tiso blackstar group.

INTEGRATED ANNUAL REPORT 2018

CONTENTS

INTRODUCTION

About this report

tiso blackstar group.

REPORTING APPROACH

We are pleased to present our integrated annual report ("IAR") to our stakeholders.

Tiso Blackstar Group SE ("Tiso Blackstar" or the "Company" or the "Group") is committed to the principles of integrated reporting which reflect our approach to long-term value creation and the role we play in society. We believe integrated reporting allows us to present a comprehensive view on our commitment to create value for all stakeholders by detailing our strategy as well as progress and challenges in realising this value. This report presents, to our shareholders and other stakeholders, an overview of the Group's financial and non-financial information for the period 1 July 2017 to 30 June 2018.

Tiso Blackstar is a UK registered Company with a primary listing on the Main Board of the JSE Limited ("JSE"). Previously the Company had a dual primary listing on the Alternative Investment Market of the London Stock Exchange ("AIM") and the JSE Main Board. The AIM listing was cancelled effective 17 April 2018 and the UK share register transferred to the South African share register.

This report has been prepared in accordance with the requirements of the JSE Limited Listings Requirements ("JSE Listings Requirements"), International Financial Reporting Standards ("IFRS"), and the requirements of the UK Companies Act 2006 ("UK Companies Act"). We acknowledge that the Group's transition to King IV Report on Corporate Governance for South Africa, 2016 ("King IV") and compliance with the International <IR> Framework is a journey and we continued to develop our integrated annual report in this reporting period and to apply the principles of King IV and the International <IR> Framework.

Tiso Blackstar's external auditors, Deloitte LLP, as the statutory auditor and Deloitte & Touche as the local auditor for JSE reporting purposes, have independently audited the financial statements for the year ended 30 June 2018. Their unmodified audit reports are set out on page 90 to 100.

SCOPE AND BOUNDARIES

This report includes the activities of the holding company, Tiso Blackstar, and all of its operations and subsidiaries. The Group's core trading subsidiaries are incorporated in South Africa and their functional currency is South African Rands. The Group's business is conducted in Rands and the accounting records are maintained in the same currency, with the exception of the Group's associate companies situated in Ghana, Kenya and Nigeria. The ongoing review of the results of the operations conducted by executive management and the board is also performed in Rands.

The holding Company and the investment holding subsidiary are both UK registered companies and therefore comply with the requirements of the UK Companies Act 2006. The Group's South African registered subsidiaries comply with the requirements of the South African Companies Act, 2008 ("SA Companies Act").

As previously disclosed, a key part of Tiso Blackstar's strategy is to exit its non-core, non-media related assets. The board has active plans in place to dispose/realise the Group's interests in these non-core businesses within the next financial year.

For this reason, the board believed that it would provide stakeholders with a better understanding of the Tiso Blackstar Group if this report focused on the core subsidiaries which operate in the media and related services sector and the non-core businesses were dealt with separately. Refer to page 46, which provides relevant information on the non-core businesses.

Tiso Blackstar's development of policies, practices and relating disclosures in accordance with King IV and the <IR> framework are applicable to the core subsidiaries. The non-core businesses and the Group's core associates each have their own board of directors who are responsible for the overall management of the operations and development of good corporate governance. Tiso Blackstar's management team remains actively involved in both the non-core businesses and core associates to ensure that they are adequately managed and operate in a responsible manner.

The report includes abbreviations and terms, which have been defined in the glossary on page 240.

The process we utilised in determining and applying materiality is included on page 25 of this report.

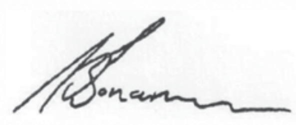
FINANCIAL STATEMENTS

The full set of consolidated annual financial statements, including the report from our Audit committee, directors' report, and auditors' report is provided from page 88 to page 212.

BOARD APPROVAL

The board, assisted by its Audit committee and other sub-committees, is ultimately responsible for overseeing the integrity of the integrated report. The board confirms that, after applying its collective mind to the preparation and presentation of the integrated report and reviewing the content herein, they consider this report accurate, reliable and complete in presenting data and material matters. The board concludes that it has approved the 2018 integrated annual report on 26 September 2018.

