

# BLACKSTAR



## **Blackstar Group SE**

Audited Results for the year ended 31 December  
2014

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

## Highlights

- Intrinsic NAV increased by 23.3% over the last financial year to R1.6 billion (in Pounds Sterling an increase of 19.4% to £89.0 million)
- Transaction announced with Tiso Investment Holdings
- Announced acquisition of remaining 67.5% of Times Media Group
- Blackstar to be renamed Tiso Blackstar
- Final dividend declared of 14 cents (0.77 pence) per ordinary share
- Realised Cadiz investment at a return of 39.0%

## Overview

2014 was an exceptional year for Blackstar Group SE (“Blackstar” or “the Company” or “the Group”). Not only did the investments and operations performance exceed expectations, but we were also able to arrange two large transactions, which are in the process of being concluded in 2015, that will not only enhance Blackstar’s scale and profitability but also put the Group on a new growth path. The acquisition with Tiso Investment Holdings Proprietary Limited (RF) (“TIH”) and the acquisition of the remaining 67.5% of Times Media Group Limited (“TMG”) that Blackstar doesn’t already own, will herald a new era for the new Tiso Blackstar Group.

During the year Blackstar enhanced its cash flow from operations and grew its Intrinsic net asset value (“Intrinsic NAV”) by 23.3% from R1.3 billion (£74.6 million) to R1.6 billion (£89.0 million) or R19.29 (£1.07) per share at 31 December 2014. As an Investment Holding Company, it is our belief that one needs to have lean head office costs so we are always mindful of costs. We have been able to lower our overhead costs at the Blackstar head office level.

Blackstar’s debt reduced from R175.0 million (£9.8 million) when initially raised in February 2014 to finance an additional 7.3% interest in TMG, to the current R72.7 million (£4.0 million) as at 31 December 2014.

Our steel interests, Stalcor Proprietary Limited (“Stalcor”) and Global Roofing Solutions Proprietary Limited (“GRS”), which were merged into one cost effective streamlined business-Consolidated Steel Industries Proprietary Limited (“CSI”), performed way above expectations. GRS in particular is growing nicely into Africa where we now generate close to 40% of the total GRS turnover. CSI has been able to buck the negative trend that most of the South African steel businesses find themselves in. CSI was completely reviewed from top to bottom and as a result has been able to enhance all aspects of the business from cash flows back to Blackstar to better service to our customers.

During the period we also received a total of R59.5 million (£3.3 million) from Robor Proprietary Limited (“Robor”) as a result of the management buy-in and a dividend of R3.1 million (£0.2 million). Our interest in Robor also increased from 17.5% to 19.1%.

TMG made up 62.8% of the Blackstar Intrinsic NAV as at 31 December 2014. As announced on 8 December 2014, Blackstar has made an offer to TMG shareholders to purchase their equity in order to make TMG a 100% held subsidiary of Blackstar.

Subsequent to year end, Blackstar realised R36.1 million (£2.0 million) on disposal of its investment in Cadiz Holdings Limited (“Cadiz”) thereby successfully generating a return of 39.0% on funds invested.

We continue to grow our property portfolio Blackstar Real Estate Proprietary Limited and the property subsidiaries (“BRE”) opportunistically and during the year we added two new properties.

The South African Rand continued to weaken during the current year with the closing ZAR/GBP exchange rate increasing to 18.001 at 31 December 2014 compared to 17.431 at 31 December 2013. As the majority of the Group’s assets are based in Rands, this continues to have a significant impact on the Pounds Sterling reported results of the Group. Blackstar manages its currency risk by holding the Group’s cash resources in Pounds Sterling and US Dollars.

## Investments review

### *Robor*

Robor has experienced a decline in sales in South Africa in almost all market segments and all these reflect the slow economy and the lack of spend on infrastructure projects. Focus areas for growth into the future are in the Energy, Mining (mainly Africa) and Water segments where Robor will become an engineering steel

solutions provider. Over the past 12 months exports made up 17% of total revenue and this is forecast to increase going forward.

Post the management buy-in concluded in 2014 Robor has continued to implement its consolidation and restructure initiatives. These are proceeding according to the plan which was to create space for a future investment (relating to enhanced capabilities in tube, pipe and structural steel solutions in growing market segments) and deliver operational cost savings equal to at least the new rental charge.

The Board takes a conservative view on investment valuations and the Group's investment in Robor was valued at R80.0 million (£4.4 million) at year end which is currently less than the Group's share of the tangible net asset value of Robor. Robor generated an EBITDA of R184.1 million (£10.3 million) for their financial year ended 30 September 2014.

### **CSI**

Blackstar merged its steel business interests, Stalcor and GRS, within Stalcor and renamed it Consolidated Steel Industries Proprietary Limited ("CSI").

