Blackstar Group SE

Audited results for the year ended 31 December 2013

Highlights

- Increase in reported net asset value ("NAV") per share for the year of 15.7% to 1,620 cents (93 pence)
- Earnings per share of 231 cents (15.3 pence) compared to 119 cents (7.2 pence) in the prior year
- Total dividends of 22 cents (1.3 pence) per ordinary share declared in respect of the 2013 financial year
- Final dividend of 14 cents (0.8 pence) per ordinary share declared in respect of the 2013 financial year
- Blackstar's operational cost base for 2013 reduced to 1.7% of the reported NAV at 31 December 2013
- Disposal of the Group's remaining investment in Litha Healthcare Group Limited for R196.9 million (£12.6 million), representing an internal rate of return of 47% and 3.57 times return on investment in South African Rands
- Successful integration of the cash shell New Bond Capital Limited into the Blackstar Group, thereby enhancing the asset base and reducing the cost base
- 16.7% increase in intrinsic NAV before dividends for the 2013 financial year
- 40.8% growth in intrinsic NAV before dividend and share buy backs since JSE listing in August 2011
- R224.8 million (£14.9 million) returned to shareholders via dividends and share buy backs since listing on the JSE
- Blackstar identified as an Investment Entity - investments (including subsidiaries and associates) now accounted for at fair value and no longer consolidated

Introduction

Blackstar Group SE ("Blackstar" or "the Company" or "the Group") achieved another successful year of growth and increased its intrinsic NAV by 16.7% before dividends for the 2013 financial year. Since listing on the JSE in August 2011, Blackstar has grown intrinsic NAV by 40.8% before dividends and share buy backs. During this time we have returned R224.8 million (£14.9 million) back to shareholders in the form of dividends and share buy backs. In respect of the 2013 financial year, Blackstar declared dividends totalling 22 cents (1.3 pence) per ordinary share, including an interim dividend of 8 cents (0.5 pence) and a final dividend of 14 cents (0.8 pence) announced today, and to be paid on 30 May 2014.

Management remains committed to reducing our operational cost base, thereby enhancing the yields on our investments, and senior management are now largely paid based on performance through the long term Management Incentive Scheme.

During 2013, all of our investments performed well. We are focusing on three investment pillars within Blackstar: property; fund management; and investments (both private and public companies). Times Media Group Limited ("TMG") is our core holding within our investment portfolio which represents 57% of the total investments held by Blackstar as at 31 December 2013. We are involved in TMG in an executive capacity and it represents a long term strategic investment for the Group. Blackstar's medium term strategy is to increase its shareholding in TMG to 34.9%.

The South African Rand weakened significantly during the period under review with the closing ZAR/GBP increasing from 13.773 at 31 December 2012 to 17.431 at 31 December 2013. This has had a significant impact on the Pounds Sterling reported results of the Group and must be taken into consideration on review and comparison of the year on year results. Blackstar has managed the effect of the weakening Rand on its cash balances at the centre by holding its cash resources in Pounds Sterling and US Dollars.

Investments review

Investments

Global Roofing Solutions (Pty) Limited ("GRS")

The Group's investment in GRS was valued at R180.0 million (£10.3 million) at year end and remained unchanged at 31 March 2014.

GRS returned impressive results for the year ended 31 December 2013. The challenges experienced by the company during the first quarter of the year, principally driven by the fire at Arcelormittal in February 2013 and the construction delays at the Medupi Power Station, were resolved.

During the last six months of the year, GRS enjoyed four record sales months, driven by both volume and, to a lesser extent, steel price increases.

Compared to the prior financial year, GRS's gross revenues have increased by 22.2% to R718.5 million (£47.6 million), EBITDA increased by 32.7% to R48.3 million (£3.2 million) and profit after tax has increased by 353% to R24.9 million (£1.6 million). The quality of these improved earnings has resulted in GRS being in a financial position during the last quarter of the financial year to return R1.2 million (£0.08 million) in free cash per month to its shareholder, Blackstar – a considerable improvement from the R0.3 million (£0.02 million) per month during the same period in the prior financial year.

GRS's 'Africa Initiative' continues to gain momentum with the company having established new operations in Botswana and Zambia whilst enjoying sales successes in Ghana. GRS's Africa Initiative is having a meaningful impact on the company's results with approximately 40% of its profit after tax being earned from these operations. GRS intends expanding its African footprint into four new territories during the forthcoming twelve to eighteen months.

Robor (Pty) Limited ("Robor")

At financial year end, Blackstar's investment in Robor amounted to R109.3 million (£6.3 million) and at 31 March 2014 the valuation of this investment remained unchanged. A further R22.0 million (£1.3 million) investment in the form of a loan to Robor made in the first quarter of 2014 was recognised under other unlisted investments.

During the year under review, Blackstar increased its investment in Robor from 6.1% to 11.1%. Subsequent to year end, Blackstar increased its investment in Robor to 17.5% in a second round Management Buyout ("MBO") and as part of this transaction it anticipates realising approximately R35.0 million (£2.0 million) from its investment in Robor in the second quarter of 2014.

