting to 1.33 million Shares, at the Specific Repurchase Price of R3.72 per Share. Share transfer tax of R0.01 million and fees of R0.01 million are incurred on acquisition of the Repurchase Shares.

    Under the Companies Act, Tiso Blackstar will be required to effect the Specific Repurchase from its distributable reserves. In order to increase the Company's distributable reserves so as to enable the Specific Repurchase to occur, it will be necessary to reduce the Company's share premium account, so that it can be converted to distributable reserves for the Specific Repurchase. The Company intends to convert its entire share premium account of R701.2 million to distributable reserves. Such a Capital Reduction requires the approval of Shareholders by way of a special resolution, as well as court approval under the Companies Act.

    It is unlikely that the Capital Reduction would occur prior to the implementation of the SA Sale. In order to facilitate the implementation of the Specific Repurchase as soon as possible following the SA Sale Closing Date, but prior to the Capital Reduction occurring, Tiso Blackstar will enter into an agreement with a bank. Under this agreement, Media Participants wishing to dispose of Shares that have vested to them as a result of the SA Sale will be able to sell those Shares to the bank, who shall warehouse those Shares until such time as the Capital Reduction has occurred. Immediately thereafter the bank will dispose of those Shares to the Company as the ultimate purchaser, whereupon the Specific Repurchase Shares will be cancelled. Fees of R0.1 million arise in respect of the warehousing of the Shares.

12. It is considered that the SA Sale will result in a capital loss. Consequently, no tax charge on capital gains will arise.

SCENARIO 9: ASSUME DISPOSAL OF TBG SA GROUP, AFRICA RADIO AND SA RADIO ACHIEVED AND NO FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	
Non-current assets	**4,096,801**	**129,832**	**4,226,633**	**(1,280,607)**	**(78,120)**	**–**	**–**	**–**	**–**	**–**	**2,867,906**
Property, plant and equipment	387,925	36,711	424,636	(108,519)	–	–	–	–	–	–	316,117
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,373)	387,638	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	–	1,403,744	(374,203)	–	–	–	–	–	–	1,029,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(25,704)	(2,460)	–	–	–	–	–	24,838
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(426,965)**	**–**	**1,050,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**1,040,512**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(311,836)	–	–	–	–	–	–	571,351
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	(1,439)	–	1,050,000	(401,549)	(396,578)	(26,291)	(9,895)	253,257
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**92,261**	**5,478,423**	**(1,707,572)**	**(78,120)**	**1,050,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**3,908,418**
EQUITY AND LIABILITIES											
TOTAL EQUITY	**(2,869,189)**	**197,486**	**(2,671,703)**	**(410,844)**	**1,288,670**	**(1,050,000)**	**401,549**	**–**	**26,291**	**9,895**	**(2,406,142)**
Equity and reserves	(2,837,489)	197,486	(2,640,003)	(414,881)	1,288,670	(1,050,000)	401,549	–	26,291	9,895	(2,378,479)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES											
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,838,467**	**(1,314,771)**	**–**	**–**	**76,716**	**–**	**–**	**(822,262)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	53,913	–	–	–	–	–	–	(138,416)
Trade and other payables	(898,955)	(31,718)	(930,673)	321,520	–	–	–	–	–	–	(609,153)
Inter-group loans	–	–	–	1,314,771	(1,314,771)	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**2,118,416**	**(1,210,550)**	**–**	**–**	**396,578**	**–**	**–**	**(1,502,276)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**(92,261)**	**(5,478,423)**	**1,707,572**	**78,120**	**(1,050,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**(3,908,418)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	265,503
NAV	2,837,489	(197,486)	2,640,003	414,881	(1,288,670)	1,050,000	(401,549)	–	(26,291)	(9,895)	2,378,479
NAV per share (cents)	1,079.58		1,004.44								895.84
TNAV	633,952	(307,917)	326,035	1,187,062	(1,213,010)	1,050,000	(401,549)	–	(26,291)	(9,895)	912,352
TNAV per share (cents)	241.20		124.05								343.63

NOTES AND ASSUMPTIONS:

1. The “Tiso Blackstar Reviewed Results at 31 December 2018” information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the “Disposal of carved out assets and liabilities” is extracted from the reviewed Historical Combined Financial Information for TBG SA Group, Africa Radio and SA Radio as at 31 December 2018 included in Annexure 1, Annexure 3 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant’s Reports on such information contained in Annexure 2, Annexure 4 and Annexure 6 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group, Africa Radio and SA Radio as at 31 December 2018 include:

   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
   c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
   d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
   e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA’s assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA,Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar’s reviewed results for the period ended 31 December 2018.

5. Proceeds on disposal receivable in cash comprise the following:

R’000	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
SA Radio Sale Consideration	50,000
	1,050,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R’000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**SA Radio Sale**	**Total**
Consideration (refer note 5)	800,000	200,000	50,000	**1,050,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	–	**(401,549)**
Less:				
Consolidated net asset values	(500,600)	(370,911)	(2,278)	**(873,789)**
– Carved out assets and liabilities (refer note 3)	662,238	(370,911)	123,553	**414,880**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	–	(125,831)	**(1,288,669)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	(170,911)	47,722	**(225,338)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash.

11. It is considered that the SA Sale will result in a capital loss and SA Radio Sale will result in a capital gain however this is to be offset against the capital loss incurred arising on the SA Sale. Consequently, no tax charge on capital gains will arise.

12. It is considered that the Africa Radio Sale will result in a capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

SCENARIO 10: ASSUME DISPOSAL OF TBG SA GROUP AND SA RADIO ACHIEVED, DISPOSAL OF AFRICA RADIO NOT ACHIEVED AND 0% OF FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	
Non-current assets	**4,096,801**	**(41,079)**	**4,055,722**	**(909,696)**	**(78,120)**	**–**	**–**	**–**	**–**	**–**	**3,067,906**
Property, plant and equipment	387,925	36,711	424,636	(108,519)	–	–	–	–	–	–	316,117
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,373)	387,638	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	(170,911)	1,232,833	(3,292)	–	–	–	–	–	–	1,229,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(25,704)	(2,460)	–	–	–	–	–	24,838
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(426,965)**	**–**	**850,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**840,512**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(311,836)	–	–	–	–	–	–	571,351
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	(1,439)	–	850,000	(401,549)	(396,578)	(26,291)	(9,895)	53,257
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**(78,650)**	**5,307,512**	**(1,336,661)**	**(78,120)**	**850,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**3,908,418**
EQUITY AND LIABILITIES											
TOTAL EQUITY	**(2,869,189)**	**368,397**	**(2,500,792)**	**(781,755)**	**1,288,670**	**(850,000)**	**401,549**	**–**	**26,291**	**9,895**	**(2,406,142)**
Equity and reserves	(2,837,489)	368,397	(2,469,092)	(785,792)	1,288,670	(850,000)	401,549	–	26,291	9,895	(2,378,479)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES											
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,838,467**	**(1,314,771)**	**–**	**–**	**76,716**	**–**	**–**	**(822,262)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	53,913	–	–	–	–	–	–	(138,416)
Trade and other payables	(898,955)	(31,718)	(930,673)	321,520	–	–	–	–	–	–	(609,153)
Inter-group loans	–	–	–	1,314,771	(1,314,771)	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**2,118,416**	**(1,210,550)**	**–**	**–**	**396,578**	**–**	**–**	**(1,502,276)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**78,650**	**(5,307,512)**	**1,336,661**	**78,120**	**(850,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**(3,908,418)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	265,503
NAV	2,837,489	(368,397)	2,469,092	785,792	(1,288,670)	850,000	(401,549)	–	(26,291)	(9,895)	2,378,479
NAV per share (cents)	1,079.58		939.41								895.84
TNAV	633,952	(478,828)	155,124	1,557,973	(1,213,010)	850,000	(401,549)	–	(26,291)	(9,895)	912,352
TNAV per share (cents)	241.20		59.02								343.63

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and SA Radio as at 31 December 2018 included in Annexure 1 and Annexure 5 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 6 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the Carved out assets and liabilities for TBG SA Group as at 31 December 2018 include:

   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
   c. Intergroup loans of R125.9 million owing by SA Radio Assets to its holding company are capitalised as part of the Restructuring and therefore form part of the SA Radio Sale Shares;
   d. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group and SA Radio at a Tiso Blackstar level; and
   e. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
SA Radio Sale Consideration	50,000
	850,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	SA Sale	SA Radio Sale	Total
Consideration (refer note 5)	800,000	50,000	**850,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	**(401,549)**
Less:			
Consolidated net asset values	(500,600)	(2,278)	**(502,878)**
– Carved out assets and liabilities (refer note 3)	662,238	123,553	**785,791**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	(125,831)	**(1,288,669)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	47,722	**(54,427)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

11. It is considered that the SA Sale will result in a capital loss and SA Radio Sale will result in a capital gain however this is to be offset against the capital loss incurred arising on the SA Sale. Consequently no tax charge on capital gains will arise.