Aggregate revenue earned by these wholly owned businesses grew during the year by 40.9% to R1.8 billion (£0.1 billion), with an EBITDA increase of 28.7% to over R75.0 million (£4.2 million) during this period.

GRS continued its expansion initiative into Africa. This expansion was funded through cash generated by CSI's operations. GRS now has fully functioning entities in Namibia, Botswana, Zambia, Zimbabwe and Ghana with Mozambique in the process of being established. Direct and indirect sales revenues earned by GRS through this newly established African-network exceeded R340.0 million (£19.0 million), being over one third of GRS's total sales for the year. These revenues contributed significantly to CSI's overall profitability and cash flow.

Blackstar's investment in CSI has increased by R145.0 million (£8.1 million) over the past year to a fair value of R357.0 million (£19.8 million) at 31 December 2014.

### **TMG**

TMG's interims were released on 30 March 2015. Please refer to [www.timesmedia.co.za](http://www.timesmedia.co.za) for full results. TMG is a unique asset, with high barriers to entry and good cash flow generation. Its brands are well known. TMG is well positioned and performing above its competitors in the print segment of the market. TMG newspapers are gaining in both circulation and advertising market share. The TMG digital business continues to grow and break new ground.

As referred to in Annexure A, the intrinsic fair value of Blackstar's investment in TMG amounted to R1.0 billion (£55.9 million) at 31 December 2014.

### **Other equity investments**

Blackstar's remaining investments performed to expectations and are earmarked for sale at the right valuation.

### **Property**

During the year we added to our property portfolio by acquiring two commercial properties with long term tenants. BRE now has six commercial properties in South Africa and one in Namibia with a total gross fair value of R193.9 million (£10.8 million) and a value of R71.0 million (£3.9 million) net of third party debt raised to finance the property acquisitions. BRE also started a development on vacant land in an industrial development near the King Shaka airport in KwaZulu-Natal. This development will be completed by May 2015 and we expect to secure tenants in the next few weeks. To date BRE has generated good returns on the capital it has invested in its property portfolio over the last four years.

Our philosophy with our property investments is to leverage the property as much as possible and contribute a sliver of equity secured by a solid long-term tenant.

As at 31 December 2014, the fair value of Blackstar's investment in BRE, included in the Intrinsic NAV (refer to Annexure A), amounted to R65.3 million (£3.6 million).

## **Financial review**

Blackstar is considered to be an Investment Entity and therefore measures its investments, including certain subsidiaries and associates, at fair value through profit and loss as opposed to consolidating and equity accounting.

The following subsidiaries, which provide services that relate to the Company's own investment activities, continue to be consolidated: Blackstar Cyprus (Investors) Limited ("Blackstar Cyprus"); Blackstar Group Proprietary Limited ("Blackstar SA"); and Blackstar Fund Managers Proprietary Limited ("BFM").

As a result of this accounting treatment, the Blackstar consolidated balance sheet is more closely aligned with the Intrinsic NAV of the Group than it would be under the traditional equity accounting model. The Intrinsic NAV provides shareholders with an analysis of the inherent value of each investment held as at year end. References to the Intrinsic NAV are made based on the 31 December 2014 Intrinsic NAV as included in Annexure A.

As at 31 December 2014, the reported Intrinsic NAV amounted to R1.6 billion (£89.0 million) compared to the reported NAV per the Blackstar consolidated balance sheet of R1.5 billion (£80.6 million), a difference of R152.3 million (£8.5 million) which is mainly attributable to the differing share price used to value Blackstar's investment in TMG. In calculating the Intrinsic NAV, Blackstar's investment in TMG has been valued based on a price of R24.50 per share. This represents the value ascribed to TMG shares per the Scheme of Arrangement (as detailed within both the Blackstar and TMG circulars), which differed from the closing, quoted share price of TMG shares at 31 December 2014 of R21.00 per share. In accordance with the requirements of EU IFRS which specifically states that in all cases if there is a quoted price in an active market for an asset or a liability an entity shall use that price without adjustment when measuring fair value, the carrying value of the TMG investment included in the consolidated balance sheet is determined using the closing quoted share price of R21.00.

Income for the year ended 31 December 2014 amounted to R245.3 million (£13.7 million) which includes the following: R38.3 million (£2.1 million) generated from investments in the form of performance and monitoring fees, dividends and interest income; R204.7 million (£11.5 million) net gains on investments; and R2.3 million (£0.1 million) net foreign exchange gains.