The MBO will be funded through the sale of Robor's main property in Elandsfontein, Johannesburg and the business will not be taking on any additional debt. Management believes that they can achieve operational efficiencies equal to or greater than the rental charge that will be incurred following the property sale. Robor is also set to repay Blackstar's R21.0 million (£1.2 million) shareholder loan over the next twenty four months plus interest.

Stalcor (Pty) Limited ("Stalcor")

Blackstar's investment in Stalcor is valued at R32.0 million (£1.8 million) at financial year end and the fair value remained unchanged at 31 March 2014.

Against a backdrop of embattled South African manufacturing and mining capacity and output, Stalcor continued to make meaningful strides in capturing market share yet improving its trading margins during the 2013 financial year.

Stalcor's performance for the year ended 31 December 2013, when compared to the previous year, reflects a 23.4% growth in turnover to R587.8 million (£38.9 million); a R2.3 million (£0.2 million) increase in EBITDA to R6.2 million (£0.4 million); and a R3.2 million (£0.2 million) improvement in profit after tax to R0.1 million (£0.01 million). Management of the company's net trading assets continued to be strictly controlled with total working capital days being maintained at a level of approximately 65 days.

Trading activity during the last quarter of 2013 was particularly strong, which trend appears to be continuing for the early part of 2014.

Times Media Group Limited ("TMG")
Please see www.timesmedia.co.za for full details. TMG interims were released on 19 March 2014.

Property
Blackstar valued its property investments at R33.2 million (£1.9 million) at 31 December 2013 and the fair value increased to R36.4 million (£2.1 million) at 31 March 2014 mainly as a result of the deposit paid of R2.7 million (£0.2 million) on a new property acquisition.

Our strategy with regards to property is opportunistic and potential investments are assessed based on whether they meet our return parameters. Blackstar invests in property opportunities where the tenants' ability to meet rental obligations can be reasonably assessed and understood, and the resultant returns can be enhanced by leverage. Blackstar has historically structured these to be cash flow neutral post the initial investment and this allows significant returns on patient capital over the life of the leases. Our properties are predominately commercial and industrial in nature.

During the year we added an industrial property based in Namibia with a ten year lease to our portfolio. The purchase price was R9.0 million (£0.5 million) at a 16% initial yield and Blackstar borrowed the full R9.0 million (£0.5 million) for the purchase against the strength of the existing lease.

Blackstar Real Estate (Pty) Limited ("BRE") and the property subsidiaries have properties with a gross fair value of R127.7 million (£7.3 million) before debt and non-controlling interests as at 31 December 2013.

Fund management
The Group's investment in the Blackstar Special Opportunities Fund ("BSOF") was valued at R63.2million (£3.6 million) at year end and R61.7 million (£3.5 million) at 31 March 2014 as a result of fair value adjustments. The investment in the Blackstar Global Opportunities Fund ("BGOF") amounted to R52.9 million (£3.0 million) at 31 December 2013 and was valued at R53.8 million (£3.1 million) at 31 March 2014.

BSOF has recorded a solid performance, generating a 25% return over the financial year making it one of the top performing funds in its category. This is approximately 7% higher than the return on the All Share Index ("Alsi") for the same period.

BGOF had a tough start since its launch in April 2013, however the investment processes are now in place which has resulted in positive monthly performance whilst global markets have been under significant pressure. BGOF has four strategies which are implemented on a global basis with a strong focus on the United States, United Kingdom and the rest of Europe. The philosophy is capital preservation and a US Dollar return. As far as we are aware, BGOF is the only South African based hedge fund that invests 100% outside of South Africa, giving it a unique position to offer high net worth individuals' interaction with the investment team.

Both BGOF and BSOF are receiving steady inflows of funds thereby increasing their assets under management.

See www.blackstarfundmanagers.co.za for further details on both funds.

Financial review

Blackstar early adopted IFRS 10, IFRS 12, and the revised version of IAS 27, including all amendments relating to Investment Entities, as a result of the endorsement of the amendments for use in the EU. These amendments introduce an exception to the principle that all subsidiaries need to be consolidated and instead requires investment entities to measure the investments (in particular subsidiaries and associates) at fair value through profit and loss as opposed to consolidating and equity accounting as was done in previous years. Subsidiaries which provide services that relate only to the Company's own investment activities continue to be consolidated.

The significant change as a result of the adoption of these new accounting policies is that subsidiaries GRS, Stalcor, New Bond Capital Limited ("NBC"), BRE and property subsidiaries, and the interest in the BSOF, all of which were previously consolidated, are now fair valued and classified as investments designated at fair value through profit and loss. Investments in associates, being TMG and Navigare Securities (Pty) Limited ("Navigare") are also fair valued and included in the category investments designated at fair value through profit and loss. Gains and losses arising on re-assessment of the fair values of the investments are recognised in profit and loss.

Subsidiaries which are continued to be consolidated include Blackstar (Cyprus) Investors Limited ("Blackstar Cyprus"), Blackstar (Gibraltar) Limited ("Blackstar Gibraltar"), Blackstar Group (Pty) Limited ("Blackstar SA") and Blackstar Fund Managers (Pty) Limited ("BFM").