SCENARIO 11: ASSUME DISPOSAL OF TBG SA GROUP AND AFRICA RADIO ACHIEVED, DISPOSAL OF SA RADIO NOT ACHIEVED AND NO FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	
Non-current assets	**4,096,801**	**129,832**	**4,226,633**	**(1,279,142)**	**(78,122)**	**–**	**–**	**–**	**–**	**–**	**2,869,369**
Property, plant and equipment	387,925	36,711	424,636	(108,177)	–	–	–	–	–	–	316,459
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,370)	387,635	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	–	1,403,744	(374,203)	–	–	–	–	–	–	1,029,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(24,584)	(2,459)	–	–	–	–	–	25,959
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(421,177)**	**–**	**1,000,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**996,300**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(307,487)	–	–	–	–	–	–	575,700
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	–	–	1,000,000	(401,549)	(396,578)	(26,291)	(9,895)	204,696
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**92,261**	**5,478,423**	**(1,700,319)**	**(78,122)**	**1,000,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**3,865,669**
EQUITY AND LIABILITIES											
TOTAL EQUITY	**(2,869,189)**	**197,486**	**(2,671,703)**	**(287,290)**	**1,162,838**	**(1,000,000)**	**401,549**	**–**	**26,291**	**9,895**	**(2,358,420)**
Equity and reserves	(2,837,489)	197,486	(2,640,003)	(291,327)	1,162,838	(1,000,000)	401,549	–	26,291	9,895	(2,330,757)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES											
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,707,660**	**(1,188,937)**	**–**	**–**	**76,716**	**–**	**–**	**(827,235)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	50,937	–	–	–	–	–	–	(141,392)
Trade and other payables	(898,955)	(31,718)	(930,673)	319,523	–	–	–	–	–	–	(611,150)
Inter-group loans	–	–	–	1,188,937	(1,188,937)	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**1,987,609**	**(1,084,716)**	**–**	**–**	**396,578**	**–**	**–**	**(1,507,249)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**(92,261)**	**(5,478,423)**	**1,700,319**	**78,122**	**(1,000,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**(3,865,669)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	265,503
NAV	2,837,489	(197,486)	2,640,003	291,327	(1,162,838)	1,000,000	(401,549)	–	(26,291)	(9,895)	2,330,757
NAV per share (cents)	1,079.58		1,004.44								877.86
TNAV	633,952	(307,917)	326,035	1,063,505	(1,087,175)	1,000,000	(401,549)	–	(26,291)	(9,895)	864,630
TNAV per share (cents)	241.20		124.05								325.66

NOTES AND ASSUMPTIONS:

1. The "Tiso Blackstar Reviewed Results at 31 December 2018" information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the "Disposal of carved out assets and liabilities" is extracted from the reviewed Historical Combined Financial Information for TBG SA Group and Africa Radio as at 31 December 2018 included in Annexure 1 and Annexure 3 to this Circular respectively (with the Independent Reporting Accountant's Reports on such information contained in Annexure 2 and Annexure 4 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group and Africa Radio as at 31 December 2018 include:
    a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
    b. Claims held by BHG against TBG SA of R1,188.9 million are disposed of as part of the SA Sale Equity;
    c. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group at a Tiso Blackstar level; and
    d. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA's assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG SA Group by R2.5 million and decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar's reviewed results for the period ended 31 December 2018.

5. Proceeds on disposal receivable in cash comprise the following:

R'000	
SA Sale Consideration	800,000
Africa Radio Sale Consideration	200,000
	1,000,000

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R'000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal's impact on equity and reserves attributable to the parent is summarised below:

R'000	**SA Sale**	**Africa Radio Sale**	**Total**
Consideration (refer note 5)	800,000	200,000	**1,000,000**
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)	–	**(401,549)**
Less:			
Consolidated net asset values	(500,600)	(370,911)	**(871,511)**
– Carved out assets and liabilities (refer note 3)	662,238	(370,911)	**291,327**
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)	–	**(1,162,838)**
Disposal's net impact on equity and reserves attributable to the parent	(102,149)	(170,911)	**(273,060)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash.

11. It is considered that the SA Sale will result in a capital loss. Consequently, no tax charge on capital gains will arise.

12. It is considered that the Africa Radio Sale will result in a capital loss, and in addition to this will fall within the UK substantial shareholdings exemption. Consequently, no tax charge on capital gains will arise.

SCENARIO 12: ASSUME DISPOSAL OF TBG SA GROUP ACHIEVED, DISPOSAL OF SA RADIO AND AFRICA RADIO NOT ACHIEVED AND NO FSP SHARES BOUGHT BACK

				PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION							
R'000	Tiso Blackstar Reviewed Results at 31 December 2018	Subsequent events requiring adjustment to pro forma information	Tiso Blackstar Adjusted Results at 31 December 2018	Disposal of carved out assets and liabilities	Consolidation entries relating to carved out assets and liabilities	Proceeds on disposal	Adjustments to SA Sale Consideration	Reduction of Tiso Blackstar debt to appropriate levels	Exit of Media Participants from Forfeitable Share Plan	Other Pro forma adjustments	Tiso Blackstar Pro forma Results at 31 December 2018
Notes	1	2		3	4,7	5,7	6,7	8	9	10	
Non-current assets	**4,096,801**	**(41,079)**	**4,055,722**	**(908,231)**	**(78,122)**	**–**	**–**	**–**	**–**	**–**	**3,069,369**
Property, plant and equipment	387,925	36,711	424,636	(108,177)	–	–	–	–	–	–	316,459
Goodwill	1,046,236	77,911	1,124,147	(808)	(463,298)	–	–	–	–	–	660,041
Intangible assets	1,157,301	32,520	1,189,821	(771,370)	387,635	–	–	–	–	–	806,086
Investments in associates – equity accounted	1,403,744	(170,911)	1,232,833	(3,292)	–	–	–	–	–	–	1,229,541
Other investments, loans and receivables	48,788	(17,505)	31,283	–	–	–	–	–	–	–	31,283
Deferred taxation	52,807	195	53,002	(24,584)	(2,459)	–	–	–	–	–	25,959
Current assets	**1,170,873**	**80,917**	**1,251,790**	**(421,177)**	**–**	**800,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**796,300**
Straight lining of lease assets	20,915	–	20,915	(8,268)	–	–	–	–	–	–	12,647
Inventories	274,196	11,022	285,218	(105,343)	–	–	–	–	–	–	179,875
Trade and other receivables	838,097	45,090	883,187	(307,487)	–	–	–	–	–	–	575,700
Current taxation	23,461	–	23,461	(79)	–	–	–	–	–	–	23,382
Cash and cash equivalents	14,204	24,805	39,009	–	–	800,000	(401,549)	(396,578)	(26,291)	(9,895)	4,696
Non-current assets held for sale	118,488	(118,488)	–	–	–	–	–	–	–	–	–
TOTAL ASSETS	**5,386,162**	**(78,650)**	**5,307,512**	**(1,329,408)**	**(78,122)**	**800,000**	**(401,549)**	**(396,578)**	**(26,291)**	**(9,895)**	**3,865,669**
EQUITY AND LIABILITIES											
TOTAL EQUITY	**(2,869,189)**	**368,397**	**(2,500,792)**	**(658,201)**	**1,162,838**	**(800,000)**	**401,549**	**–**	**26,291**	**9,895**	**(2,358,420)**
Equity and reserves	(2,837,489)	368,397	(2,469,092)	(662,238)	1,162,838	(800,000)	401,549	–	26,291	9,895	(2,330,757)
Non-controlling interests	(31,700)	–	(31,700)	4,037	–	–	–	–	–	–	(27,663)
TOTAL LIABILITIES											
Non-current liabilities	**(1,248,760)**	**(135,286)**	**(1,384,046)**	**279,949**	**104,221**	**–**	**–**	**319,862**	**–**	**–**	**(680,014)**
Borrowings	(727,500)	(100,000)	(827,500)	244,951	–	–	–	319,862	–	–	(262,687)
Other non-current liabilities	(203,278)	(14,181)	(217,459)	34,998	–	–	–	–	–	–	(182,461)
Deferred taxation	(317,982)	(21,105)	(339,087)	–	104,221	–	–	–	–	–	(234,866)
Current liabilities	**(1,268,213)**	**(154,461)**	**(1,422,674)**	**1,707,660**	**(1,188,937)**	**–**	**–**	**76,716**	**–**	**–**	**(827,235)**
Borrowings	(201,160)	34,750	(166,410)	26,828	–	–	–	102,271	–	–	(37,311)
Other current liabilities	(86,795)	(105,534)	(192,329)	50,937	–	–	–	–	–	–	(141,392)
Trade and other payables	(898,955)	(31,718)	(930,673)	319,523	–	–	–	–	–	–	(611,150)
Inter-group loans	–	–	–	1,188,937	(1,188,937)	–	–	–	–	–	–
Current taxation	(35,454)	(1,959)	(37,413)	31	–	–	–	–	–	–	(37,382)
Bank overdrafts and other short-term borrowing facilities	(45,849)	(50,000)	(95,849)	121,404	–	–	–	(25,555)	–	–	–
TOTAL LIABILITIES	**(2,516,973)**	**(289,747)**	**(2,806,720)**	**1,987,609**	**(1,084,716)**	**–**	**–**	**396,578**	**–**	**–**	**(1,507,249)**
TOTAL EQUITY AND LIABILITIES	**(5,386,162)**	**78,650**	**(5,307,512)**	**1,329,408**	**78,122**	**(800,000)**	**401,549**	**396,578**	**26,291**	**9,895**	**(3,865,669)**
No of shares in issue (net of treasury shares, in thousands)	262,833	–	262,833	–	–	–	–	–	2,670	–	265,503
NAV	2,837,489	(368,397)	2,469,092	662,238	(1,162,838)	800,000	(401,549)	–	(26,291)	(9,895)	2,330,757
NAV per share (cents)	1,079.58		939.41								877.86
TNAV	633,952	(478,828)	155,124	1,434,416	(1,087,175)	800,000	(401,549)	–	(26,291)	(9,895)	864,630
TNAV per share (cents)	241.20		59.02								325.66

NOTES AND ASSUMPTIONS:

1. The “Tiso Blackstar Reviewed Results at 31 December 2018” information has been extracted, without adjustment, from the Tiso Blackstar Group SE reviewed consolidated interim financial statements as at 31 December 2018, available on the Tiso Blackstar website www.tisoblackstar.com/tbg/investors/publications.

2. Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, are detailed in Annexure 7b. There are no other material subsequent events that require adjustment to the pro forma financial information.

Pro forma financial effects of the Transaction comprise:

3. The financial information forming the basis of the “Disposal of carved out assets and liabilities” is extracted from the reviewed Historical Combined Financial Information for TBG SA Group as at 31 December 2018 included in Annexure 1 to this Circular (with the Independent Reporting Accountant’s Report on such information contained in Annexure 2 to this Circular).