The net gains on investments comprises of realised gains on disposals of R2.8 million (£0.2 million) and unrealised fair value gains of R201.9 million (£11.3 million). Unrealised gains mainly include a fair value gain of R165.0 million (£9.2 million) recognised on the net investment in CSI, and a gain of R27.4 million (£1.5 million) arising on the investment in Robor.

Operating expenses amounted to R92.2 million (£5.2 million) which includes amongst others the day-to-day operational expenses incurred to run Blackstar and its consolidated subsidiaries, the long term Management Incentive Scheme awards expense, as well as deal specific and other non-recurring costs incurred. The increase from R76.5 million (£5.1 million) in the prior year can be attributed to the higher long term Management Incentive Scheme award which is calculated based on the growth in the Blackstar Intrinsic NAV.

For the current financial year, operational costs to run the daily Blackstar operations amounted to 1.5% of the reported net asset value ("NAV") per the consolidated balance sheet as at 31 December 2014 which is lower than the prior year's reported figure of 1.7% of balance sheet NAV as at 31 December 2013. Operational costs are closely monitored and action is taken wherever possible to cut any excess expenditure in order to improve the profitability of the Group.

Finance costs increased by R5.4 million (£0.3 million) when compared to the prior year mainly as a result of the interest cost arising on the access facility raised to acquire further TMG shares. The ongoing finance costs for this facility have reduced significantly since draw down due to the fact that 58.5% of the debt was repaid during the 2014 financial year.

Total equity attributable to equity holders of the parent amounted to R1.5 billion as at 31 December 2014, an 11.3%, or R146.8 million increase since 31 December 2013. The same figures in Pounds Sterling only reflected an increase of 7.7%, or £5.8 million, to £80.6 million at 31 December 2014 which can be attributed to the fact that the Rand weakened during the reporting period.

Total assets increased from R1.3 billion (£75.7 million) as at 31 December 2013 to R1.5 billion (£85.9 million) as at 31 December 2014 mainly as a result of the new investment in TMG, growth in this underlying investment, and an increase in the fair value of CSI and Robor during the current financial year.

An access facility was opened with Rand Merchant Bank to finance R175.0 million (£9.8 million) of the TMG share purchases made in the first quarter of 2014. By year end, Blackstar had already reduced the outstanding debt to R72.7 million (£4.0 million). The debt repayments were largely funded by the proceeds received from Robor and dividends received from TMG. The debt is interest bearing with interest repayable quarterly and a bullet capital repayment in 2017. On implementation of the TMG and Kagiso Tiso Holdings Proprietary Limited ("KTH") acquisitions, the access facility will be settled and be replaced by the new debt raised to finance these acquisitions.

Cash and cash equivalents declined by R59.9 million (£3.4 million) during the current financial year to an amount of R63.0 million (£3.5 million). Significant cash flow movements during the year included a R242.5 million (£13.6 million) cash outflow as a result of investment activity; a R167.8 million (£9.8 million) cash inflow on realisation of investments including repayments of loan receivables; a R72.7 million (£4.0 million) cash inflow from the access facility net of repayments; R20.4 million (£1.1 million) cash outflow on treasury share purchases; and R18.5 million (£1.0 million) paid out in cash dividends to shareholders.

## **Dividend**

Given the strong performance of the Company, the Board has resolved to declare a final gross dividend of 14 South African cents (1.08 cents in Euros and 0.77 pence in Pounds Sterling) per ordinary share for the year ended 31 December 2014.

The exchange rates have been fixed for the calculation of the Euro and Pounds Sterling equivalents based on the closing exchange rates on Tuesday, 21 April 2015 of EUR 1 = ZAR 13.013 and GBP 1 = ZAR 18.094.

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	Friday, 8 May 2015
Trading ex-dividend commences on the South African register	Monday, 11 May 2015
Last day to trade on the UK register	Wednesday, 13 May 2015
Trading ex-dividend commences on the UK register	Thursday, 14 May 2015
Record date for shareholders recorded on the UK and South African registers	Friday, 15 May 2015
Date of payment	Monday, 8 June 2015

Share certificates may not be dematerialised or rematerialised between Monday, 11 May 2015 and Friday, 15 May 2015, 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 81,296,942 shares in issue at the date on which the dividend was announced, being Friday, 24 April 2015. The dividend will be distributed by Blackstar Group SE (Malta tax registration number 995944033) and is regarded as a foreign dividend.

## **Tiso Blackstar Group – Outlook**

At the General Meeting of the Company held on 23 March 2015, Blackstar shareholders approved resolutions of the acquisition of the shares not already owned in TMG and the acquisition of 22.9% of KTH from TIH and the Tiso Foundation Charitable Trust (“Tiso Foundation”) (the “Acquisitions”). The Acquisitions will substantially increase Blackstar’s scale and Intrinsic NAV to approximately R4.5 billion (£251.8million) without materially adding to the head office costs of the Group (refer to Annexure B). Annexure B includes the 31 December 2014 Intrinsic NAV adjusted for the impact of the Acquisitions as if they had been completed on that date. This Annexure is a useful tool which can be used by shareholders and potential investors to assess the impact the Acquisitions have and to assist them in determining the estimated NAV of the Company post implementation of the Acquisitions.