For and on behalf of the board



AD Bonamour
Chief Executive Officer
26 September 2018

DKT Adomakoh
Non-executive Chairman

FORWARD LOOKING STATEMENTS

Statements in this report that address future plans and objectives of Tiso Blackstar are forward looking statements and forward looking information that involve various risks, assumptions and uncertainties and are not statements of fact. The directors and management of Tiso Blackstar believe that the expectations expressed in such forward looking information are based on reasonable assumptions, expectations, estimates and projections. However, these statements should not be construed as being guarantees or warranties (whether expressed or implied) of future performance. General economic, business and financial market conditions; political risks; industry trends; competition; changes in business strategy are important factors that could cause actual results to differ materially; there may be other factors that cause results not to be as anticipated, estimated or intended. Tiso Blackstar is not obliged to publicly update any forward looking statements included in this report, or revise any changes in events, conditions or circumstances on which any such statements are based, occurring after the publication date of this report, other than as required by regulation. These forward looking statements have not been reviewed or reported on by the Group's auditors.

Tiso Blackstar believes that the expectations expressed in such forward looking information are based on reasonable assumptions, expectations, estimates and projections.

STRATEGIC REPORT

Our Business Overview and Strategy

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GROUP HIGHLIGHTS AND CHALLENGES

+11.2%
Core EBITDA Growth to R412.4m

88.9%
Cash Flow Conversion

R245.0 m
Operating Profit

OPERATING AND FINANCIAL HIGHLIGHTS

- Core[1] EBITDA[2] growth of 11.2% (from R370.7 million to R412.4 million)
- EBITDA operating cash flow conversion ratio of 88.9%
- Revenue growth of 0.9% in a challenging economic environment
- Operating profit of R245.0 million (+12.7%)
- Reduction in Group debt to R1,000.8 million
- Progress on sale of non-core businesses
- Diversified media business attracting revenue across platforms and regions
- Joint Winner of the Media Owner of the Decade award (2009-2018)
- Entrepreneurial management team
- Unique range of brands, products and services

FINANCIAL SALIENT FEATURES

- EPS loss of 104.11 cents per share (2017: EPS of 2.95 cents per share)
- HEPS loss of 47.09 cents per share (2017: HEPS loss of 12.63 cents per share)
- NAV per share of R11.68 (-8.2%)
- Decline in per share metrics due to discontinued operations impairments and trading, other losses and increased taxation charge

CHALLENGES

REVENUE GROWTH
- Continued difficult trading and economic environment
- Shift to digital consumption away from physical
- Other competition for consumer attention

MARGIN AND COST PRESSURES
- Distribution cost pressure
- Client's trading performance constrained

PEOPLE
- Attracting and retaining talent and skills for quality content, sales and operational management

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

GROUP OVERVIEW

OUR VISION AND PURPOSE

Our purpose is to create and deliver quality content that informs, entertains and positively influences our readers, viewers and listeners. We partner with our clients, using key systems and technologies to deliver innovative marketing solutions, which help them simplify business processes, build their brands and sell more products.

Our vision is to continue to build and grow a modern, dynamic and sustainable media business across diversified platforms that deliver value to all our stakeholders including our audiences, our customers, our people, our communities and our shareholders.

WHO WE ARE

Tiso Blackstar is a global company rooted in South Africa, operating market-leading media, broadcast, content and retail marketing properties. The Group has strong exposure to the rapidly growing digital, broadcast and mobile markets, with a leading position in South Africa and a broad footprint across Kenya, Ghana and Nigeria.

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

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 unique TV channels. The Hirt & Carter Group is the largest marketing solutions company for the retail sector in Africa. We are custodians of iconic brands that include the Sunday Times, Sowetan, Business Day, Financial Mail, The Herald, Daily Dispatch, Gallo Music and Uniprint amongst many others.

Tiso Blackstar is listed on the Main Board of the JSE. Based on the B-BBEE Act, Tiso Blackstar from an operational level, is effectively 65.34% black owned and is committed to transformation, with its main core operating business achieving a level 2 B-BBEE rating.[3]

BEYOND PRINT, BEYOND NEWS

[3] At the signature date of this report BHG was a level 2, however BHG was in the process of being audited by its verification agency and BHG's management believe that a level 1 will be achieved, subject to audit finalisation.