4. Consolidation entries at a Tiso Blackstar level relating to the carved out assets and liabilities for TBG SA Group as at 31 December 2018 include:

   a. A decrease of R463.3 million in goodwill which includes: goodwill of R464.1 million recognised at a Tiso Blackstar level on consolidation now derecognised as a result of the TBG SA Group disposal; net of the reversal of the goodwill of R0.8 million recognised at a TBG SA Group level and included in the TBG SA Group carved out assets and liabilities. Similarly a net increase to intangible assets of R387.6 million arise as a consolidation entry relating to the carved out assets and liabilities of TBG SA Group. This comprises the derecognition of intangible assets of R383.8 million recognised at a Tiso Blackstar level on consolidation of the TBG SA Group net of the reversal of the intangible assets of R771.4 million recognised at a TBG SA Group level. A deferred taxation liability of R79.8 million relating to the intangible asset was reversed;
   b. Claims held by BHG against TBG SA of R1,190.0 million are disposed of as part of the SA Sale Equity;
   c. Consolidation entries to eliminate the at acquisition equity and reserves on consolidation of TBG SA Group at a Tiso Blackstar level; and
   d. The taxation and deferred taxation included in the carved out Historical Combined Financial Information for TBG SA Group has been calculated on the basis that TBG SA Group was considered to be a separate legal entity. TBG SA’s assessed loss, and relating deferred tax asset raised thereon, was recalculated from 1 July 2015 onwards utilising the tax calculations prepared from the TBG SA Group results as reflected within Historical Combined Financial Information. Consolidation entries are required to reduce the deferred taxation asset of TBG Group by R2.5 million, decrease the TBG SA Group deferred taxation liability by R24.4 million due to the fact that the deferred tax balance and related deferred tax charges reflected in the TBG SA Group carved out accounts differ to the amounts included in Tiso Blackstar’s reviewed results for the period ended 31 December 2018.

5. Proceeds on disposal receivable in cash comprise the SA Sale Consideration of R800.0 million.

6. Adjustments to the SA Sale Consideration calculated in accordance with the TBG SA Sale Agreement comprise the following:

R’000	
TBG SA Group negative bank balances included in bank overdrafts	(121,404)
TBG SA debt included in Borrowings and other liabilities	(264,891)
Difference between SA Sale Working Capital and SA Sale Normalised Working Capital	(15,254)
	(401,549)

7. The disposal’s impact on equity and reserves attributable to the parent is summarised below:

R’000	**SA Sale**
Consideration (refer note 5)	800,000
Adjustments to the SA Sale Consideration (refer note 6)	(401,549)
Less:	
Consolidated net asset values	(500,600)
– Carved out assets and liabilities (refer note 3)	662,238
– Consolidation entries relating to the carved out assets and liabilities (refer note 4)	(1,162,838)
Disposal’s net impact on equity and reserves attributable to the parent	**(102,149)**

8. The majority of the proceeds from the Transaction are utilised to settle existing bank overdraft balances in full and reduce existing Tiso Blackstar borrowings to appropriate levels based on an optimal capital structure, and the balance is included in cash and cash equivalents.

9. As a result of the SA Sale, a total of 2.67 million Forfeitable Shares awarded to Media Participants vest and are issued to Media Participants. The number of Forfeitable Shares that vest has been calculated utilising the forecasted assessment of achievement of performance conditions for the three year performance period ending 30 June 2019 and applied to the actual number of Forfeitable Shares in issue at 31 December 2018. This provides a more realistic indication of the achievement performance conditions on deemed vesting date. In addition to this, an anticipated Cash Bonus of R26.3 million is awarded to compensate Media Participants for the early vesting as a result of the Transaction and to ensure that Media Participants are retained by Tiso Blackstar until the SA Sale is implemented. The number of Forfeitable shares that do not vest as a result of the early vesting are taken into consideration in the calculation of the Cash Bonus.

10. Other Pro forma adjustments comprise the following:

    a. Once-off costs relating to the Transaction of R9.0 million, settled in cash. The costs are capital in nature and are therefore not tax deductible; and
    b. Stamp duty of R0.9 million arising on transfer of shares in Radio Africa Kenya to Newco UK as part of the Restructuring, settled in cash. It is assumed that the Restructuring will take place regardless of whether the disposal of Africa Radio is successful.

11. It is considered that the SA Sale will result in a capital loss. Consequently, no tax charge on capital gains will arise.

SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO THE PRO FORMAS FOR SCENARIOS 1, 3, 5, 7, 9 AND 11 (SCENARIOS WHERE AFRICA RADIO IS ASSUMED TO BE DISPOSED OF).

	SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO PRO FORMA INFORMATION				
R'000	Acquisition of 100% interest in First Impression Labels	Reduction in TBH UK borrowings utilising proceeds from sale of assets	Robor – reclassification and subsequent impairment	Fair value adjustment to contingent consideration on acquisition of subsidiary	Total subsequent events requiring adjustment to pro forma information
Notes	1	2	3	4	
Non-current assets	**181,824**	**(34,316)**	**(17,676)**	**–**	**129,832**
Property, plant and equipment	71,222	(34,511)	–	–	36,711
Goodwill	77,911	–	–	–	77,911
Intangible assets	32,520	–	–	–	32,520
Investments in associates – equity accounted	–	–	–	–	–
Other investments, loans and receivables	171	–	(17,676)	–	(17,505)
Deferred taxation	–	195	–	–	195
Current assets	**80,917**	**–**	**–**	**–**	**80,917**
Straight lining of lease assets	–	–	–	–	–
Inventories	11,022	–	–	–	11,022
Trade and other receivables	45,090	–	–	–	45,090
Current taxation	–	–	–	–	–
Cash and cash equivalents	24,805	–	–	–	24,805
Non-current assets held for sale	–	–	(118,488)	–	(118,488)
TOTAL ASSETS	**262,741**	**(34,316)**	**(136,164)**	**–**	**92,261**
EQUITY AND LIABILITIES					
TOTAL EQUITY	**–**	**(434)**	**186,164**	**11,756**	**197,486**
Equity and reserves	–	(434)	186,164	11,756	197,486
Non-controlling interests	–	–	–	–	–
TOTAL LIABILITIES					
Non-current liabilities	**(135,286)**	**–**	**–**	**–**	**(135,286)**
Borrowings	(100,000)	–	–	–	(100,000)
Other non-current liabilities	(14,181)	–	–	–	(14,181)
Deferred taxation	(21,105)	–	–	–	(21,105)
Current liabilities	**(127,455)**	**34,750**	**(50,000)**	**(11,756)**	**(154,461)**
Borrowings	–	34,750	–	–	34,750
Other current liabilities	(105,534)	–	–	–	(105,534)
Trade and other payables	(19,962)	–	–	(11,756)	(31,718)
Inter-group loans	–	–	–	–	–
Current taxation	(1,959)	–	–	–	(1,959)
Bank overdrafts and other short-term borrowing facilities	–	–	(50,000)	–	(50,000)
TOTAL LIABILITIES	**(262,741)**	**34,750**	**(50,000)**	**(11,756)**	**(289,747)**
TOTAL EQUITY AND LIABILITIES	**(262,741)**	**34,316**	**136,164**	**–**	**(92,261)**
No of shares in issue (net of treasury shares, in thousands)	–	–	–	–	–
NAV	–	434	(186,164)	(11,756)	(197,486)
NAV per share (cents)					
TNAV	(110,431)	434	(186,164)	(11,756)	(307,917)
TNAV per share (cents)					

SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO THE PRO FORMAS FOR SCENARIOS 2, 4, 6, 8, 10 AND 12 (SCENARIOS WHERE AFRICA RADIO IS ASSUMED TO NOT BE ACHIEVED).

	SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO PRO FORMA INFORMATION					
R'000	**Acquisition of 100% interest in First Impression Labels**	**Reduction in TBH UK borrowings utilising proceeds from sale of assets**	**Robor – reclassification and subsequent impairment**	**Fair value adjustment to contingent consideration on acquisition of subsidiary**	**Africa Radio impaired to R200m if not sold**	**Total subsequent events requiring adjustment to pro forma information**
Notes	1	2	3	4	5	
Non-current assets	**181,824**	**(34,316)**	**(17,676)**	**–**	**(170,911)**	**(41,079)**
Property, plant and equipment	71,222	(34,511)	–	–	–	36,711
Goodwill	77,911	–	–	–	–	77,911
Intangible assets	32,520	–	–	–	–	32,520
Investments in associates – equity accounted	–	–	–	–	(170,911)	(170,911)
Other investments, loans and receivables	171	–	(17,676)	–	–	(17,505)
Deferred taxation	–	195	–	–	–	195
Current assets	**80,917**	**–**	**–**	**–**	**–**	**80,917**
Straight lining of lease assets	–	–	–	–	–	–
Inventories	11,022	–	–	–	–	11,022
Trade and other receivables	45,090	–	–	–	–	45,090
Current taxation	–	–	–	–	–	–
Cash and cash equivalents	24,805	–	–	–	–	24,805
Non-current assets held for sale	–	–	(118,488)	–	–	(118,488)
TOTAL ASSETS	**262,741**	**(34,316)**	**(136,164)**	**–**	**(170,911)**	**(78,650)**
EQUITY AND LIABILITIES						
TOTAL EQUITY	**–**	**(434)**	**186,164**	**11,756**	**170,911**	**368,397**
Equity and reserves	–	(434)	186,164	11,756	170,911	368,397
Non-controlling interests	–	–	–	–	–	–
TOTAL LIABILITIES						
Non-current liabilities	**(135,286)**	**–**	**–**	**–**	**–**	**(135,286)**
Borrowings	(100,000)	–	–	–	–	(100,000)
Other non-current liabilities	(14,181)	–	–	–	–	(14,181)
Deferred taxation	(21,105)	–	–	–	–	(21,105)
Current liabilities	**(127,455)**	**34,750**	**(50,000)**	**(11,756)**	**–**	**(154,461)**
Borrowings	–	34,750	–	–	–	34,750
Other current liabilities	(105,534)	–	–	–	–	(105,534)
Trade and other payables	(19,962)	–	–	(11,756)	–	(31,718)
Inter-group loans	–	–	–	–	–	–
Current taxation	(1,959)	–	–	–	–	(1,959)
Bank overdrafts and other short-term borrowing facilities	–	–	(50,000)	–	–	(50,000)
TOTAL LIABILITIES	**(262,741)**	**34,750**	**(50,000)**	**(11,756)**	**–**	**(289,747)**
TOTAL EQUITY AND LIABILITIES	**(262,741)**	**34,316**	**136,164**	**–**	**170,911**	**78,650**
No of shares in issue (net of treasury shares, in thousands)	–	–	–	–	–	–
NAV	–	434	(186,164)	(11,756)	(170,911)	(368,397)
NAV per share (cents)						
TNAV	(110,431)	434	(186,164)	(11,756)	(170,911)	(478,828)
TNAV per share (cents)						