The TMG Scheme Meeting and General Meeting were held on 30 March 2015 and all resolutions were passed by the requisite majority of TMG shareholders. The implementation of the Acquisitions remains subject to the fulfilment (or waiver where applicable) of the outstanding conditions and terms envisaged as detailed in both the TMG Scheme Circular and Blackstar Circular.

The new combined group called Tiso Blackstar, will have a London office and focus on Pan-African investment opportunities to benefit from the long term demographic trends that will grow Africa's economies over the next decades. The underlying, market-leading assets of Tiso Blackstar, predominantly based in South Africa, give the Company a solid foundation for its growth aspirations as it seeks to become the capital partner of choice to businesses growing in Africa.

These Acquisitions will set the platform for Tiso Blackstar's next exciting growth path and will bring in the skills of our new partners Nkululeko Sowazi and David Adomakoh, who together with the Tiso Foundation will

become the largest shareholders of Tiso Blackstar.

KTH is one of South Africa's successful investment companies to emerge from Black Economic Empowerment ("BEE") beginnings. KTH has a solid asset base with good cash flow generation. Many of their BEE type investments are now reaching maturity.

KTH's investee entities include market leaders in key sectors including, amongst others, media, resources, infrastructure, power and financial services and include a mix of both listed and private investments. KTH's main investments which make up 77.3% of their NAV are as follows:

- *Kagiso Media Proprietary Limited ("KML")* – 100% shareholding. KML has interests in substantial media assets including East Coast Radio and Jacaranda FM.
- *MMI Holdings Limited ("MMI")* – 7.1% shareholding. MMI is a South African based financial services group listed on the JSE. Its core businesses are long and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits.
- *Actom Proprietary Limited ("Actom")* – 18.6% shareholding. Actom is the largest manufacturer, repairer and distributor of electro-mechanical equipment and turnkey solutions in Southern Africa.
- *Exxaro Resources Limited ("Exxaro")* – 4.2% shareholding owned through a BEE structure. Exxaro is a South African-based mining group, listed on the JSE with a diverse and world-class commodity portfolio in coal, mineral sands, base metals and industrial minerals, including exposure to iron ore. As the second-largest South African coal producer with capacity of 45 million tonnes per annum and the third-largest global producer of mineral sands, Exxaro is a significant participant in the coal and mineral sands markets and provides a unique listed investment opportunity into these commodities.
- *Idwala Industrial Holdings Proprietary Limited ("Idwala")* – 30.5% shareholding. Idwala is a company focused on mining, processing, distribution and sales of lime and industrial minerals. It exploits a scarce and unique white calcitic and dolomitic limestone deposit in the Port Shepstone area of KwaZulu-Natal.

The Company's shares are currently suspended on AIM and the JSE. An announcement shall be made within the next few days as to the timelines of when the suspension from AIM and the JSE shall be lifted.

**Andrew Bonamour**  
**Non-executive Director**  
24 April 2015

## Annexure A

### Intrinsic NAV as at 31 December 2014

	Unaudited 31 December 2014 R'000	Unaudited 31 December 2014 £'000
Times Media Group Limited	1,006,381	55,908
Consolidated Steel Industries Proprietary Limited	357,000	19,833
Robor Proprietary Limited	80,000	4,444
Blackstar Real Estate Proprietary Limited and the property subsidiaries	65,324	3,629
Blackstar Special Opportunities Fund	49,014	2,723
Cadiz Holdings Limited	20,813	1,156
Other listed investments	22,634	1,257
Other unlisted investments	24,605	1,367
Net assets of consolidated companies	5,590	311
Cash and cash equivalents	44,050	2,447
Access facility	(72,673)	(4,037)
<b>Intrinsic NAV</b>	<b>1,602,738</b>	<b>89,038</b>
Actual number of shares in issue net of treasury shares held ('000)	83,099	83,099
Intrinsic NAV per share (in Rands/Pounds Sterling)	19.29	1.07
Ordinary share price on 31 December 2014 (in Rands/Pounds Sterling)	11.85	0.67
Ordinary share price discount to Intrinsic NAV	39%	38%

#### 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 (other than TMG) 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. The investment in TMG is calculated based on a share price of R24.50 per share representing the value ascribed to a TMG share per the Scheme of Arrangement.
3. All amounts have been translated using the closing exchange rates at 31 December 2014. The ZAR/GBP closing exchange rate at 31 December 2014 was 18.001.
4. Other unlisted include investments in Blackstar Fund Managers Proprietary Limited, Navigare Securities Proprietary Limited, New Bond Capital Limited and the loan to CCPA Properties Proprietary Limited.
5. The ordinary share price is the actual share price reflected on the JSE and the London Stock Exchange ("LSE") at 31 December 2014, being the closing share price on 8 December 2014 when the share was suspended from trade.