OUR GROUP STRUCTURE

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1 HIRT & CARTER GROUP

EBITDA of R281.0 million for the year ending 30 June 2018

2 MEDIA

EBITDA of R128.1 million for the year ending 30 June 2018

3 BROADCAST & CONTENT

EBITDA of R31.9 million for the year ending 30 June 2018

4 AFRICA[1]

(EXCLUDING SOUTH AFRICA)

5 NON-CORE ASSETS[2]

[1] Includes interests in associates therefore do not contribute to the Group EBITDA line
[2] Non-core assets accounted for as discontinued operations therefore do not contribute to Group EBITDA line

1

CORE GROUP BUSINESSES

HIRT & CARTER GROUP

Hirt and Carter division ("H&C") 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.

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.

HIRT CARTER GROUP
INTEGRATED MARKETING SOLUTIONS

A **Tiso Blackstar Group** Company.

HIRT & CARTER UNIPRINT PATON TUPPER silo SOFTWARE SOLUTIONS HIVE CONNECT

symmetry TRIUMPH PRINTING BATES PRINTING bbs Bothma Branding Solutions Copperfield Studios

2

CORE GROUP BUSINESSES

MEDIA

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 our brands in trade and consumer markets.

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. Our flagship, the Sunday Times, is the country'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.

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.

3

CORE GROUP BUSINESSES

BROADCAST AND CONTENT

The Broadcast and Content division houses our growing interests in television, radio, film and music across Africa.

The Group owns three South African television channels and one of the country's leading TV production houses. It also has a range of television and radio assets across southern and western Africa. Refer to the segment Africa (excluding South Africa) for further information on the radio assets.

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.

CONTENT	TELEVISION	RADIO
Times Media FILMS	BusinessDay TV	RISE fm
GALLO MUSIC PUBLISHERS	thehomechannel DStv Channel 176	mpumalanga azishe
EMPIRE ENTERTAINMENT	IGNITION switched on to cars	Vuma 103FM
	ochre moving pictures	

4

CORE GROUP BUSINESSES

AFRICA (EXCLUDING SOUTH AFRICA)

Multimedia Group Limited ("Multimedia group") (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.

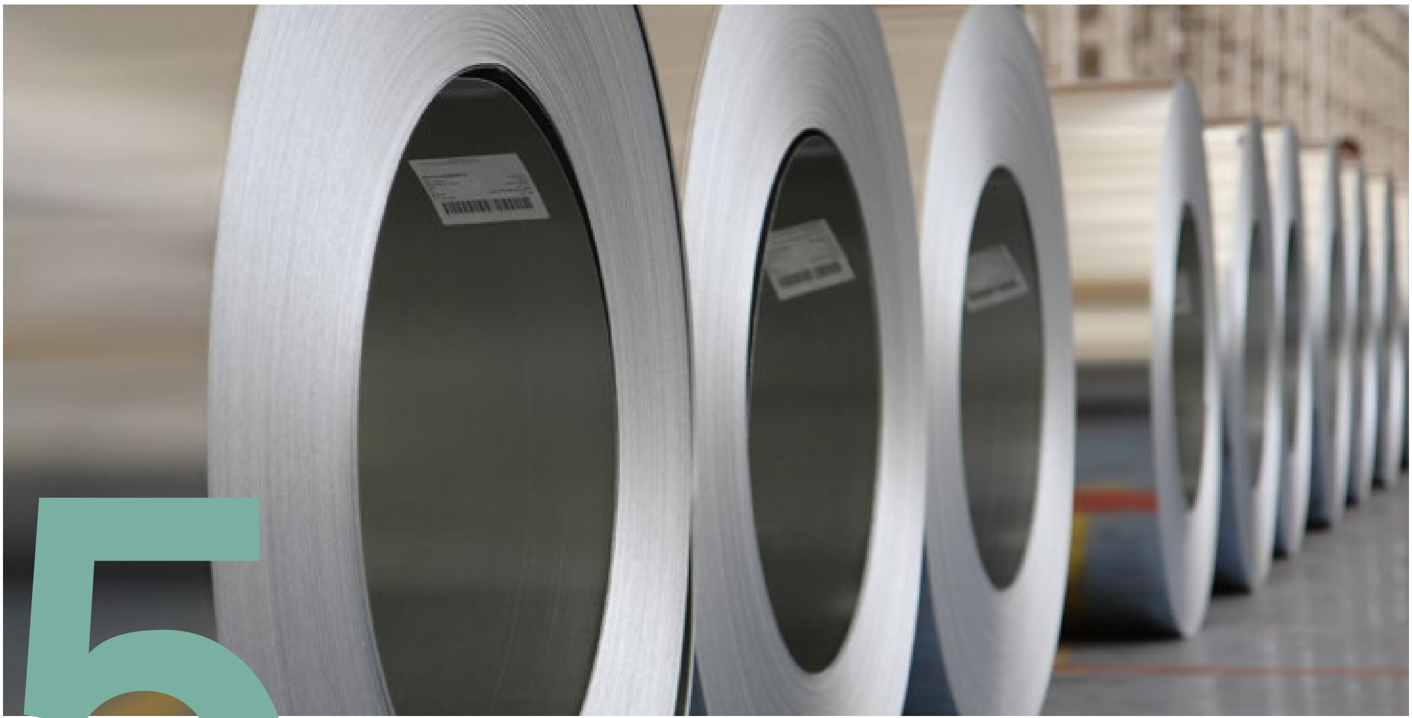
Multimedia group operates the largest and most-visited indigenous online platforms in Ghana: www.myjoyonline.com, www.adomonline.com and www.multitvworld.com. It also owns MultiTV, the multichannel, free-to-air television network and largest in Ghana. The key channels on MultiTV are JoyNews, Joy Prime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