SUBSEQUENT EVENTS REQUIRING ADJUSTMENT TO THE PRO FORMAS

NOTES AND ASSUMPTIONS:

Subsequent events requiring adjustment to the pro forma information and assumed to take place on 31 December 2018, include the following events:

1. Acquisition of 100% interest in First Impression Labels Proprietary Limited ("FIL") for an amount of R190.0 million of which R95.0 million was paid on acquisition and the remaining R95.0 million was raised as an "Other financial liability" which is payable in March 2020. At the time of the acquisition, additional borrowings of R100.0 million were raised of which R95.0 million was utilised to fund the initial purchase consideration payment. The acquisition of FIL is assumed to take place on 31 December 2018 for the purpose of the preparation of the pro forma consolidated statement of financial position.
2. In June 2019, property and plant in Port Elizabeth was sold and the proceeds on disposal of R34.8 million were utilised to reduce TBH UK's term debt. These assets had a carrying value of R34.5 million and resulted in a once-off increase in deferred tax asset of R0.2 million arising on disposal.
3. An additional R50.0 million equity loan was provided to the associate Robor Proprietary Limited ("Robor") in March 2019, assumed to have been paid on 31 December 2018 utilising TBH UK's general banking facility. As a result of events which took place subsequent to 31 December 2018, the initial plan to dispose of the interest in Robor was unsuccessful and the investment in associate Robor of R118.5 million was therefore reclassified from "non-current assets held for sale" to "investment in associates – equity accounted" in accordance with IAS 28 – Investments in Associates and Joint Ventures. In addition to this, the carrying value of R118.5 million, a loan receivable from a company related to Robor of R17.7 million and the equity loan provided to Robor of R50.0 million were impaired once-off to nil on assessment of the fair value of the investment in light of the events which took place. Tiso Blackstar has provided a guarantee to the bank in respect of facilities provided to Robor of R110.0 million.
4. In June 2017, Hirt & Carter Group acquired a 51% interest in Bothma Branding Solutions Proprietary Limited ("BBS"). In July 2019, an addendum was made to the BBS sales agreement whereby an adjustment to the contingent consideration owing was agreed upon. As a result, an additional provision of R11.8 million was raised at 31 December 2018 based on the present value of the purchase price adjustment payable to the sellers. There is no tax impact as a result of the additional provision being raised.

Subsequent events for Scenarios 2, 4, 6, 8, 10 and 12 (scenarios where Africa Radio Sale is assumed to not be achieved).

5. Once-off impairment of equity accounted investment in Africa Radio to its fair value of R200.0 million which was determined with reference to the Africa Radio Sale Consideration.

There are no other material subsequent events that require adjustment to the pro forma financial information. All adjustments are of a continuing nature unless otherwise stated.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF TISO BLACKSTAR GROUP

The Directors
Tiso Blackstar Group SE
Berkeley Square House
Berkeley Square
Mayfair
London
W1J 6BD

Dear Sirs

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of pro forma financial information of Tiso Blackstar Group SE by the directors. The pro forma financial information, as set out in paragraph 6 and Annexure 7 of the circular ("the circular"), to be dated on or about Friday, 20 September 2019, consists of the pro forma consolidated statement of profit or loss and the pro forma consolidated statement of financial position and related notes. The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in Paragraphs 1, 2 and 3 of the circular, on the company's financial position as at 31 December 2018, and the company's financial performance for the period then ended, as if the corporate actions or events had taken place at 1 July 2018 and for the period then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the period ended 31 December 2018, on which an auditor's unmodified review report was issued on 27 March 2019.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 6 and Annexure 7 of the circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Paragraph 6 and Annexure 7 of the circular.

Deloitte & Touche
Registered Auditor
Per: JAR Welch
Partner

16 September 2019

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton, 2052
South Africa

MATERIAL BORROWINGS

Details of material loans to Tiso Blackstar and its Subsidiaries, including the Sale Companies

Lender	Borrower	Type of Loan	Reason for loan (acquisition of assets or other)	Loan Amount	Interest Rate	Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date
First Rand Bank Ltd (**"FRB"**) (acting through its Rand Merchant Bank Division), FRB (acting through RMB Corporate Banking), The Standard Bank of South Africa Ltd (acting through its Corporate and Investment Banking Division) (**"SBSA"**), Ashburton High Yield Fund 2 Trust (**"Ashburton"**)	Facility A TBG SA and Hirt & Carter South Africa	Facility A Amortising Loan Facility	Facility A Repayment of existing debt, general working capital and banking requirements, refinancing existing debt and working capital obligations.	Facility A R412,500,000	Facility A 3-month JIBAR + 3.25%	Facility A Final Repayment Date: June 2023 (with capital payments to be made each 6 months on 30 June and 31 December and interest payments made quarterly).	All Facilities Security provided by various members of the Group for obligations under Facilities A, B, C, D, E and F: • Guarantees; • General Notarial Bonds; • Pledge and cession of Group shares and claims; • Hypothecation of intellectual property; and • Mortgage Bonds.	Facility A R214,368,000
	Facility B TBG SA and Hirt & Carter South Africa	Facility B Bullet Term Loan Facility	Facility B Repayment of existing debt, general working capital and banking requirements, refinancing existing debt and working capital obligations	Facility B R412,500,000	Facility B 3-month JIBAR + 3.75%	Facility B Final Repayment Date: June 2023 with interest payments made quarterly.		Facility B R268,222,500
	Facility C Hirt & Carter South Africa	Facility C Amortising Loan Facility	Facility C Repayment of existing debt	Facility C R150,000,000	Facility C 3-month JIBAR + 3.25%	Facility C Final Repayment Date: June 2023 (with capital payments to be made each 6 months on 30 June and 31 December and interest payments made quarterly).		Facility C R122,496,000
	Facility D Hirt & Carter South Africa	Facility D Bullet Term Loan Facility	Facility D Repayment of existing debt	Facility D R150,000,000	Facility D 3-month JIBAR + 3.75%	Facility D Final Repayment Date: June 2023 with interest payments made quarterly.		Facility D R153,270,000
	Facility E Hirt & Carter South Africa	Facility E Amortising Loan Facility	Facility E Acquisition Finance	Facility E R50,000,000	Facility E 3-month JIBAR + 3.25%	Facility E Final Repayment Date: June 2023 (with capital payments to be made each 6 months on 30 June and 31 December and interest payments made quarterly).		Facility E R45,368,889
	Facility F Hirt & Carter South Africa	Facility F Bullet Term Loan Facility	Facility F Acquisition Finance	Facility F R50,000,000	Facility F 3-month JIBAR + 3.75%	Facility F Final Repayment Date: June 2023 with interest payments made quarterly.		Facility F R51,090,000

Lender	Borrower	Type of Loan	Reason for loan (acquisition of assets or other)	Loan Amount	Interest Rate	Terms of repayment (i.e. interest only repayments/capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date
FRB (acting through its Rand Merchant Bank Division), FRB (acting through RMB Corporate Banking), SBSA and Ashburton	TBH UK	Amortising Term Loan	Acquisition funding	R240,000,000	JIBAR + 7%	December 2019	Cession by TBH UK of shares held in BHG, Consolidated Steel Industries Ltd, Kagiso Tiso Holdings, Robor (Pty) Ltd, any proceeds from a disposal of assets and all cash held by it.	R100,855,439
FRB	TBH UK	General Banking Facility	Working Capital Facility	R50,000,000 (plus a contingency facility of up to R15,000,000)	South African Prime rate	Working capital demand facility with no specific repayment date and interest is capitalised monthly and settled monthly. It is annually reviewed and renewed by way of an annual credit review.	Guarantee by TBG UK and limited cession by TBG UK of shares held in TBH UK.	R50,000,000
SBSA	Hirt & Carter South Africa	Instalment Sale	Acquisition of assets	R194,438,646	South African Prime and Prime -1%.	Interest and capital repayments made monthly. Loan settled 5 years after inception. A total of R34,134,039 will be paid before 30 June 2020 as final settlement on certain instalment sale agreements.	The asset financed is held as security by the lender.	R126,794,977
Hewlett Packard Financing Services	Hirt & Carter South Africa	Finance lease	Acquisition of assets	R89,872,320	South African Prime and Prime -1%.	Interest and capital repayments made monthly. Loan settled 5 years after inception.	The asset financed is held as security by the lender.	R67,681,200

* *None of the loans listed above are convertible into ordinary shares of any company forming part of the Group.*

** *Save for the Amortising Term Loan which is payable by TBH UK to FRB (acting through its Rand Merchant Bank Division), FRB (acting through RMB Corporate Banking), SBSA and Ashburton by December 2019, none of the above loans are repayable in full in their ordinary course in the next 12 months. Some repayments on amortising loan facilities set out above have repayment tranches that will become payable in the next 12 months (on 31 December 2019 and 30 June 2020), as set out above. The aforementioned Amortising Term Loan is to be repaid from the proceeds of the Transaction.*

*** *As discussed in paragraphs 2.4.4 and 7.5.3 of this Circular, certain of the above loans shall be repaid using a portion of the proceeds of the Transaction.*