## Annexure B Adjusted Intrinsic NAV as at 31 December 2014 post the Acquisitions

Annexure B includes the 31 December 2014 Intrinsic NAV adjustment to incorporate the Acquisitions as if they had been completed on that date, reflecting both the investment in TMG and KTH at fair value. This can be used by Shareholders in assessing the impact of these Acquisitions and in determining the estimated Blackstar Intrinsic NAV post implementation of the Acquisitions.

	Unaudited 31 December 2014 R'000	Unaudited 31 December 2014 £'000
Times Media Group Limited *	2,598,525	144,357
Kagiso Tiso Holdings Proprietary Limited ^	1,858,977	103,272
Consolidated Steel Industries Proprietary Limited	357,000	19,833
Robor Proprietary Limited	80,000	4,444
Blackstar Real Estate Proprietary Limited and the property subsidiaries	65,324	3,629
Blackstar Special Opportunities Fund	49,014	2,723
Cadiz Holdings Limited	20,813	1,156
Other listed investments	22,634	1,257
Other unlisted investments	24,605	1,367
Net assets of consolidated companies	5,590	311
Cash and cash equivalents	10,315	573
Term debt	(559,750)	(31,096)
Access facility	-	-
<b>Intrinsic NAV</b>	<b>4,533,047</b>	<b>251,826</b>
Actual number of shares in issue net of treasury shares held ('000)	266,660	266,660
Intrinsic NAV per share (in Rands/Pounds Sterling)	17.00	0.94
Ordinary share price on 31 December 2014 (in Rands/Pounds Sterling)	11.85	0.67
Ordinary share price discount to Adjusted Intrinsic NAV	30%	29%

### Notes:

- \* The investment in TMG has been reflected at fair value calculated based on a share price of R24.50 per share representing the value ascribed to a TMG share per the TMG Scheme.
- ^ The fair value of the investment in KTH has been determined based on the most recent available KTH Intrinsic NAV. A discount of 16.5% has been applied to the KTH Intrinsic NAV to take into account head office costs and potential CGT liability on assets that may be realised
- 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 (other than TMG) 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 December 2014. The ZAR/GBP closing exchange rate at 31 December 2014 was 18.001.
- 4. Other unlisted include investments in Blackstar Fund Managers Proprietary Limited, Navigare Securities Proprietary Limited, New Bond Capital Limited and the loan to CCPA Properties Proprietary Limited.
- 5. The ordinary share price is the actual share price reflected on the JSE and the LSE at 31 December 2014, being the closing share price on 8 December 2014 when the share was suspended from trade.



## Consolidated statement of comprehensive income

for the year ended 31 December 2014

2013	2014		2014	2013
R'000	R'000		£'000	£'000
261,025	<b>245,289</b>	Income	<b>13,737</b>	17,287
(76,541)	<b>(92,172)</b>	Operating expenses	<b>(5,162)</b>	(5,070)
184,484	<b>153,117</b>	<b>Operating profit</b>	<b>8,575</b>	12,217
(208)	<b>(7,266)</b>	Net finance costs	<b>(407)</b>	(14)
3,156	<b>1,458</b>	Finance income	<b>82</b>	209
(3,364)	<b>(8,724)</b>	Finance costs	<b>(489)</b>	(223)
184,276	<b>145,851</b>	<b>Profit before taxation</b>	<b>8,168</b>	12,203
222	<b>137</b>	Taxation	<b>8</b>	15
184,498	<b>145,988</b>	<b>Profit for the year</b>	<b>8,176</b>	12,218
		<b>Other comprehensive income/(loss) - items that may subsequently be reclassified to profit and loss:</b>		
-	-	Currency translation differences on the translation of Rand denominated Group entities	<b>(2,431)</b>	(20,297)
-	-	Release of foreign currency translation reserve	-	1,425
-	-	<b>Total other comprehensive loss recognised directly in equity</b>	<b>(2,431)</b>	(18,872)
184,498	<b>145,988</b>	<b>Total comprehensive income/(loss) for the year</b>	<b>5,745</b>	(6,654)
		<b>Profit for the year attributable to:</b>		
183,857	<b>146,584</b>	Equity holders of the parent	<b>8,210</b>	12,175
641	<b>(596)</b>	Non controlling interests	<b>(34)</b>	43
184,498	<b>145,988</b>		<b>8,176</b>	12,218
		<b>Total comprehensive income/(loss) attributable to:</b>		
183,857	<b>146,584</b>	Equity holders of the parent	<b>5,779</b>	(6,697)
641	<b>(596)</b>	Non controlling interests	<b>(34)</b>	43
184,498	<b>145,988</b>		<b>5,745</b>	(6,654)
231.34	<b>181.77</b>	<b>Basic and diluted earnings per ordinary share attributable to equity holders (in cents/pence)</b>	<b>10.18</b>	15.32
79,476	<b>80,642</b>	<b>Weighted average number of shares (net of treasury shares, in thousands)</b>	<b>80,642</b>	79,476
		<b>Basic and diluted headline earnings per share ^</b>		
2013	<b>2014</b>		<b>2014</b>	2013
R'000	<b>R'000</b>		<b>£'000</b>	£'000
183,857	<b>146,584</b>	Profit for the period attributable to equity holders of the parent	<b>8,210</b>	12,175
(5)	-	Adjusted for:	-	-
1	-	Profit on disposal of equipment	-	-
		Total tax effects of adjustments	-	-
183,853	<b>146,584</b>	Headline earnings	<b>8,210</b>	12,175
231.33	<b>181.77</b>	<b>Basic and diluted headline earnings per ordinary share attributable to equity holders (in cents/pence)</b>	<b>10.18</b>	15.32