Radio Africa Limited ("Radio Africa group") (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 ("Coopers") (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.

TELEVISION	RADIO	
KISS TELEVISION	RADIO JAMBO	JOY 99.7FM
BAMBA DIGITAL TELEVISION	KISS FM 100.3	Adom 106.3 FM
MultiTV	CLASSIC105	LAGOS TALKS 91.3FM



5 NON-CORE GROUP BUSINESSES

Tiso Blackstar has investments in three businesses that have been deemed to be non-core. Two of these, namely 100% owned Consolidated Steel Industries Proprietary Limited ("CSI") and 47.6% owned Robor Proprietary Limited ("Robor") are in the South African steel manufacturing sector and 20.01% owned Kagiso Tiso Holdings Proprietary Limited ("KTH") is an investment holding company.

It is the intention of the Group to exit these businesses within the next 12 months in a responsible manner in relation to their stakeholders while maximising value for our shareholders. Further detail on non-core businesses is provided on page 46.

OUR HISTORY

2018

Tiso Blackstar delisting from AIM

2017

Tiso Blackstar moved its listing to the JSE Main Board

2016

Tiso Blackstar became a single sector focused investment company in Media with substantial media operating capability

2015

Blackstar bought out 100% of Times Media Group and absorbed Tiso's investment in KTH, rebranding the Company as Tiso Blackstar Group

2012

Blackstar led the renaming, restructuring and listing of Times Media Group. Tiso Blackstar obtained a significant minority interest in Times Media Group via its investment in Mvelaphanda Group

2011

Blackstar secured a secondary listing on the JSE's AltX, raising a further R100 million for its investments strategy from South Africa

2006

Blackstar Investors PLC ("Blackstar", today Tiso Blackstar Group SE) listed on the LSE's Alternative Investment Market (AIM), raising GBP80 million for investment, predominantly into South Africa

OUR GEOGRAPHICAL FOOTPRINT

The majority of Tiso Blackstar'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.

The Group also has associate investments in radio and television businesses in Kenya (Radio Africa group), Ghana (Multimedia group) and Nigeria (Coopers).

SOUTH AFRICA

GLOBALLY

LONDON
Tiso Blackstar Group SE
(Holding Company)

GHANA
Multimedia Group Limited

NIGERIA
Cooper Communications Limited

KENYA
Radio Africa Limited

SOUTH AFRICA
Tiso Blackstar core group businesses

JOHANNESBURG

Tiso Blackstar (Head Office)
Sunday Times
Business Day
Sowetan
Financial Mail
Empire Entertainment
Gallo Music Publishers
Business Day TV
Home Channel
Ignition
Ochre
The Empire (Tiso Blackstar events)

DURBAN

Hirt & Carter (Head Office)
Uniprint
Paton Tupper
Silo
BBS
Triumph
Vuma FM

CAPE TOWN

Hirt & Carter
Bates Printing
Silo
Copperfield Studios
Sunday Times
Business Day
Financial Mail
Picasso
Booksite