These changes in accounting policies required retrospective application, comparatives were therefore restated and the restated opening balance sheet as at 1 January 2012 has been provided as well as a summary of the impact of the changes in accounting policies (refer note 3). Total equity attributable to equity holders of the parent as at 31 December 2012 has increased by R4.7 million (£0.3 million) to R1.1 billion (£83.4 million) when compared to the previously reported balance as per the prior year's annual report.

As a result of the adoption of these amendments, the Blackstar consolidated balance sheet is more closely aligned with the intrinsic NAV of the Group. Annexure A provides shareholders with an updated analysis of the inherent value of each investment held as at 31 March 2014. References to the fair values at 31 March 2014 are made based on the intrinsic NAV calculation included in Annexure A.

The applicable exchange rates utilised to translate the financial information from the functional currency Rands to the presentational currency Pounds Sterling are as follows: average ZAR/GBP exchange rate for the 12 months ended 31 December 2013 of 15.099 (2012: 13.015) and a closing ZAR/GBP exchange rate of 17.431 as at 31 December 2013 (13.773 as at 31 December 2012). The weakening of the South African Rand in excess of 16% (based on the average rates for the current and comparative year), has had a negative impact on Blackstar's performance and financial position reported in Pounds Sterling. This must be taken into consideration on performing a comparison of the Pounds Sterling financial information for 2012 and 2013.

Financial performance

Income for the year increased by R78.0 million (£4.8 million) and amounted to R261.0 million (£17.3 million) at year end which includes the following: R105.5 million (£7.0 million) generated from investments in the form of performance and monitoring fees, dividends and interest income; R133.0 million (£8.8 million) gain on investments; and R22.5 million (£1.5 million) net foreign exchange gains.

Income generated from investments for the current financial year includes R6.7 million (£0.4 million) management and performance fees generated by the fund managers for BGOF and BSOF.

The gains on investments of R133.0 million (£8.8 million) comprises losses of R118.3 million (£7.8 million) on disposals of investments, and R251.3 million (£16.6 million) unrealised gains which includes a R49.9 million (£3.3 million) unrealised gain on the fair valuing of net investments in subsidiaries, and R21.9 million (£1.4 million) and R172.6 million (£11.4 million) unrealised gains recognised on the investments in Robor and TMG respectively.

In June 2013 Blackstar issued Blackstar shares held in treasury to NBC shareholders in order to acquire all of the shares in NBC. The 5,808,553 shares held in treasury used to acquire NBC had previously been bought back by Blackstar at a cost of R64.3 million (£4.3 million). Subsequently NBC distributed a dividend of R87.5 million (£5.8 million) to Blackstar (included in dividend income mentioned above) and the investment in NBC was impaired by R60.6 million (£4.0 million) (included in realised gains/losses on disposal of investments), as the investment had in effect been realised. NBC is currently in the process of being wound down and deregistered.

In the second half of 2013, Blackstar sold its remaining interest in Litha for a cash consideration of R196.9 million (£12.6 million), the equivalent of R2.75 (£0.18) per share. The proceeds represent an internal rate of return ("IRR") of 47% and 3.57 times return on investment in South African Rands and in Pounds Sterling, 35% and 2.66 respectively. Litha has been a successful investment for Blackstar and its total investment in Litha has generated an IRR of 35% and 4.03 times return on investment in South African Rands (35% and 3.62 respectively in Pounds Sterling), over the seven year holding period.

Net losses of R118.3 million (£7.8 million) on disposal of investments mainly comprise the R60.6 million (£4.0 million) write down of the investment in NBC on realisation of the investment via the dividend distribution and a R62.1 million (£4.1 million) loss on the investment in Litha as a result of the decline in the Litha share price from R3.60 (£0.26) at 31 December 2012 to the price at which Blackstar agreed to sell its Litha shares of R2.75 (£0.18).

Operating expenses of R76.5 million (£5.1 million) were incurred for the current financial year. The breakdown of the expenses within operating expenses can be analysed as follows:

Operational costs incurred to run the daily Blackstar operations amounted to R22.7 million (£1.5 million) and thus the cost base for the current financial year remained below 2% of the reported NAV as at 31 December 2013 (actual of 1.7% for the 2013 financial year). Management were successful in reducing the running costs by R7.7 million (£0.9 million) when compared to the prior year and it is expected that operating costs will continue to be reduced going forward. The hedge fund management businesses incurred operational costs of R7.2 million (£0.5 million) for the current financial year, an increase of R6.3 million (£0.4 million) when compared to the prior year due to the fact that the BGOF fund management business was launched in the current financial year and was therefore not included in 2012, and furthermore BFM was acquired in the third quarter of 2012. Exceptional, non-recurring costs of R8.3 million (£0.5 million) were recognised for 2013 (2012: R5.3 million, £0.4 million). The long term Management Incentive Scheme, approved by shareholders at the previous AGM, calculates an incentive pool (which is split 50/50 between Blackstar shares and a cash pool) based on the growth in the intrinsic NAV of the Company. The award is performance based and no award is made if there is a decline in the value of the NAV per share. Senior management are now largely paid on performance via the long term Management Incentive Scheme. The cost of the long term Management Incentive Scheme awards in respect of the 2013 financial year amounted to R20.3 million (£1.3 million) for treasury shares issued and to be issued, and R17.9 million (£1.2 million) for the cash award. The long term Management Incentive

Scheme was adopted during the current financial year and thus there were no such expenses recognised in the prior year.