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

## Consolidated statement of changes in equity

for the year ended 31 December 2014

	Share capital R'000	Share premium R'000	Capital redemption reserve R'000	Treasury shares reserve R'000	Retained earnings R'000	Attributable to equity holders R'000	Non controlling interests R'000	Total equity R'000
<b>Balance as at 1 January 2013</b>	<b>574,671</b>	<b>22,125</b>	<b>52,173</b>	-	<b>499,956</b>	<b>1,148,925</b>	<b>(294)</b>	<b>1,148,631</b>
Total comprehensive income for the year	-	-	-	-	183,857	183,857	641	184,498
Income for the year	-	-	-	-	183,857	183,857	641	184,498
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(89,910)	-	(89,910)	-	(89,910)
Effect of share split and consolidation	1	(1)	-	(2,499)	-	(2,499)	-	(2,499)
Treasury shares issued to acquire NBC	-	(447)	-	64,347	-	63,900	-	63,900
Reduction in non controlling interests arising on acquisition of further shares in BFM	-	-	-	-	(123)	(123)	18	(105)
Equity settled share based payment	-	-	-	-	20,287	20,287	-	20,287
Treasury shares issued during the year as part of the long term Management Incentive Scheme	-	(209)	-	9,214	(9,005)	-	-	-
Dividend paid	-	-	-	-	(20,871)	(20,871)	-	(20,871)
<b>Balance as at 31 December 2013</b>	<b>574,672</b>	<b>21,468</b>	<b>52,173</b>	<b>(18,848)</b>	<b>674,101</b>	<b>1,303,566</b>	<b>365</b>	<b>1,303,931</b>
Total comprehensive income/(loss) for the year	-	-	-	-	146,584	146,584	(596)	145,988
Income/(loss) for the year	-	-	-	-	146,584	146,584	(596)	145,988
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(20,449)	-	(20,449)	-	(20,449)
Reduction in non controlling interests arising on acquisition of further shares in BFM	-	-	-	-	(175)	(175)	25	(150)
Equity settled share based payment	-	-	-	-	32,730	32,730	-	32,730
Treasury shares issued for property acquisition	-	240	-	6,360	-	6,600	-	6,600
Treasury shares issued during the year as part of the long term Management Incentive Scheme	-	1,435	-	23,653	(25,088)	-	-	-
Dividend paid	-	-	-	-	(18,464)	(18,464)	-	(18,464)
<b>Balance as at 31 December 2014</b>	<b>574,672</b>	<b>23,143</b>	<b>52,173</b>	<b>(9,284)</b>	<b>809,688</b>	<b>1,450,392</b>	<b>(206)</b>	<b>1,450,186</b>