PORT ELIZABETH

The Herald
Weekend Post

EAST LONDON

Daily Dispatch

NELSPRUIT

Rise FM

STRATEGIC PRIORITIES AND GROWTH DRIVERS

SUSTAINABILITY

AUDIENCE AND CUSTOMER DELIVERY
- Quality content across platforms
- Focus on audience and customer experience
- Sufficient capital expenditure

FINANCIAL STRENGTH
- Prudent gearing
- Strong cash flow
- Efficient operations

PEOPLE
- Fully resourced and trained
- Engaged

BENEFICIARY DELIVERY
- Returns to shareholder through dividends and growth
- Corporate Social Investment involvement
- Community contribution through unbiased, balanced and objective content

GOVERNANCE AND COMPLIANCE
- Comply with all relevant laws
- Awareness and management of regulatory and governance risk

GROWTH

ORGANIC
- Continued focus on improving efficiencies of existing businesses
- Continued cost review and reduction

INORGANIC
- Acquisitions
- New projects
- Disposal of non-core assets

STRATEGY AND PERFORMANCE HIGHLIGHTS

SUSTAINABILITY

AUDIENCE AND CUSTOMER DELIVERY

- Tiso Blackstar journalists won a range of awards including eight Vodacom Journalism Awards, five Standard Bank Sikuvile Awards, three Sanlam Financial Journalism Awards, two SA Guild of Motoring Journalists Awards and a range of others in sports and health
- Key marketing service provider to most retailers and FMCG brands
- New apps and subscription services launched
- Increase in digital subscribers and readers while maintaining print audience

FINANCIAL STRENGTH

- Head Office debt refinanced
- Core net acquisition debt to EBITDA of 2.4 times
- Core EBITDA of R412.4 million
- Net profit of R233.6 million from continuing operations
- Loss for the year of R275.7 million significantly impacted by discontinued operations which will be disposed of in the next financial year.

PEOPLE

- Employ 2,933 people in the core business in South Africa
- Training spend of R60.0 million
- Transformation and key talent retention focus

BENEFICIARY DELIVERY

- Level 2 B-BBEE rating achieved by BHG which houses the core operations, black ownership of 65.34% under the B-BBEE Act (from an operational level)
- Cash contribution of R61.8 million in taxation, up from R40.8 million in the prior year
- Improved contribution to Black Economic Empowerment ("BEE") businesses under the B-BBEE scorecard

GOVERNANCE AND COMPLIANCE

- Documentation of policies and procedures for King IV compliance
- No contravention of laws or regulations reported during the period

GROWTH

ORGANIC

- Maintenance and growth capital expenditure of R171.7 million
- Digital audience and advertising revenue growth
- Events business leveraging off strong brands
- Grow advertising and audience market share in traditional publishing business

INORGANIC

- Acquired Bothma Branding Solutions
- Progress on disposal of CSI
- Part disposal and deconsolidation of Robor
- Progress on disposal of remaining interest in Robor
- Realisation of 3.61% interest in KTH and a plan to realise KTH investment during the 2019 reporting period

FUTURE GROWTH DRIVERS

- Exit of non-core assets and reinvestment of capital into higher growth diversified opportunities and multi-media platforms
- Continued bolt on acquisitions of complementary product and services in our core businesses (with key focus on Hirt & Carter Group and Broadcast and Content divisions)
- Operational efficiencies, with particular focus on optimising product distribution
- New retail and brand customer wins in South Africa and offshore
- Digital subscriptions and eventing

BUSINESS MODEL

We create value by owning market-leading assets in key markets, operating them efficiently and entrepreneurially.