Net finance costs declined by R19.2 million (£1.5 million) when compared to the prior financial year as a result of the settlement of the interest-bearing, acquisition financing facility.

Blackstar generated a profit attributable to equity holders of the parent of R183.9 million for the current financial year, a pleasing 87.7% increase when compared to the prior year's profit of R97.9 million. In Pounds Sterling, the profit attributable to equity holders of the parent increased by £6.3 million to £12.2 million for the 2013 financial year. 2013 earnings per share and HEPS ("headline earnings per share") amounted to 231.34 cents, 15.32 pence (2012: 119.32 cents, 7.20 pence) and 231.33 cents, 15.32 pence (2012: 151.96 cents, 9.57 pence) respectively.

Financial position

Total equity attributable to equity holders of the parent amounted to R1.3 billion as at 31 December 2013, a 13.5% or R154.6 million increase on the prior year. The same figures in Pounds Sterling reflect a decline of 10.3% or £8.6 million to £74.8 million at 31 December 2013 which can be attributed to the fact that the Rand weakened from the closing rate ZAR/GBP spot rate of 13.773 at the end of 2012 to 17.431 at the end of 2013. Treasury share reserve of R18.8 million (£1.2 million) relates to the 1,641,011 treasury shares held at year end (2012: nil). The movements in treasury shares during the current financial year are discussed under a separate heading below. The non-controlling interest of R0.4 million (£0.02 million) represents the non-controlling interests' 44% share of BFM.

Financial assets at fair value through profit and loss comprise investments in subsidiaries of R312.0 million (£17.9 million), investments in associates of R677.1 million (£38.8 million) and investments held for trading of R191.3 million (£11.0 million).

Net investments in subsidiaries comprise equity interests in, as well as equity loans to, the respective subsidiary companies and include the following material investments in subsidiaries: 100% interest in GRS at a fair value of R180.0 million (£10.3 million), 50.1% interest in Stalcor valued at R32.0 million (£1.8 million); a R63.2 million (£3.6 million) interest in the BSOF and a R33.2 million (£1.9 million) investment in BRE and the property subsidiaries.

Net investments in associates of R677.1 million (£38.8 million) mainly comprise Blackstar's 25.2% shareholding in TMG valued at a fair value of R672.1 million (£38.6 million) at year end. The R672.0 million (£38.5 million) increase in investments in associates from 2012 to 2013 can be explained as follows: additional TMG shares were purchased amounting to R304.6 million (£20.1 million); Blackstar's investment in TMG amounting to R195.0 million (£14.2 million) at the end of the prior year (originally included in financial assets held for trading) was subsequently transferred to investments in associates as a result of the increase in Blackstar's shareholding in TMG; and finally, a fair value gain of R172.6 million (£11.4 million) was recognised on the TMG shares as a result of the share price increasing from R13.27 at 31 December 2012 to R21.00 at 31 December 2013.

Investments held for trading with a fair value of R191.3 million (£11.0 million) include a R52.9 million (£3.0 million) investment in the BGOF, Blackstar's investment in Robor amounting to R109.3 million (£6.3 million) and a R23.0 million (£1.3 million) investment in Shoprite Lusaka. The R365.7 million (£29.5 million) decline in investments held at fair value from R557.0 million (£40.4 million) in the prior year is attributable to the following material movements during the current financial year: the investment in Litha carried at a fair value of R262.8 million (£19.1 million) at 31 December 2012 was disposed of during the first half of 2013; the investment in TMG carried at R195.0 million (£14.2 million) was transferred to investments in associates; the investment in Robor was increased by R27.4 million (£1.8 million) via further share acquisitions and a fair value increase of R21.9 million (£1.5 million); and R46.0 million (£3.0 million) was invested into the BGOF.

Total assets increased from R1.2 billion as at 31 December 2012 to R1.3 billion as at 31 December 2013 mainly as a result of the new investments and growth in these underlying investments during the current financial year. In Pounds Sterling, a decline in total assets from £83.7 million to £75.7 million is reflected despite true growth in investments due to the weakening of the Rand against the Pound Sterling.

Cash and cash equivalents declined by R217.8 million (£14.3 million) during the current financial year to an amount of R122.9 million (£7.1 million). Significant cash flow movements during the year included R440.1 million (£29.2 million) cash outflow on additions to investments; R293.5 million (£19.5 million) cash inflow on disposal of investments, R61.5 million (£4.1 million) cash inflow of income from investments, R89.9 million (£6.0 million) cash out flow on treasury share purchases and R20.9 million (£1.4 million) paid out as cash dividends to shareholders.

Share split and consolidation

The proposed consolidation and sub-division of Blackstar's share capital was approved at the last Annual General Meeting and successfully implemented effective 28 June 2013 thereby removing 3,294 shareholders off the shareholder register, an 83.0% reduction in the total number of shareholders. The Blackstar NAV per share and the Company share price was not affected by the process of rationalising the shareholder base.