STRUCTURE

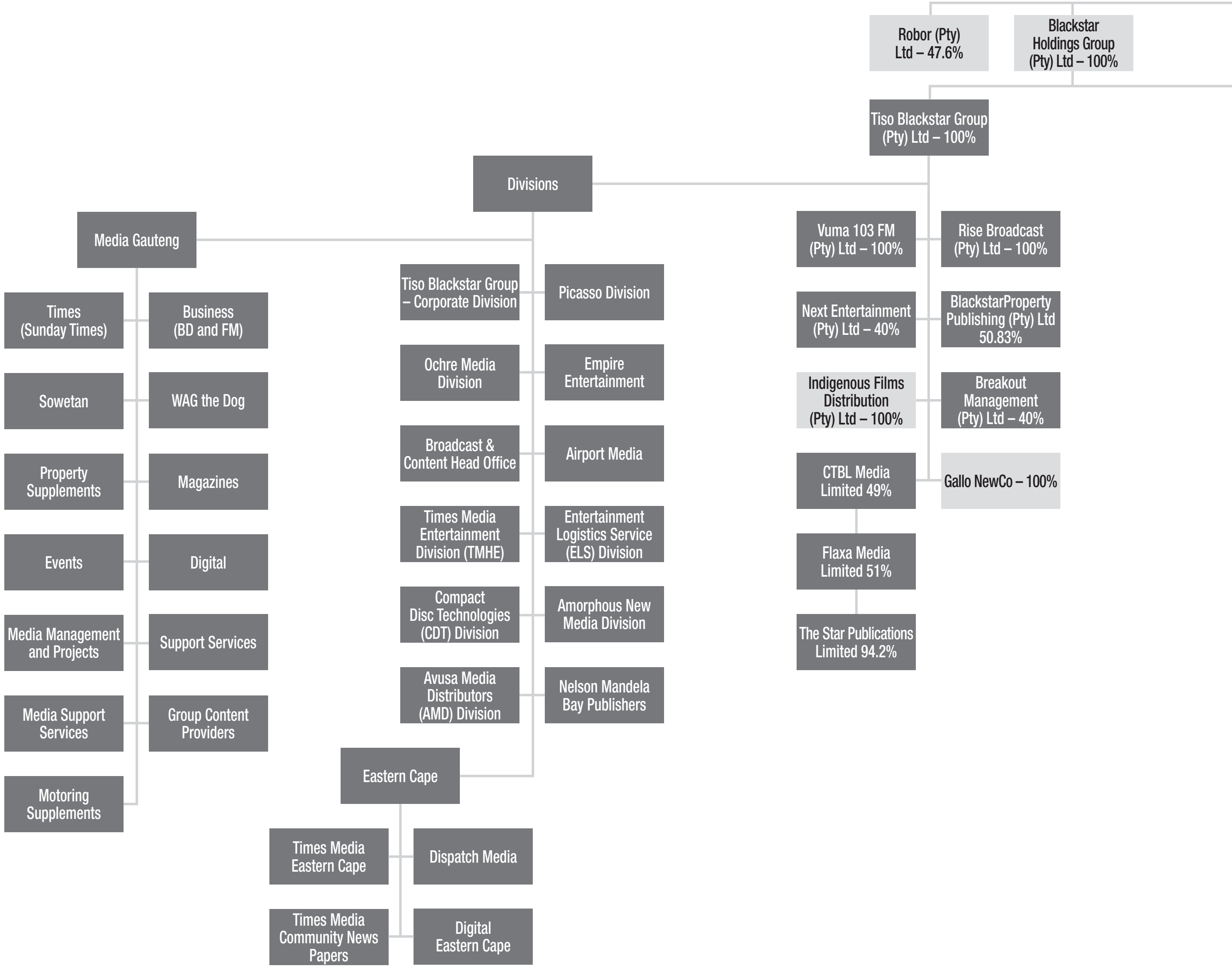
PART A: CURRENT STRUCTURE OF THE TISO BLACKSTAR GROUP

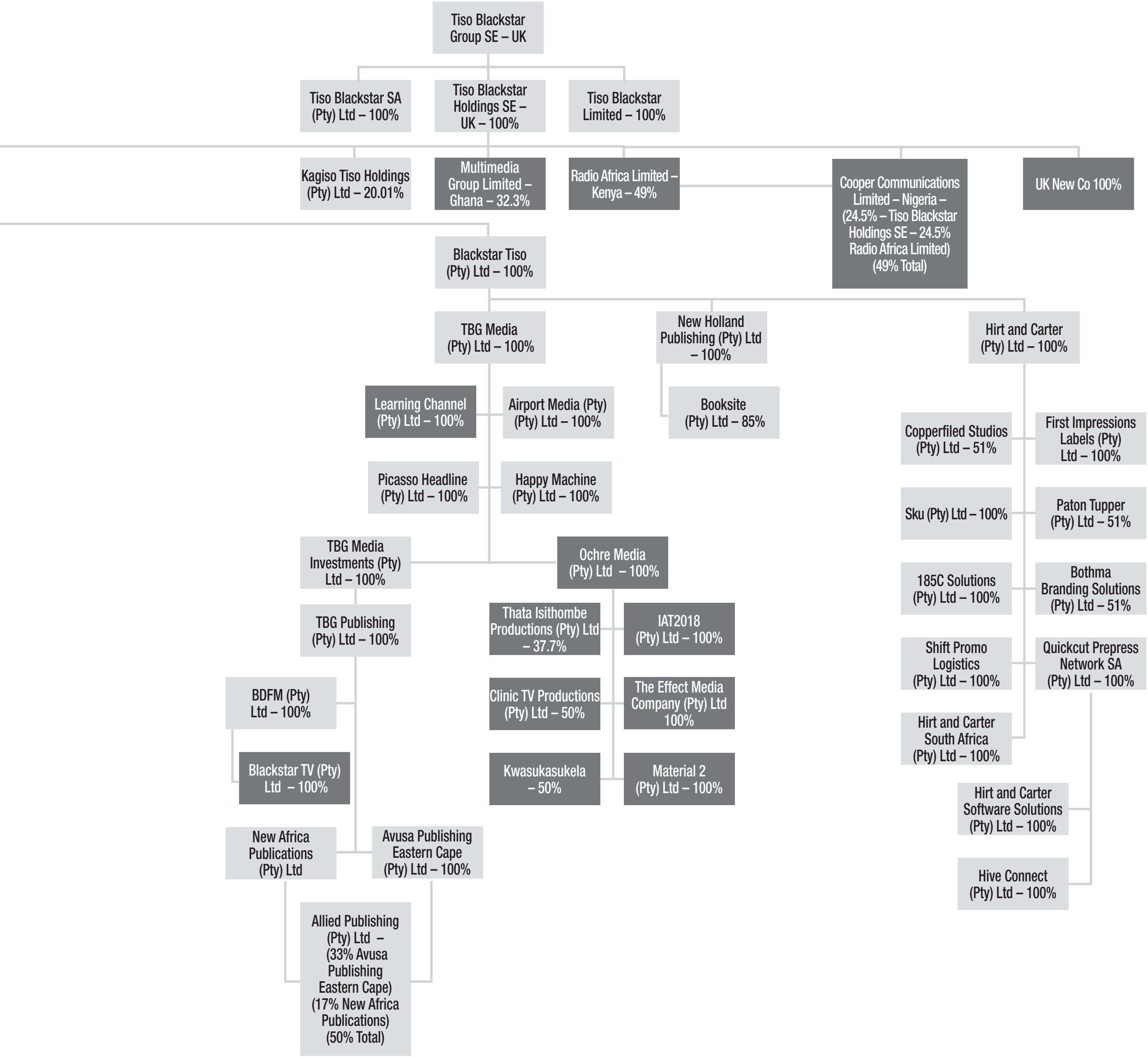
The following organogram summarises the structure of the Tiso Blackstar Group, as at the date of this Circular, prior to implementation of the Restructuring and the Transaction (excludes dormant entities).

Legend:

□ Statutory entities currently forming part of the Group and that will remain in the Group following implementation of the Transaction

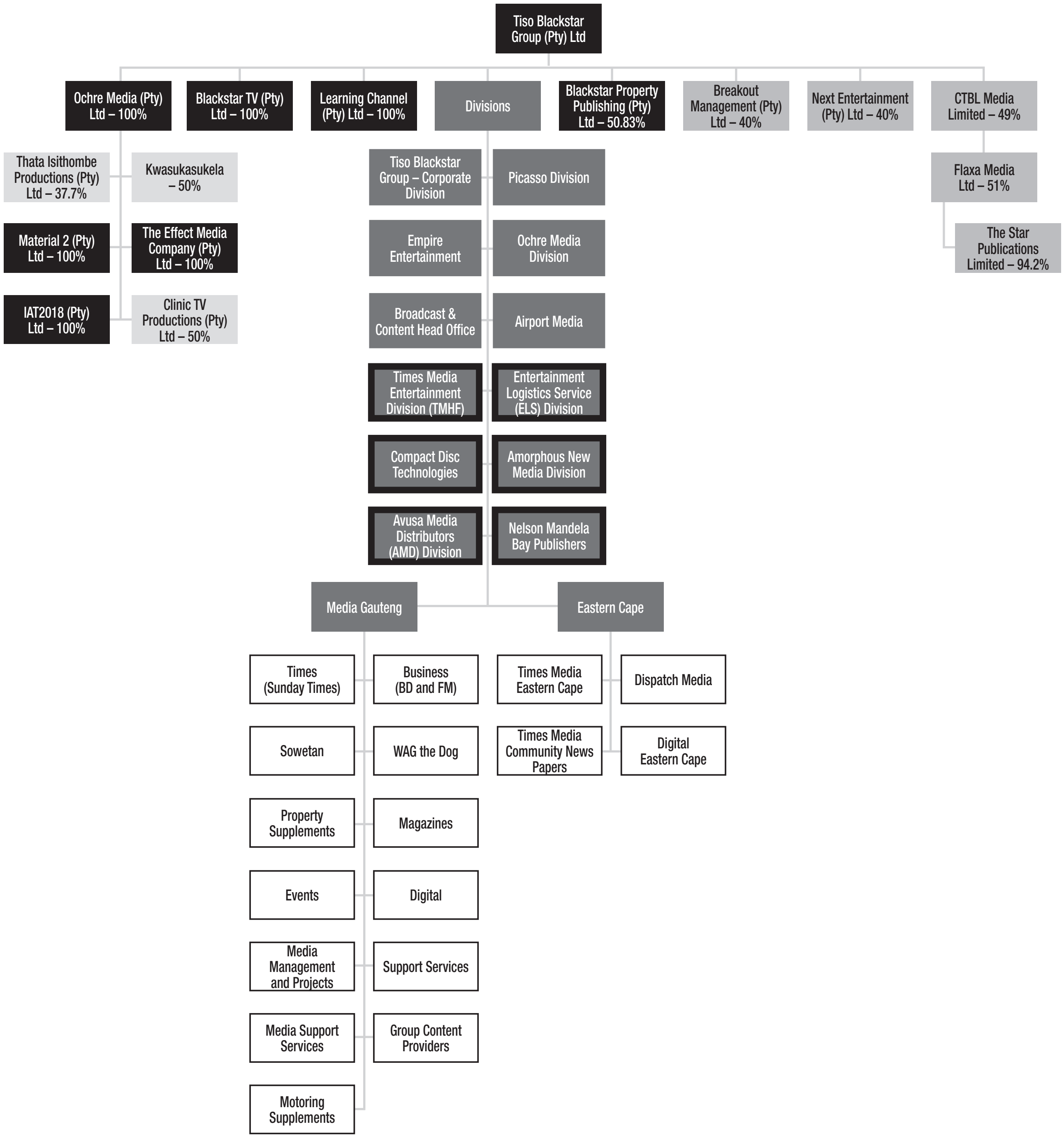
■ Statutory entities and divisions currently forming part of the Group that will, following the Restructuring, be disposed of under the Transaction (assuming the SA Sale, Africa Radio Sale and SA Radio Sale are all implemented)