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INPUTS
(what we need)

Financial capital
Revenue streams
Equity capital
Debt capital

Manufactured capital
Plant and equipment
Enabling operating systems
Distribution network

Human capital
Appropriate skills
Specialised knowledge and skills
Appropriate training
Ethical

Social and relationship capital
Audience (reader, listener, viewer)
Community
Customers
Suppliers
Unbiased, balanced and fair reporting
Watchdog
Entertainment

Intellectual capital
Brands
Processes
Innovation
Systems
Procedures

Natural capital
Locations
Energy consumption
Water consumption

ACTIVITIES
(what we do)

There is a balanced approach between central control and decentralised management. Costs at the centre are minimised so that costs are managed against income generation

Capital investment, finance, audit, budgeting and tax are centrally managed

Marketing, IT, Risk management, HR and training, facilities management are driven at divisional level with central oversight and reporting

Corporate processes

- Strategy, capital and resource allocation, budgeting and cash management
- Reporting, risk management, compliance, legal, secretarial
- Oversight, management and sales process of non-core assets

Hirt & Carter Group
EBITDA contribution: 68.1%

Hirt & Carter has always led the way in the implementation of processes and technology in its industry sector, and it always seeks involvement in the total workflow rather than parts of the process. The Hirt & Carter Group is well placed – through its industry-leading data and software offerings – to provide value to the retail market

Hirt & Carter Group deliver innovative products and solutions to our market:

- Conceptualisation and design (Paton Tupper)
- Insights, data and content management (Silo)
- Develop and implement leading software and technology platforms (H&C, Software Solutions)
- Cost-effective, value-added retail printed products that assist customers in communicating with consumers (H&C, Bates, Triumph, Uniprint)
- Retail branding in formal and informal markets (Bothma Branding Solutions)
- Linking physical consumer experience with digital omni-channel environment (Hive Connect)

Media
EBITDA contribution: 31.1%

Media deliver premium, influential content through market-leading media assets:

- Write, acquire, create, edit and curate written and video content
- Publish content for distribution on digital and print platforms
- Distribute content digitally through creation and maintenance of websites and apps
- Distribute content physically by printing the product (largely outsourced except in the Eastern Cape) and distributed through owned or managed networks to retailer or direct to consumer
- Sell advertising in print and digital publications
- Create, developing, market, sell sponsorship, sell tickets and host events across the business, finance, marketing and lifestyle sectors to leveraging our key media brands

Broadcast and Content (including non-South African associates)
EBITDA contribution: 7.7%

Broadcast and Content - leading positions in lifestyle, business and motoring TV channels, TV production, film distribution, music

- Acquire and/or manage distribution rights from international film producers and sell to cinemas, pay TV broadcasters, free to air TV and video on demand platforms
- Produce South African films and sell distribution rights internationally and locally
- Acquire, edit, produce a linear TV channel programme and broadcast over TV network including selling advertising on these
- Produce and broadcast radio content including talk, music, local news and community related information
- Full music business including 360 degree frontline, catalogue ownership maintenance, collection and sales and catalogue management, collection and sales

OUTPUTS
(what we produce)

Hirt & Carter Group:
Innovative marketing products and solutions, which help customers simplify their business processes, build brand awareness and sell more products

- Label and packaging design
- Retail store design
- Retail theatre
- Digital marketing campaigns
- Brand activation campaigns
- Product content management and meta data
- Retail management and process improvement software
- Point-of-sale marketing material
- Leaflets, labels, folding cartons, forms
- Formal and informal retail signage
- Consumer engagement platforms
- E-commerce consulting

Media
Quality content that informs, entertains and positively influences our readers

Distributed digitally on the internet or physically through printed product distributed directly to subscribers' addresses or retailers through owned and managed networks

- 4 daily newspapers
- 4 weekend newspapers
- Multiple newspaper insert titles
- Multiple weekly and monthly magazine titles
- 18 daily digital websites

Broadcast and Content
(including non-South African associates)

Quality content that informs, entertains and positively influences our listeners and viewers

Distributed through satellite broadcast, radio masts and internet directly to listeners and viewers

- 3 24/7/365 TV channels broadcast via pay TV satellite
- 2 24/7/365 radio stations
- Provision of digital movie files to customers
- Provision of digital music files to customers

OUTCOMES
(how we link them to our strategic priorities)

FOCUS ON PEOPLE: dynamic, experienced management team with entrepreneurial flair and strong focus on growth ensures the business is operationally strong and well-positioned to capitalise on opportunities in local and global markets

HANDS-ON APPROACH: management guides the business in a fragmenting and evolving media landscape