Treasury shares

Blackstar held 1,641,011 treasury shares at 31 December 2013, representing 2.0% of the issued share capital.

During the current financial year, Blackstar repurchased 8,027,949 shares off the open market. On conclusion of the NBC acquisition 5,808,553 shares (which were held in treasury) were issued to NBC shareholders and a total of 791,926 shares were awarded as part of the Management Incentive Scheme (approved by shareholders at the last AGM). Of the treasury shares held at year end, a further 1,186,246 shares have been set aside for issue as an award by the Management Incentive Scheme.

An additional 213,541 shares were added to the treasury share reserve as a result of the effects of the share split and consolidation implemented during the year.

A further 65,000 Blackstar shares have been acquired on the open market post year end.

Dividends

The Board declared an interim gross dividend of 8 South African cents (0.59 cents in Euros and 0.50 pence in Pounds Sterling) per ordinary share which was paid on 22 November 2013.

Given the strong performance of the Company, the Board has resolved to declare a final gross dividend of 14 South African cents (0.96 cents in Euros and 0.80 pence in Pounds Sterling) per ordinary share for the year ended 31 December 2013. The exchange rates have been fixed for the calculation of the Euro and Pounds Sterling equivalents based on the closing exchange rates on Friday, 11 April 2014 of EUR 1 = ZAR 14.562 and GBP 1 = ZAR 17.545. The Board continues to recognise that regular dividends are an important part of shareholder wealth creation.

The final dividend will be paid in accordance with the salient dates and times set out below:

Last day to trade on the South African register	Wednesday, 30 April 2014
Trading ex-dividend commences on the South African register	Friday, 02 May 2014
Last day to trade on the UK register	Tuesday, 06 May 2014
Trading ex-dividend commences on the UK register	Wednesday, 07 May 2014
Record date for shareholders recorded on the UK and South African registers	Friday, 09 May 2014
Date of payment	Friday, 30 May 2014

Share certificates may not be dematerialised or rematerialised between Friday, 02 May 2014 and Friday, 09 May 2014, both days inclusive, and transfers between the UK register and the South African register may not take place during that period.

Dividend tax will be withheld from the amount of the gross dividend of 14 South African cents per share paid to South African shareholders at the rate of 15% unless a shareholder qualifies for exemption. After the dividend tax has been withheld, the net dividend will be 11.9 South African cents per share. There are no other taxes (foreign or otherwise) to be withheld from the dividend. The Company had a total of 82,088,500 shares in issue (which includes 519,765 shares held in treasury) at the date on which the dividend was announced, 16 April 2014. The dividend will be distributed by Blackstar Group SE (Malta tax registration number 995944033) and is regarded as a foreign dividend. There are no Secondary Tax on Companies ("STC") credits available for use.

Outlook

Blackstar produced a pleasing set of results for the 2013 financial year achieving a record NAV of R1.3 billion at year end and a NAV per share of 1,620 cents (93 pence). Per Annexure A, the intrinsic NAV at 31 March 2014 amounted to R1.3 billion, and an intrinsic NAV per share of 1,641 cents (94 pence) which reflects continued growth in the value of Blackstar. The Group will continue to focus on growing and developing investments within the three pillars identified.

In line with this strategy, subsequent to year end, Blackstar acquired a further 9.1 million shares in TMG thereby increasing its shareholding to 32.3%. Of the acquisitions made post year end, 8.7 million shares acquired were financed through an access facility which was opened with a bank subsequent to year end.

As previously mentioned, Blackstar also invested a further R22.0 million (£1.3 million) into Robor.

The Property division acquired a new property, situated in a good office and retail node of Cape Town, for an amount of R27.7 million (£1.6 million). The property, which comprises 1 600sqm of office space, already has a triple net lease for the next five years and the transfer is expected to be completed in the third quarter of 2014. Blackstar has paid a deposit of R2.7 million (£0.2 million) and the balance of the purchase price will be financed through third party debt.

The outlook for Blackstar remains optimistic - the Group has a solid balance sheet which includes a strong investment portfolio thereby providing a foundation for growth and the ability to pursue exciting opportunities that come our way.

Andrew Bonamour
Non-executive Director
16 April 2014

Annexure A

Intrinsic NAV as at 31 March 2014

	Unaudited 31 March 2014 R'000	**Unaudited 31 March 2014 £'000**
Times Media Group Limited	883,151	50,331
Global Roofing Solutions (Pty) Limited	180,000	10,258
Robor (Pty) Limited	109,340	6,231
Stalcor (Pty) Limited	32,000	1,824
Blackstar Real Estate (Pty) Limited	36,429	2,076
Blackstar Global Opportunities Fund	53,762	3,064
Blackstar Special Opportunities Fund	61,671	3,515
Other listed	25,032	1,427
Other unlisted	46,839	2,669
Net assets of consolidated companies	7,729	440
Cash and cash equivalents	77,012	4,393
Access facility	(174,284)	(9,932)
Intrinsic NAV	**1,338,681**	**76,296**
Actual number of shares in issue net of treasury shares held ('000)	81,569	81,569
Intrinsic NAV per share (in Rands/Pounds Sterling)	16.41	0.94
Ordinary share price on 31 March 2014 (in Rands/Pounds Sterling)	12.25	0.64
Ordinary share price discount to intrinsic NAV	25%	32%