Tiso Blackstar Group SE – UK
Tiso Blackstar SA (Pty) Ltd – 100%
Tiso Blackstar Holdings SE – UK – 100%
Tiso Blackstar Limited – 100%
Kagiso Tiso Holdings (Pty) Ltd – 20.01%
Multimedia Group Limited – Ghana – 32.3%
Radio Africa Limited – Kenya – 49%
Cooper Communications Limited – Nigeria – (24.5% – Tiso Blackstar Holdings SE – 24.5% Radio Africa Limited) (49% Total)
UK New Co 100%
Blackstar Tiso (Pty) Ltd – 100%
TBG Media (Pty) Ltd – 100%
New Holland Publishing (Pty) Ltd – 100%
Hirt and Carter (Pty) Ltd – 100%
Learning Channel (Pty) Ltd – 100%
Airport Media (Pty) (Pty) Ltd – 100%
Booksite (Pty) Ltd – 85%
Copperfiled Studios (Pty) Ltd – 51%
First Impressions Labels (Pty) Ltd – 100%
Picasso Headline (Pty) Ltd – 100%
Happy Machine (Pty) Ltd – 100%
Sku (Pty) Ltd – 100%
Paton Tupper (Pty) Ltd – 51%
TBG Media Investments (Pty) Ltd – 100%
Ochre Media (Pty) Ltd – 100%
185C Solutions (Pty) Ltd – 100%
Bothma Branding Solutions (Pty) Ltd – 51%
TBG Publishing (Pty) Ltd – 100%
Thata Isithombe Productions (Pty) Ltd – 37.7%
IAT2018 (Pty) Ltd – 100%
Shift Promo Logistics (Pty) Ltd – 100%
Quickcut Prepress Network SA (Pty) Ltd – 100%
BDFM (Pty) Ltd – 100%
Clinic TV Productions (Pty) Ltd – 50%
The Effect Media Company (Pty) Ltd 100%
Hirt and Carter South Africa (Pty) Ltd – 100%
Blackstar TV (Pty) Ltd – 100%
Kwasukasukela – 50%
Material 2 (Pty) Ltd – 100%
Hirt and Carter Software Solutions (Pty) Ltd – 100%
New Africa Publications (Pty) Ltd
Avusa Publishing Eastern Cape (Pty) Ltd – 100%
Hive Connect (Pty) Ltd – 100%
Allied Publishing (Pty) Ltd – (33% Avusa Publishing Eastern Cape) (17% New Africa Publications) (50% Total)

PART B: STRUCTURE OF RELEVANT GROUP

The following organogram reflects the structure of the Relevant Group immediately following the implementation of the Restructuring and prior to implementation of the SA Sale.

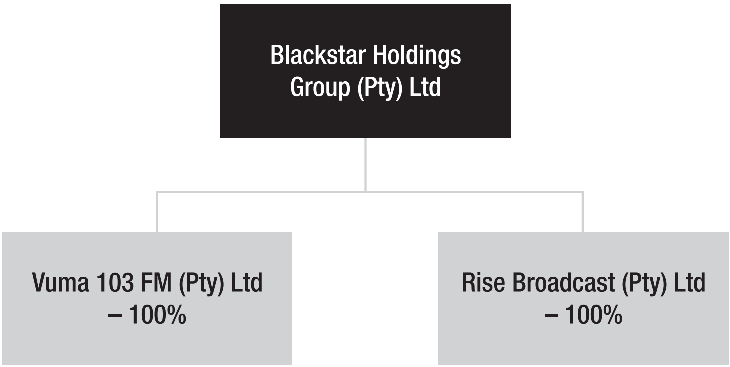


Key:
■ Consolidated legal entity
░ Joint Venture
▓ Division
▣ Dormant division with I/C balances
▒ Associates
□ Titles

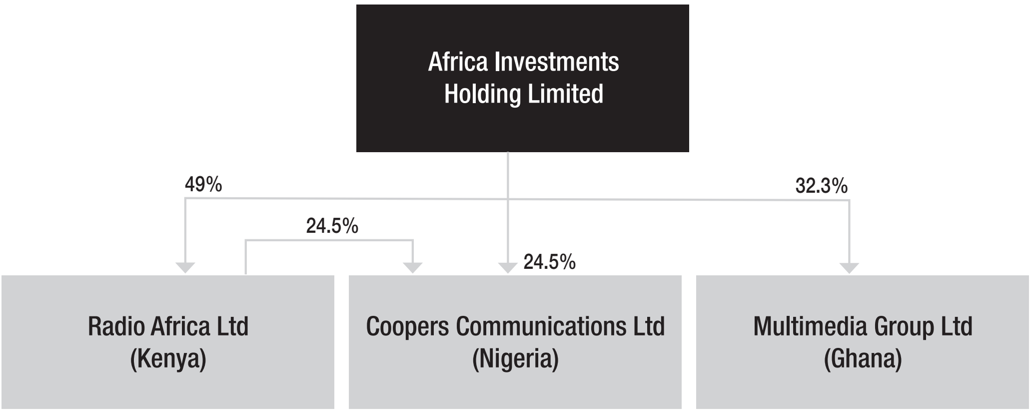
PART C – STRUCTURE OF SA RADIO AND AFRICA RADIO

The following organograms reflect the structure of SA Radio and Africa Radio, respectively, immediately following the implementation of the Restructuring and prior to implementation of the SA Radio Sale and the Africa Radio Sale, respectively.

SA Radio



Africa Radio



The remainder of the shares in each of the Africa Radio Companies are (and will, following the Restructuring, continue to be) held as follows:

- in respect of Radio Africa Kenya: the remaining 51% of the shares is held by Cobby Media Limited;
- in respect of Multimedia Ghana: the remaining 67.7% of the shares is held by Multimedia Communications Limited (as to 61.0%) and the Ghana Broadcasting Corporation (as to 6.7%); and
- in respect of Coopers Nigeria: the remaining 75.5% of the shares is held by Radio Africa Kenya (as to 24.5%) and by Christopher Ubosi (as to 51%).

EXCHANGE CONTROL REGULATIONS APPLICABLE TO MEDIA PARTICIPANTS

The following summary is intended as a guide to Media Participants who may choose to sell their Shares in terms of the Specific Repurchase, should same be approved by Shareholders at the General Meeting, and is therefore not intended to be comprehensive, nor does it constitute advice in relation thereto. Media Participants who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

1.1 **Residents of the Common Monetary Area**

In the case of Media Participants selling Shares in terms of the Specific Repurchase:

1.1.1 who are Certificated Shareholders and whose registered addresses in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Specific Repurchase Price relating to the Shares sold by them under the Specific Repurchase will be paid by way of electronic funds transfer to such Media Participants at such bank accounts as may be nominated by them in writing to the Company; or

1.1.2 who are Dematerialised Shareholders and whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, the Specific Repurchase Price relating to the Shares sold by them under the Specific Repurchase will be credited directly to the nominated accounts held by such Media Participants with their duly appointed CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker.

1.2 **Emigrants from the Common Monetary Area**

In the case of Media Participants disposing of Shares in terms of the Specific Repurchase, who are emigrants from the Common Monetary Area and whose Shares form part of their remaining assets, the Specific Repurchase Price relating to the Shares sold by them under the Specific Repurchase will:

1.2.1 where such Media Participant is a Certificated Shareholder whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Certificated Shareholder's remaining assets in terms of the Exchange Control Regulations; or

1.2.2 where such Media Participant is a Dematerialised Shareholder whose registered address is within the Common Monetary Area and who has not been restrictively designated in terms of the Exchange Control Regulations, be paid to such Media Participant's CSDP or Broker, who shall arrange for same to be credited directly to the emigrant's capital account of the Media Participant concerned with their authorised dealer in foreign exchange in South Africa.

1.3 **All other non-residents of the Common Monetary Area**

The Specific Repurchase Price relating to Shares sold in terms of the Specific Repurchase by non-resident Media Participants (and emigrants who acquired Shares with funds from outside the Common Monetary Area) whose registered addresses are outside the Common Monetary Area, who are not emigrants from the Common Monetary Area and whose Shares are part of their remaining assets will:

1.3.1 in the case of Media Participants who are Certificated Shareholders and whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, be paid by way of electronic funds transfer to such Media Participant at such bank account as may be nominated in writing to the Company; or

1.3.2 in the case of Media Participants who are Dematerialised Ordinary Shareholders, be paid to their duly appointed CSDP or Broker and credited to such Dematerialised Shareholders in terms of the provisions of the custody agreement with their CSDP or Broker.

Media Participants who are not resident in, or who have a registered address outside of South Africa, must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the Specific Repurchase Price, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory.

TISO BLACKSTAR GROUP SE
(Incorporated in England and Wales)
(Registration number SE000110)
(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**")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Tiso Blackstar Shareholders will be held at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Wednesday, 23 October 2019 at 9:00 am GMT (10:00 am SAST).

The purpose of the General Meeting is to consider and, if deemed fit, to approve, with or without modification, the resolutions set out in this Notice of General Meeting.