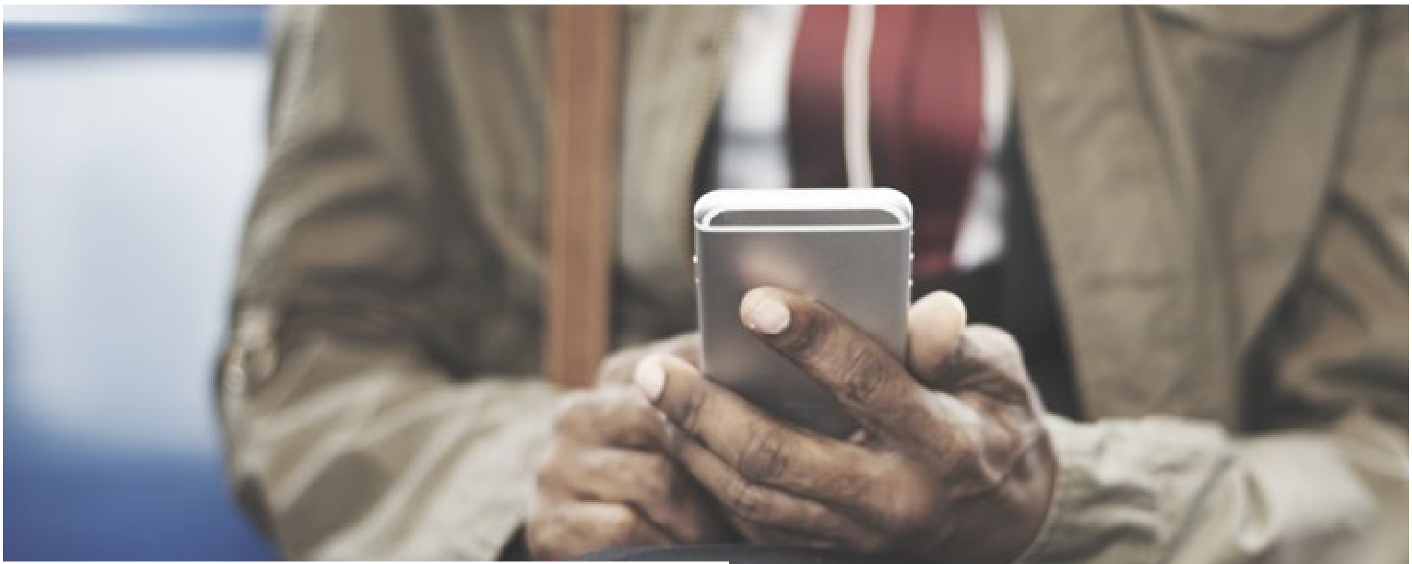
FOCUS ON CUSTOM SPECIALIST TITLES: supplements for subscribers to support sustainable revenue growth

FOCUS ON INNOVATION: ensure we are thought leaders through innovation, local and global research and employing the right skills to deliver value to customers

INVESTING IN TECHNOLOGY: investing in leading digital technology across all business units to deliver the best solutions possible

UNDERSTAND OUR CUSTOMER'S STRATEGY: ensure we can match our technology and people investment to our customer requirements by understanding their market needs

FOCUS ON GROWTH: look for opportunities to enhance our collective offering in the market to benefit our customers



THE ENVIRONMENT IN WHICH WE OPERATE

REGULATORY ENVIRONMENT

The regulatory environment in which the Group operates continues to become more complex with the Company's changing of its domicilia to the United Kingdom at the end of the prior year, moving to the Main Board of the JSE along with ongoing introduction of new legislation rulings, practices and policies. A summary of the major relevant regulatory environment changes during the reporting period follows and further details are provided on page 65 under Regulatory Compliance.

On April 27, 2016, the regulation on the protection of natural persons with regard to the processing of personal data of European citizens and on the free movement of such data, General Data Protection Regulation ("GDPR"), was adopted by the European Parliament and the Council. The GDPR was directly applicable in all member states on May 25, 2018. The GDPR replaces Directive 95/46/EC and establishes a single set of data protection rules in the EU and is also expected to be implemented in the European Economic Area ("EEA") countries with effect from the same date. All EU entities are subject to GDPR and should review their respective obligations under the GDPR and take a risk-based approach to satisfying those obligations.

Protection of Personal Information ("PoPI") is the protection of personal information act and is legislation designed to protect any South African citizen's personal information which is processed by both private and public bodies (including government). The President of South Africa still needs to proclaim the effective date of PoPI which is unknown but believed to be towards the end of 2018, thereafter there is a 1 year grace period to allow organisations to be compliant.