Notes

1. The intrinsic NAV provides a measure of the underlying value of the Group's assets and does not indicate when the investments will be realised, nor does it guarantee the value at which the investments will be realised
2. For the purposes of determining the intrinsic values, listed investments on recognised stock exchanges are valued using quoted bid prices and unlisted investments are shown at Directors' valuation, determined using the discounted cash flow methodology. This methodology uses reasonable assumptions and estimations of cash flows and terminal values, and applies an appropriate risk-adjusted discount rate that quantifies the investment's inherent risk to calculate a present value. Given the subjective nature of valuations, the Group is cautious and conservative in determining the valuations and has a track record of selling its unlisted investments in the ordinary course of business above the levels at which it values them
3. All amounts have been translated using the closing exchange rates at 31 March 2014. The ZAR/GBP closing exchange rate at 31 March 2014 was 17.547
4. Other unlisted include investments in Navigare Securities (Pty) Limited, Blackstar Fund Managers (Pty) Limited and the loan to Robor (Pty) Limited

Consolidated statement of comprehensive income
for the year ended 31 December 2013

*Restated 2012 R'000	2013 R'000		2013 £'000	*Restated 2012 £'000
183,031	**261,025**	Income	**17,287**	12,443
(63,662)	**(76,541)**	Operating expenses	**(5,070)**	(4,888)
119,369	**184,484**	**Operating profit**	**12,217**	7,555
(19,383)	**(208)**	Net finance costs	**(14)**	(1,489)
2,388	**3,156**	Finance income	**209**	184
(21,771)	**(3,364)**	Finance costs	**(223)**	(1,673)
99,986	**184,276**	**Profit before taxation**	**12,203**	6,066
(2,342)	**222**	Taxation	**15**	(180)
97,644	**184,498**	**Profit for the year**	**12,218**	5,886
		Other comprehensive income/(loss) – items that may subsequently be reclassified to profit and loss:		
-	**-**	Currency translation differences on the translation of Rand denominated Group entities	**(20,297)**	(6,257)
-	**-**	Release of foreign currency translation reserve	**1,425**	-
-	**-**	**Total other comprehensive income/(loss) recognised directly in equity**	**(18,872)**	(6,257)
97,644	**184,498**	**Total comprehensive income/(loss) for the year**	**(6,654)**	(371)
		Profit for the period attributable to:		
97,945	**183,857**	Equity holders of the parent	**12,175**	5,908
(301)	**641**	Non-controlling interests	**43**	(22)
97,644	**184,498**		**12,218**	5,886
		Total comprehensive income/(loss) attributable to:		
97,945	**183,857**	Equity holders of the parent	**(6,697)**	(349)
(301)	**641**	Non-controlling interests	**43**	(22)
97,644	**184,498**		**(6,654)**	(371)
119.32	**231.34**	**Basic and diluted earnings per ordinary share attributable to equity holders (in cents/pence)**	**15.32**	7.20
82,088	**79,476**	Weighted average number of shares (net of treasury shares, in thousands)	**79,476**	82,088

*Comparatives have been restated for changes in accounting policies - refer to note 3

Basic and diluted headline earnings per share ^

* Restated 2012 R'000	2013 R'000		2013 £'000	* Restated 2012 £'000
97,945	**183,857**	Profit for the period attributable to equity holders of the parent	**12,175**	5,908
		Adjusted for:		
26,792	**-**	Impairment of goodwill	**-**	1,945
-	**(5)**	Profit on disposal of equipment	**-**	-
-	**1**	Total tax effects of adjustments	**-**	-
124,737	**183,853**	Headline earnings	**12,175**	7,853
151.96	**231.33**	Basic and diluted headline earnings per ordinary share attributable to equity holders (in cents/pence)	**15.32**	9.57

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

*Comparatives have been restated for changes in accounting policies - refer to note 3