Note:

- *The definitions and interpretations commencing on page 5 of the Circular to which this Notice of General Meeting is attached, apply mutatis mutandis to this notice and to the resolutions set out below.*
- *For an ordinary resolution, other than Ordinary Resolution Number 2, to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.*
- *For Ordinary Resolution Number 2 to be approved by Shareholders, at least 75% of the Shareholders present in person or by proxy and entitled to vote on this resolution must cast their vote in favour of this resolution.*
- *For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.*
- *The date on which Shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 13 September 2019.*

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE TRANSACTION

"**IT IS RESOLVED AS AN ORDINARY RESOLUTION**, in terms of the JSE Listings Requirements, **THAT** the Transaction be and is hereby approved and that the Company be and is hereby authorised to perform all of its obligations and accept all of the benefits in terms thereof on the terms contemplated in the Transaction Agreements, including, without limitation, the disposals by –

- the Company's subsidiary, BHG, to Lebashe, in terms of the SA Sale, of the SA Media Assets, as well as the SA Broadcast and Content Assets, via the sale of the SA Sale Equity for the SA Sale Consideration;
- the Company's subsidiary, TBH UK, to Lebashe, in terms of the Africa Radio Sale, of Africa Radio, via the sale of the Africa Radio Sale Equity for the Africa Radio Sale Consideration; and
- BHG to Lebashe, in terms of the SA Radio Sale, of SA Radio, via the sale of the SA Radio Sale Shares for the SA Radio Sale Consideration,

the salient terms and conditions of which are set out in the Circular to which this Notice of General Meeting is annexed."

Reason for and effect of Ordinary Resolution Number 1

The reason for Ordinary Resolution Number 1 is that the value of the aggregate Transaction Purchase Consideration exceeds 30% of Tiso Blackstar's market capitalisation, resulting in the Transaction qualifying as a category 1 transaction in terms of section 9 of the JSE Listings Requirements, requiring Shareholder approval. The effect of Ordinary Resolution Number 1, if passed, will be to grant the requisite approval of the Transaction, as required under the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – EXTENSION OF VESTING PERIOD

"**IT IS RESOLVED AS AN ORDINARY RESOLUTION** that the existing Forfeitable Share Plan Rules, which contain the terms of and govern the Forfeitable Share Plan, being the Company's existing long-term incentive scheme, be amended as set out in **Schedule 1** to this Notice of General Meeting."

Reason for and effect of Ordinary Resolution Number 2

As detailed in paragraph 3 of the Circular, following the cancellation of the Forfeitable Share Plan (meaning that no further awards will be made in future), the Remcom intends to increase the vesting periods of Forfeitable Share tranches that were previously awarded to Remaining Participants to assist with the retention of staff.

The reason for Ordinary Resolution Number 2 is to obtain the approval of Shareholders to amend the Forfeitable Share Plan Rules to allow for such an extension of vesting periods, such approval being required in terms of paragraph 14.2, read with paragraph 14.1, of Schedule 14 of the JSE Listings Requirements. In addition to obtaining the requisite Shareholder approval under this Ordinary Resolution Number 2, the extension of the vesting periods for the Forfeitable Share tranches of any Remaining Participant will also require the consent of such Remaining Participant.

The extension of the vesting periods will have no impact on the performance or employment period requirements as set out in the Forfeitable Share Plan awards. Any extension of the vesting periods will be subject to the consent of the applicable Remaining Participant being obtained.

The effect of Ordinary Resolution Number 2, if passed, will be that the proposed amendments to the Forfeitable Share Plan Rules are approved. For this resolution to be adopted, at least 75% of the Shareholders present in person or by proxy and entitled to vote on this resolution at the General Meeting must cast their vote in favour of this resolution. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attaching to any Shares held by the Forfeitable Share Plan and the votes attaching to Shares acquired in terms of the Forfeitable Share Plan and owned or controlled by persons who are existing Participants in the scheme, and which may be impacted by the resolution, will not be taken into account.

A copy of the current Forfeitable Share Plan Rules are available for inspection by Shareholders in accordance with paragraph 17 of the Circular.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE CAPITAL REDUCTION

"**IT IS RESOLVED AS A SPECIAL RESOLUTION** that the share capital of the Company be reduced by a reduction of the share premium account from R701 212 to RNil (**"Capital Reduction"**), with this approval being subject to:

- the passing of Ordinary Resolution Number 1 and Special Resolution Number 2;
- the Capital Reduction being approved by the Court; and
- the Court order being registered by the UK Companies House."

Reason for and effect of Special Resolution Number 1

The Company is seeking to reduce its share premium reserves to create distributable reserves for the Specific Repurchase, future buybacks and other corporate purposes.

The proposed Capital Reduction, if approved, will involve the cancellation of the amount standing to the credit of the Company's share premium account (amounting, as the Last Practicable Date, to R701 212). The cancellation, if approved by the Court, will create realised profits sufficient for the purposes of the Specific Repurchase and for future buybacks and corporate purposes of the Company.

It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place on Monday, 4 November 2019, with the final hearing taking place on Tuesday, 19 November 2019 and the Capital Reduction becoming effective on that day or the day after, following the necessary registration of the Court order at the UK Companies House.

The Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. The distributable reserves arising on the Capital Reduction will support the Company's ability to carry out the actions specified above.

SPECIAL RESOLUTION NUMBER 2 – APPROVAL OF THE SPECIFIC REPURCHASE

"**SUBJECT TO** the adoption of Ordinary Resolution Number 1 and Special Resolution Number 1 and to the registration of the Capital Reduction with the UK Companies House, and in addition to (i) the authority for the purpose of section 701 of the Companies Act which was approved by special resolution passed at the annual general meeting of the Company held on 3 December 2018, and (ii) any authority pursuant to section 701 of the Companies Act as may be approved at the annual general meeting of the Company in 2019, **IT IS RESOLVED AS A SPECIAL RESOLUTION**, in terms of paragraph 5.69 of the JSE Listings Requirements and the Articles, **THAT** the repurchase by the Company, in terms of the Specific Repurchase, of up to 2 900 000 Specific Repurchase Shares at the Specific Repurchase Price of R3.72 per Share, in the manner and upon the terms and subject to the conditions contained in the Circular to which this Notice of General Meeting is annexed, as off-market purchases within the meaning of section 693(A) of the Companies Act, be and is hereby approved, such authority lasting for a duration of one year from the date of the Capital Reduction. The Company may make a contract of purchase of ordinary shares and/or incentive shares under this authority which would or might be executed wholly or partly after the expiry of this authority, and may make a purchase of ordinary shares and/or incentive shares in pursuance of any such contract, and any Specific Repurchase Shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of Shareholders at the time."

Reason for and effect of Special Resolution Number 2

The reason for Special Resolution Number 2 is that the JSE Listings Requirements and the Articles require Shareholders to approve, by way of special resolution, any specific repurchase by the Company of its Shares. The effect of Special Resolution Number 2, if passed, will be that the Company will, subject to the requisite conditions to the resolution being fulfilled, be authorised to implement the Specific Repurchase, as detailed in the Circular to which this Notice of General Meeting is annexed.

The Media Participants and their associates will be excluded from voting on Special Resolution Number 2.

ORDINARY RESOLUTION NUMBER 3 – AUTHORITY OF DIRECTORS

"**IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT** any Director of the Company be and is hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the resolutions set out in this Notice of General Meeting, hereby ratifying and confirming all such things already done and documentation already signed."

Reason for and effect of Ordinary Resolution Number 3

The reason for Ordinary Resolution Number 3 is to authorise the Directors to implement the Transaction, the Capital Reduction, the Specific Repurchase and the changes to the Forteitable Share Plan Rules, and to do all things necessary therefor and incidental thereto. The effect of Ordinary Resolution Number 3 is that any Director of the Company will be entitled to do all such things as may be necessary for or incidental to the implementation of these matters.

NOTES:

1. The date on which Shareholders must be recorded as such in the Register maintained by the Transfer Secretaries (for purposes of being entitled to receive this Notice of General Meeting) is Friday, 13 September 2019.

2. Shareholders registered on the Register as of Friday, 11 October 2019 (the **"Record Date"**) shall have the right to participate and vote at the General Meeting. Accordingly, the last day to trade for shareholders on the Register in order to be able to participate and vote at the General Meeting is Tuesday, 8 October 2019. Any change to an entry on the Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the General Meeting.

3. A Shareholder entitled to attend and vote may appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the General Meeting whether by show of hands or on a poll. A proxy need not be a Shareholder of the Company. A Form of Proxy which may be used to make such an appointment and give proxy instructions accompanies this Notice of General Meeting.

4. To be valid, the Form of Proxy must be signed and the signed Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must either reach the Company's office at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom or be emailed to: info@tisoblackstar.com, in either case, by no later than Monday, 21 October 2019 at 9:00 am GMT (10:00 am SAST). In order to assist Shareholders, Certificated Shareholders and Own-name Dematerialised Shareholders on the Register may send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, either:

   a. in hard copy form by post to PO Box 4844, Johannesburg, 2000; or
   b. in hard copy form by courier or by hand to 13th Floor, 19 Ameshoff Street, Braamfontein, 2001; or
   c. in electronic form by email or fax to meetfax@linkmarketservices.co.za,

   so as to be received by no later than 9:00 am GMT (10:00 am SAST) on Monday, 21 October 2019, provided that any Form of Proxy not delivered by this time may be handed to the chairman of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

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

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Share Register in respect of the joint holding (the first-named being the most senior).

7. Dematerialised Shareholders on the Register, other than Own-Name Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or Broker. Dematerialised Shareholders, other than Own-Name Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein. The CSDP or Broker must provide all voting instructions to the transfer secretary by no later than Friday, 18 October 2019 at 11:00 am GMT (12:00 pm SAST).

8. The return of a completed Form of Proxy, other such instrument or a proxy instruction will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

9. Any person to whom the Notice of General Meeting is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a **"Nominated Person"**) may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

10. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in such paragraphs can only be exercised by shareholders of the Company.

11. The Company specifies that only those Shareholders included in the Register as at close of business on Friday, 11 October 2019 or, in the event that this General Meeting is adjourned, in the Register 48 hours before the time of the adjourned General Meeting, provided that no account shall be taken of any part of a day that is not a working day, shall be entitled to attend and vote at the General Meeting (or any adjourned General Meeting) in respect of the numbers of shares registered in their names at that time. Changes to the Register after close of business on Friday, 11 October 2019 or, in the event that the General Meeting is adjourned, in the Share Register 48 hours before the time of the adjourned General Meeting provided that no account shall be taken of any part of a day that is not a working day, shall be disregarded in determining the rights of any person to attend or vote at the General Meeting (or any adjourned General Meeting).