## Consolidated statement of changes in equity (continued)

for the year ended 31 December 2014

	Share capital	Share premium	Capital redemption reserve	Treasury shares reserve	Foreign Currency Translation Reserve (FCTR)	Retained earnings	Attributable to equity holders	Non controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2013	55,347	1,974	4,599	-	(6,034)	27,529	83,415	(22)	83,393
Total comprehensive income/(loss) for the year	-	-	-	-	(20,297)	13,600	(6,697)	43	(6,654)
Income for the year	-	-	-	-	-	12,175	12,175	43	12,218
Other comprehensive income/(loss) for the year	-	-	-	-	(20,297)	1,425	(18,872)	-	(18,872)
Purchase of treasury shares	-	-	-	(5,955)	-	-	(5,955)	-	(5,955)
Effect of share split and consolidation	-	-	-	(166)	-	-	(166)	-	(166)
Treasury shares issued to acquire NBC	-	(30)	-	4,262	-	-	4,232	-	4,232
Reduction in non controlling interests arising on acquisition of further shares in BFM	-	-	-	-	-	(9)	(9)	1	(8)
Equity settled share based payment	-	-	-	-	-	1,344	1,344	-	1,344
Treasury shares issued during the year as part of the long term Management Incentive Scheme	-	(14)	-	611	-	(597)	-	-	-
Dividend paid	-	-	-	-	-	(1,382)	(1,382)	-	(1,382)
<b>Balance as at 31 December 2013</b>	<b>55,347</b>	<b>1,930</b>	<b>4,599</b>	<b>(1,248)</b>	<b>(26,331)</b>	<b>40,485</b>	<b>74,782</b>	<b>22</b>	<b>74,804</b>
Total comprehensive income/(loss) for the year	-	-	-	-	(2,431)	8,210	5,779	(34)	5,745
Income/(loss) for the year	-	-	-	-	-	8,210	8,210	(34)	8,176
Other comprehensive loss for the year	-	-	-	-	(2,431)	-	(2,431)	-	(2,431)
Purchase of treasury shares	-	-	-	(1,147)	-	-	(1,147)	-	(1,147)
Reduction in non controlling interests arising on acquisition of further shares in BFM	-	-	-	-	-	(10)	(10)	1	(9)
Equity settled share based payment	-	-	-	-	-	1,833	1,833	-	1,833
Treasury shares issued for property acquisition	-	14	-	357	-	-	371	-	371
Treasury shares issued during the year as part of the long term Management Incentive Scheme	-	80	-	1,325	-	(1,405)	-	-	-
Dividend paid	-	-	-	-	-	(1,034)	(1,034)	-	(1,034)
<b>Balance as at 31 December 2014</b>	<b>55,347</b>	<b>2,024</b>	<b>4,599</b>	<b>(713)</b>	<b>(28,762)</b>	<b>48,079</b>	<b>80,574</b>	<b>(11)</b>	<b>80,563</b>

A 2013 interim dividend of 8 South African cents, 0.50 pence per ordinary share was paid on 22 November 2013.

A 2013 final dividend of 14 South African cents, 0.80 pence, per ordinary share was paid on 30 May 2014.

A 2014 interim dividend of 9 South African cents, 0.49 pence per ordinary share was paid on 10 November 2014.

A 2014 final dividend of 14 South African cents, 0.77 pence, per ordinary share, has been proposed, to be paid on 8 June 2015.

## Consolidated statement of financial position

as at 31 December 2014

31 December 2013 R'000	31 December 2014 R'000		31 December 2014 £'000	31 December 2013 £'000
		<b>Assets</b>		
875	<b>875</b>	Goodwill	<b>49</b>	51
1,524	<b>2,777</b>	Deferred tax assets	<b>154</b>	87
1,364	<b>1,189</b>	Equipment	<b>66</b>	78
1,180,472	<b>1,467,639</b>	Financial assets at fair value through profit and loss	<b>81,532</b>	67,721
312,014	<b>468,218</b>	Net investments in subsidiaries	<b>26,011</b>	17,899
677,138	<b>867,612</b>	Net investments in associates	<b>48,199</b>	38,846
191,320	<b>131,809</b>	Financial assets held for trading	<b>7,322</b>	10,976
8,174	<b>7,888</b>	Investments classified as loans and receivables	<b>438</b>	469
188	<b>155</b>	Current tax assets	<b>9</b>	12
4,065	<b>1,923</b>	Trade and other receivables	<b>107</b>	233
122,893	<b>63,020</b>	Cash and cash equivalents	<b>3,501</b>	7,050
<b>1,319,555</b>	<b>1,545,466</b>	<b>Total assets</b>	<b>85,856</b>	75,701
		<b>Liabilities</b>		
(60)	<b>(55)</b>	Deferred tax liabilities	<b>(3)</b>	(3)
(201)	<b>(15)</b>	Other financial liabilities	<b>(1)</b>	(12)
-	<b>(72,673)</b>	Borrowings	<b>(4,037)</b>	-
(469)	-	Current tax liabilities	-	(28)
(14,890)	<b>(22,537)</b>	Trade and other payables	<b>(1,252)</b>	(854)
(4)	-	Bank overdrafts	-	-
<b>(15,624)</b>	<b>(95,280)</b>	<b>Total liabilities</b>	<b>(5,293)</b>	(897)
<b>1,303,931</b>	<b>1,450,186</b>	<b>Total net assets</b>	<b>80,563</b>	74,804
		<b>Equity</b>		
574,672	<b>574,672</b>	Share Capital	<b>55,347</b>	55,347
21,468	<b>23,143</b>	Share premium	<b>2,024</b>	1,930
52,173	<b>52,173</b>	Capital redemption reserve	<b>4,599</b>	4,599
(18,848)	<b>(9,284)</b>	Treasury shares reserve	<b>(713)</b>	(1,248)
-	-	Foreign currency translation reserve	<b>(28,762)</b>	(26,331)
674,101	<b>809,688</b>	Retained earnings	<b>48,079</b>	40,485
1,303,566	<b>1,450,392</b>	<b>Total equity attributable to equity holders</b>	<b>80,574</b>	74,782
365	<b>(206)</b>	Non controlling interests	<b>(11)</b>	22
<b>1,303,931</b>	<b>1,450,186</b>	<b>Total equity</b>	<b>80,563</b>	74,804
1,620	<b>1,784</b>	<b>Net asset value per share (in cents/pence)</b>	<b>99</b>	93
80,447	<b>81,297</b>	<b>Actual number of shares in issue (net of treasury shares)</b>	<b>81,297</b>	80,447