Consolidated balance sheet
as at 31 December 2013

*Restated 1 January 2012 R'000	*Restated 31 December 2012 R'000	**31 December 2013 R'000**		**31 December 2013 £'000**	*Restated 31 December 2012 £'000	*Restated 1 January 2012 £'000
			Assets			
24,406	875	**875**	Goodwill	**51**	64	1,945
777	294	**1,524**	Deferred tax assets	**87**	21	62
642	1,168	**1,364**	Equipment	**78**	85	51
805,700	799,664	**1,180,472**	Financial assets at fair value through profit and loss	**67,721**	58,057	64,215
215,362	237,519	**312,014**	Net investments in subsidiaries	**17,899**	17,244	17,165
413,621	5,164	**677,138**	Net investments in associates	**38,846**	375	32,966
176,717	556,981	**191,320**	Financial assets held for trading	**10,976**	40,438	14,084
2,047	5,000	**8,174**	Investments classified as loans and receivables	**469**	363	163
279	148	**188**	Current tax assets	**12**	10	23
19,826	4,366	**4,065**	Trade and other receivables	**233**	317	1,580
214,564	340,803	**122,893**	Cash and cash equivalents	**7,050**	24,743	17,101
1,068,241	1,152,318	**1,319,555**	**Total assets**	**75,701**	83,660	85,140
			Liabilities			
-	(73)	**(60)**	Deferred tax liabilities	**(3)**	(5)	-
(185)	(217)	**(201)**	Other financial liabilities	**(12)**	(16)	(15)
-	(127)	**-**	Borrowings	**-**	(9)	-
(1,350)	(313)	**(469)**	Current tax liabilities	**(28)**	(23)	(108)
(15,726)	(2,841)	**(14,890)**	Trade and other payables	**(854)**	(206)	(1,253)
-	(116)	**(4)**	Bank overdrafts	**-**	(8)	-
(17,261)	(3,687)	**(15,624)**	**Total liabilities**	**(897)**	(267)	(1,376)
1,050,980	1,148,631	**1,303,931**	**Total net assets**	**74,804**	83,393	83,764
			Equity			
596,879	574,671	**574,672**	Share capital	**55,347**	55,347	57,053
22,125	22,125	**21,468**	Share premium	**1,930**	1,974	1,974
29,965	52,173	**52,173**	Capital redemption reserve	**4,599**	4,599	2,893
(29,452)	-	**(18,848)**	Treasury shares reserve	**(1,248)**	-	(2,272)
-	-	**-**	Foreign currency translation reserve	**(26,331)**	(6,034)	223
431,463	499,956	**674,101**	Retained earnings	**40,485**	27,529	23,893
1,050,980	1,148,925	**1,303,566**	**Total equity attributable to equity holders**	**74,782**	83,415	83,764
-	(294)	**365**	Non-controlling interests	**22**	(22)	-
1,050,980	1,148,631	**1,303,931**	**Total equity**	**74,804**	83,393	83,764
1,280	1,400	**1,620**	**Net asset value per share (in cents/pence)**	**93**	102	102
82,088	82,088	80,447	Actual number of shares in issue (net of treasury shares, in thousands)	80,447	82,088	82,088

*Comparatives have been restated for changes in accounting policies - refer to note 3

Condensed consolidated statement of changes in equity
for the year ended 31 December 2013

Attributable to equity holders	Non-controlling interests	Total equity		Attributable to equity holders	Non-controlling interests	Total equity
R'000	R'000	R'000		£'000	£'000	£'000
847,114	**(754)**	**846,360**	**Balance as at 1 January 2012**	67,517	(60)	67,457
203,866	754	204,620	Change in accounting policies	16,247	60	16,307
1,050,980	**-**	**1,050,980**	**Balance as at 1 January 2012 (*restated)**	**83,764**	**-**	**83,764**
97,945	(301)	97,644	Total comprehensive income/(loss) for the period	(349)	(22)	(371)
97,945	(301)	97,644	Income/(loss) for the period	5,908	(22)	5,886
-	-	-	Other comprehensive loss for the period	(6,257)	-	(6,257)
-	7	7	Arising on acquisition of investment in subsidiary	-	-	-
1,148,925	**(294)**	**1,148,631**	**Balance as at 31 December 2012 (*restated)**	**83,415**	**(22)**	**83,393**
183,857	641	184,498	Total comprehensive income/(loss) for the period	(6,697)	43	(6,654)
183,857	641	184,498	Income for the period	12,175	43	12,218
-	-	-	Other comprehensive loss for the period	(18,872)	-	(18,872)
(89,910)	-	(89,910)	Treasury shares acquired	(5,955)	-	(5,955)
(2,499)	-	(2,499)	Effect of share split and consolidation	(166)	-	(166)
63,900	-	63,900	Treasury shares issued to acquire NBC	4,232	-	4,232
(123)	18	(105)	Reduction in non-controlling interests arising on acquisition of further shares in BFM	(9)	1	(8)
20,287	-	20,287	Equity settled share based payment	1,344	-	1,344
(20,871)	-	(20,871)	Dividend paid	(1,382)	-	(1,382)
1,303,566	**365**	**1,303,931**	**Balance as at 31 December 2013**	**74,782**	**22**	**74,804**

*Comparatives have been restated for changes in accounting policies - refer to note 3