12. A Form of Proxy sent electronically that is found to contain any virus will not be accepted.

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same Shares.

14. Voting on each of the resolutions to be put to the forthcoming General Meeting will be conducted by way of a poll, rather than on a show of hands. The results of the poll will be announced through the SENS and will be available on the Company's website as soon as practicable following the conclusion of the General Meeting.

15. Under section 527 of the Companies Act, Shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous General Meeting at which annual Accounts and reports were laid in accordance with section 437 of the Companies Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act. Where the Company is required to place a statement on a website under section 527 of the Companies Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the General Meeting includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.

16. Any Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. A copy of the Notice of General Meeting and other information required by section 311A of the Companies Act can be found in the investor relations section of the Company's website at www.tisoblackstar.com.

18. You may not use any electronic address provided either in the Notice of General Meeting or any related documents (including the Form of Proxy) to communicate for any purposes other than those expressly stated.

SIGNED AT JOHANNESBURG ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY ON 19 SEPTEMBER 2019

By order of the board

Andrew David Bonamour

SCHEDULE 1 TO THE NOTICE OF GENERAL MEETING

The following amendments are proposed to the Forfeitable Share Plan Rules:

1. Amending the definition of “Award Letter”, appearing in Rule 2.1.5, by inserting the words “or a revised letter to reflect the extended vesting period per Rule 14”, with the result that Rule 2.1.5 will read as follows (new wording underlined):

   “2.1.5 “Award Letter” a letter containing the information specified in Rule 5.2 sent by the Company, or its nominee, on the recommendation of the Employer Company, to an Employee informing the Employee of an Award to him, or a revised letter to reflect the extended vesting period per Rule 14;”

2. Deleting the words “the date on which Vesting occurs”, appearing in Rule 2.1.53, and amending the definition of “Vesting Date” in that Rule, with the result that Rule 2.1.53 will read as follows (new wording underlined, deleted wording struck through):

   “2.1.53 “Vesting Date” the date set out in the Award Letter or on a date within a reasonable period thereafter to enable the Remuneration Committee to determine that the applicable Performance Conditions have been met ~~the date on which Vesting occurs~~.”

3. Amending the wording of Rule 3.1.8 by inserting the words “not occur prior to the Vesting Date, and”, with the result that Rule 3.1.8 will read as follows (new wording underlined):

   “3.1.8 Subject to Rule 10, Vesting of the Forfeitable Shares which form an Award in terms of Rule 3.1 will in all instances not occur prior to the Vesting Date, and be subject to the Employment Condition and the Vesting of Performance Shares will further be subject to the satisfaction of the Performance Condition, measured over the Performance Period.”

4. Replacing the words “later of”, appearing in Rule 9.1, with the words “Vesting Date, provided that”, with the result that Rule 9.1 will read as follows (new wording underlined, deleted wording struck through):

   “9.1 Subject to Rules 10 and 11, Forfeitable Shares will Vest on the Vesting Date, provided that: ~~later of~~”

5. Deleting the words “the date on which”, appearing in Rule 9.1.1, with the result that Rule 9.1.1 will read as follows (deleted wording struck through):

   “9.1.1 ~~the date on which~~ the Participant has satisfied the Employment Condition as specified in the Award Letter; and”

6. Amending the wording of Rule 9.1.2 to read as follows (new wording underlined, deleted wording struck through):

   “9.1.2 to the extent applicable, ~~the date on which~~ the Remuneration Committee has determined that the Performance Condition has been met; and”

7. By amending Rule 10.1.2 to read as follows (new wording underlined, deleted wording struck through):

   “10.1.2 In the event of a Fault Termination, all ~~unvested~~ Awards of Forfeitable Shares, where the Employment Condition has not been fulfilled on the Date of Termination of Employment, will be forfeited in their entirety and will lapse immediately on the Date of Termination of Employment. Any Awards of Forfeitable Shares, where the Employment Period has been completed by the Date of Termination of Employment, will vest on the Date of Termination of Employment or the date as soon as reasonably practicably possible thereafter when the Remuneration Committee has determined the extent to which the Performance Condition or any other conditions imposed in terms of Rule 8, where applicable, have been met in accordance with Rule 8.4. ~~For the avoidance of doubt, any Awards of Forfeitable Shares which have already Vested will be unaffected by this provision.~~”

8. Inserting the words “, limited to a maximum of 100%” at the end of each of Rule 10.2.4, 10.2.5.1 and 10.2.5.2, with the result that those provisions will read as follows (new wording underlined):

   “10.2.4 In respect of Retention Shares, the portion of the Award which will Vest will reflect the number of complete months served since the Award Date to the Date of Termination of Employment, over the total number of months in the Employment Period, limited to a maximum of 100%.

   10.2.5 In respect of the Performance Shares, if the Participant’s employment is terminated due to:

   10.2.5.1 death, the Remuneration Committee will calculate whether, and the extent to which the Performance Condition or any other conditions imposed in terms of Rule 8 have been satisfied on the Date of Termination of Employment by reference to the immediately preceding Financial Year. The portion of the Award which will Vest will be determined based on the extent to which the Performance Condition or any other conditions imposed in terms of Rule 8 have been satisfied and the number of complete months served since the Award Date to the Date of Termination of Employment over the total number of months in the Employment Period, limited to a maximum of 100%; or

   10.2.5.2 retrenchment, ill-health, injury, disability and sale of Employer Company, the Remuneration Committee will, in accordance with Rule 8.4 calculate whether, and the extent to which, the Performance Condition or any other conditions imposed in terms of Rule 8 have been satisfied on the Date of Termination of Employment. The portion of the Award which will Vest will be determined based on the extent to which the Performance Condition or any other conditions imposed in terms of Rule 8 have been satisfied and the number of complete months served since the Award Date to the Date of Termination of Employment over the total number of months in the Employment Period, limited to a maximum of 100%.”

9. Inserting the following new Rule 14.4 after the existing Rule 14.3 and renumbering the remaining provisions in Rule 14:

“14.4 The Employer Company may extend the Vesting Date of an Award granted to the Participant on condition that:

14.4.1 Such extension in respect of such Award occurs prior to the Vesting Date that would otherwise be the case in the absence of such an extension; and

14.4.2 Each Participant is given the option to extend the Vesting Date or to retain the original Vesting Date as set out in the Award Letter; and

14.4.3 Where the Participant agrees to extend the Vesting Date, the Award Letter will be amended accordingly and signed by the Employer Company and the Participant.”

tiso blackstar
group.

TISO BLACKSTAR GROUP SE
(Incorporated in England and Wales)
(Registration number SE000110)
(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**”)

FORM OF PROXY

For use by Certificated Shareholders and Own-Name Dematerialised Shareholders at the General Meeting of the Company, to be held at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Wednesday, 23 October 2019 at 9:00 am GMT (10:00 am SAST), or any adjourned or postponed meeting.

*The definitions and interpretations commencing on page 5 of the Circular to which this Form of Proxy is attached (**“Circular”**) apply mutatis mutandis to this Form of Proxy.*

Please read the Notice of General Meeting and the explanatory notes below before completing this form.

If you are a Dematerialised Shareholder without own-name registration you must not complete this Form of Proxy, but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full)

of (address)

Telephone number Cellphone number

e-mail address

being the holder(s) of ______________________ Shares in Tiso Blackstar Group
do hereby appoint the Chairman of the General Meeting or

(see note 1 below)

as my/our proxy in relation to all/______________________ of my/our Shares to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

Please indicate by ticking the box if this proxy appointment if one of multiple appointments being made. For the appointment of one or more proxy, see note 1. ☐

	For	Against	Abstain
Ordinary Resolution Number 1 – Approval of the Transaction			
Ordinary Resolution Number 2 – Extension of vesting period			
Special Resolution Number 1 – Approval of the Capital Reduction			
Special Resolution Number 2 – Approval of the Specific Repurchase			
Ordinary Resolution Number 3 – Authority of Directors			

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

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

I will be attending ☐ I will not be attending ☐

Signature ______________________ Date ______________________

Notes:

1. To appoint as a proxy a person other than the Chairman of the General Meeting, insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy, provided each proxy is appointed to exercise the rights attached to a different Share or Shares held by you. The following options are available:

   a. To appoint the Chairman as your sole proxy in respect of all your Shares, simply fill in any voting instructions in the appropriate box, sign, and date the Form of Proxy.
   b. To appoint a person other than the Chairman as your sole proxy in respect of all your Shares, delete the words 'the Chairman of the General Meeting or' and insert the name and address of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
   c. To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the General Meeting'. All forms must be signed and should be returned together in the same envelope, email or fax.

2. If no voting indication is given, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

3. To be valid, the Form of Proxy must be signed and the signed Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must either reach the Company's office at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom or be emailed to: info@tisoblackstar.com, in either case, by no later than Monday, 21 October 2019 at 9:00 am GMT (10:00 am SAST). In order to assist Shareholders, Certificated Shareholders and Own-name Dematerialised Shareholders on the Register may send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, either:

   a. in hard copy form by post to PO Box 4844, Johannesburg, 2000; or
   b. in hard copy form by courier or by hand to 13th Floor, 19 Ameshoff Street, Braamfontein, 2001; or
   c. in electronic form by email or fax to meetfax@linkmarketservices.co.za,

   so as to be received by no later than 9:00 am GMT (10:00 am SAST) on Monday, 21 October 2019, provided that any Form of Proxy not delivered by this time may be handed to the chairman of the General Meeting prior to the commencement of the General Meeting, at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.

4. Dematerialised Shareholders on the Register, other than Own-name Dematerialised Shareholders, who wish to attend the General Meeting in person, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or Broker. Dematerialised Shareholders, other than Own-name Dematerialised Shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or Broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein. The CSDP or Broker must provide all voting instructions to the transfer secretary by no later than Friday, 18 October 2019 at 11:00 am GMT (12:00 pm SAST).

5. The Form of Proxy is for use in respect of the Shareholder account specified above only and should not be amended or submitted in respect of a different account.

6. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you subsequently decide to do so.