**Consolidated statement of cash flows**  
for the year ended 31 December 2014

2013	2014		2014	2013
R'000	R'000		£'000	£'000
		<b>Cash flow from operating activities</b>		
(164,195)	<b>(116,491)</b>	Cash absorbed by operations	<b>(6,124)</b>	(10,728)
61,450	<b>31,782</b>	Dividend and interest income received	<b>1,380</b>	4,069
3,156	<b>1,458</b>	Finance income received	<b>82</b>	209
(3,364)	<b>(8,724)</b>	Finance costs paid	<b>(489)</b>	(223)
-	<b>30</b>	Taxation refunded	<b>2</b>	-
(906)	<b>(1,502)</b>	Taxation paid	<b>(83)</b>	(58)
<b>(103,859)</b>	<b>(93,447)</b>	<b>Cash absorbed by operating activities</b>	<b>(5,232)</b>	(6,731)
		<b>Cash flow from investing activities</b>		
(599)	<b>(32)</b>	Purchase of equipment	<b>(2)</b>	(40)
172	-	Proceeds on disposal of equipment	-	11
(105)	<b>(150)</b>	Acquisition of subsidiaries, net of cash acquired	<b>(8)</b>	(8)
<b>(532)</b>	<b>(182)</b>	<b>Cash absorbed by investing activities</b>	<b>(10)</b>	(37)
		<b>Cash flow from financing activities</b>		
(127)	<b>72,673</b>	Movement in borrowings	<b>4,070</b>	(8)
(2,499)	-	Acquisition of Blackstar shares as a result of the share split and consolidation	-	(166)
(89,910)	<b>(20,449)</b>	Purchase of treasury shares	<b>(1,147)</b>	(5,955)
(20,871)	<b>(18,464)</b>	Dividends paid to equity holders of the parent	<b>(1,034)</b>	(1,382)
<b>(113,407)</b>	<b>33,760</b>	<b>Cash generated/(absorbed) by financing activities</b>	<b>1,889</b>	(7,511)
<b>(217,798)</b>	<b>(59,869)</b>	<b>Net decrease in cash and cash equivalents</b>	<b>(3,353)</b>	(14,279)
340,687	<b>122,889</b>	Cash and cash equivalents at the beginning of the year	<b>7,050</b>	24,735
-	-	Exchange losses on cash and cash equivalents	<b>(196)</b>	(3,406)
<b>122,889</b>	<b>63,020</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>3,501</b>	7,050

## Notes to the consolidated financial statements

for the year ended 31 December 2014

### 1. Financial information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2014 or 2013 as defined in section 171 of the Malta Companies Act 1995. Statutory accounts for the year ended 31 December 2014 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 2014 and 31 December 2013 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 AIM market of the London Stock Exchange ("AIM") and a secondary listing on the AltX of the JSE Limited ("JSE") in South Africa. As a result, 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 2014 will be available shortly to shareholders via the Company's website [www.blackstar.eu](http://www.blackstar.eu).

24 April 2015

#### For further information, please contact:

Blackstar Group SE	Leanna Isaac	+356 2137 3360
ZAI Corporate Finance Limited	Tom Price	+44 020 3167 2820
PSG Capital (Pty) Limited	David Tosi	+27(0) 21 887 9602