Consolidated statement of cash flows
for the year ended 31 December 2013

*Restated 2012 R'000	2013 R'000		2013 £'000	*Restated 2012 £'000
		Cash flow from operating activities		
(14,336)	**(29,844)**	Cash absorbed by operations	**(1,945)**	(2,618)
		Changes in working capital:		
15,657	**301**	Decrease/(increase) in trade and other receivables	**(37)**	1,172
(13,029)	**12,049**	Increase/(decrease) in trade and other accounts payable	**954**	(977)
32	**(16)**	(Decrease)/increase in lease accrual	**(1)**	2
(873,537)	**(440,135)**	Additions to investments	**(29,151)**	(67,117)
817,682	**293,450**	Proceeds on disposal and redemption of investments	**19,452**	62,826
(67,531)	**(164,195)**	**Cash absorbed from operations**	**(10,728)**	(6,712)
217,225	**61,450**	Dividend and interest income received	**4,069**	16,690
2,388	**3,156**	Finance income received	**209**	184
(21,771)	**(3,364)**	Finance costs paid	**(223)**	(1,673)
(2,719)	**(906)**	Taxation paid	**(58)**	(207)
127,592	**(103,859)**	**Cash (absorbed)/generated by operating activities**	**(6,731)**	8,282
		Cash flow from investing activities		
(716)	**(599)**	Purchase of equipment	**(40)**	(54)
14	**172**	Proceeds on disposal of equipment	**11**	1
(894)	**(105)**	Acquisition of subsidiaries, net of cash acquired	**(8)**	(65)
(1,596)	**(532)**	**Cash absorbed by investing activities**	**(37)**	(118)
		Cash flow from financing activities		
127	**(127)**	Movement in borrowings	**(8)**	10
-	**(2,499)**	Acquisition of Blackstar shares as a result of the share split and consolidation	**(166)**	-
-	**(89,910)**	Purchase of treasury shares	**(5,955)**	-
-	**(20,871)**	Dividends paid to equity holders of the parent	**(1,382)**	-
127	**(113,407)**	**Cash (absorbed)/generated by financing activities**	**(7,511)**	10
126,123	**(217,798)**	**Net (decrease)/increase in cash and cash equivalents**	**(14,279)**	8,174
214,564	**340,687**	Cash and cash equivalents at the beginning of the year	**24,735**	17,101
-	**-**	Exchange losses on cash and cash equivalents	**(3,406)**	(540)
340,687	**122,889**	**Cash and cash equivalents at the end of the year**	**7,050**	24,735

*Comparatives have been restated for changes in accounting polices - refer to note 3

Notes to the consolidated financial statements

for the year ended 31 December 2013

1. Financial information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2013 or 2012 as defined in section 171 of the Malta Companies Act 1995. Statutory accounts for the year ended 31 December 2013 will be delivered to the Malta Registrar of Companies following the Company's annual general meeting. The auditors have reported on those accounts, their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their reports for the year ended 31 December 2013 and 31 December 2012 did not contain statements under s149 paragraph (10),(11),(12) of the Malta Companies Act 1995.

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

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

2. Distribution of the annual report and accounts to shareholders

The Group's audited statutory accounts for the year ended 31 December 2013 will be available shortly to shareholders via the Company's website www.blackstar.eu.

3. Changes in accounting policies

The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 31 December 2012, save for Blackstar meeting the definition of an investment entity, as defined in IFRS 10 Consolidated Financial Statements. The Group has adopted the following new and revised accounting standards:

- IAS 1 Presentation of Financial Statements (revised)
- IFRS 10 Consolidated Financial Statements (early adoption)
- IFRS 11 Joint Arrangements (early adoption)
- IFRS 12 Disclosure of Interest in Other Entities (early adoption)
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Instruments (revised – early adoption)
- IAS 28 Accounting for Investments in Associates (revised – early adoption)
- Investment Entities (amendments to IFRS 10, IFRS 12 and the revised version of IAS 27 - early adoption)

Of the above standards, only IFRS 10 (including the investment entities amendments) has made a significant impact to the financial performance and position of the Group as its adoption requires the restatement of results previously presented. IFRS 10 includes an exception from consolidation for entities, which meet the definition of an investment entity, and requires such entities to recognise all investments at fair value through profit and loss. The adoption of IFRS 10 has resulted in the Group treating certain investments in subsidiaries and associates as investments held at fair value through profit and loss. Subsidiaries which provide services that relate only to the Company's own investment activities continue to be consolidated.

Under the transitional provisions of IFRS 10, this change in accounting policies is required to be accounted for retrospectively and thus the comparative figures have been restated.

A summary of the impact of these changes on the consolidated statement of financial position as at 31 December 2011 and 31 December 2012, and the impact on the consolidated statement of comprehensive income for the year ended 31 December 2012 are shown below. Further detail is provided within the notes to the Group's consolidated financial statements for the year ended 31 December 2013 which will be available to shareholders' shortly.

Impact on the consolidated balance sheet

Increase/(decrease) to net assets:

31 December 2011 R'000	31 December 2012 R'000		31 December 2012 £'000	31 December 2011 £'000
(125,617)	(315,951)	Total assets	(22,941)	(10,014)
330,237	292,465	Total liabilities	21,237	26,321
204,620	(23,486)	**Total net assets**	(1,704)	16,307
204,620	(23,486)	**Total equity**	(1,704)	16,307

Impact on the consolidated statement of comprehensive income

Increase/(decrease) to profits:

2012 R'000		2012 £'000
(78,318)	Operating profit	(7,814)
14,358	Net finance costs	1,103
(490)	Share of profit from associate	(38)
(64,450)	Profit before taxation	(6,749)
(2,080)	Taxation	(144)
(66,530)	Profit from continuing operations	(6,893)
(128,198)	Profit from discontinued operations, net of taxation	(7,741)
(194,728)	Profit for the year	(14,634)
	Profit for the period attributable to:	
(194,420)	Equity holders of the parent	(14,636)
(308)	Non-controlling interests	2
(194,728)		(14,634)
(236.84)	Basic earnings per ordinary share attributable to equity holders (in cents/pence)	(17.83)

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