GDPR and PoPI impact the operational manner in which we manage our digital advertising businesses, rather than the revenue that we receive from them. Appropriate changes are being made.

With the Company no longer being listed on AIM, the Market Abuse Regulation no longer applies to Tiso Blackstar.

The Company's publishing assets are regulated by the Press Code of South Africa, which is governed by the South African Press Council, an independent co-regulatory mechanism set up by the print and online media to provide impartial, expeditious and cost-effective adjudication to settle disputes by members of the public with newspapers, magazines and online publications over the editorial content of publications. Despite resolutions by the African National Congress (ANC) to establish a Media Appeals Tribunal to replace the Press Council, no resolution has been tabled in Parliament. The Protection of State Information Bill has yet to be signed into law, both of which would be challenged in the interests of Freedom of The Press.

The Company's radio assets are subject to licensing authority ICASA, and subscribe to the Broadcasting Complaints Commission of South Africa ("BCCSA"). The film business releases movies subject to the approval of the Film and Publications board.

ECONOMIC ENVIRONMENT AND CONSUMER PREFERENCES

The world economy has strengthened with global economic growth reaching 3% in 2017, the highest growth rate since 2011, and growth is expected to remain steady for the coming year.

However, the recent improvements in growth remain unevenly distributed across countries and regions. Economic prospects for many commodity exporters remain particularly challenging.

South Africa economic growth

Investments into emerging markets have been significant but South African-specific political, social and economic issues have constrained investment in the country. The Rand has been extremely volatile over the reporting period. The Rand strengthened in the first half of the period, following the favourable political developments during December 2017, which eased local inflation concerns. In recent months, due mainly to political issues in Turkey as well uncertainty related to proposed constitutional changes relating to land expropriation, the Rand has weakened substantially which could result in an increase in inflation and interest rates, which would not assist the current weak levels of economic growth. Business confidence during the year prior to December 2017 was at record low levels, particularly due to considerable political uncertainty, low levels of economic growth and high levels of household debt. Although sentiment improved following December 2017 political developments, momentum has been lost, with muted employment gains and deteriorating consumer spending which remains at low levels. Above inflationary increases in municipal rates, electricity and water, in addition to the costs of mitigating the supply constraints, have had an impact on both businesses and the consumer.

Greater political stability and firm credit ratings could help the economy ride out the remainder of the year with some growth despite entering into a technical recession in September 2018. Real wage gains should support stronger household spending this year, while the government's push to attract investment should bolster the economy. But slippage on taxation receipts and the slow reform process are likely to constrain growth over the medium term. Unemployment remains stubbornly high and low GDP growth is expected to continue in 2018 and 2019.

The underlying operations of the Group remain highly geared towards a pickup in consumer spending which typically results in an increase in advertising and marketing spend.

South African media markets

The South African media industry remains subdued, given weak economic activity and an ongoing structural shift in media consumption. The estimated value of the total advertising media market in South Africa is around R42.0 billion, dominated by a few listed and unlisted groups. This is a highly competitive market in which Tiso Blackstar is a relatively small participant but with a significant advantage due to its leading newspaper, magazine and digital titles, its broadcasting and content businesses and retail marketing solutions capability.

The traditional "above the line" advertising market is stagnant and highly leveraged to the economy; TV holds the largest share of this market, followed by print and radio. The digital advertising market continues to grow but remains relatively small compared to the three main mediums. The emergence of video-on-demand and programmatic digital advertising is expected to continue disrupting traditional advertising models.

Marketing solutions provided to the retail and Fast-Moving Consumer Goods ("FMCG") sectors are "below the line" marketing spend which tends to be less cyclical than the advertising market. The structural shift to more digital marketing spend is occurring in this space although to a lesser extent than the "above the line" advertising market.

Non-South African media markets

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 are 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 months by political uncertainty.

Media – an evolving industry

Globally, media continues to transform, driven primarily by increased digital penetration and changing consumption patterns. As such, new models are emerging to create sustainable, quality products that reach across multiple platforms and attract both advertiser and consumer revenue. The pace of change means that existing businesses need to be nimble and innovative if they are to emerge with a sustainable model. Above all, it is clear that businesses focused on quality content are best positioned to succeed in the new environment.

Trends in the retail sector

The South African retail market faces both structural changes and macro-economic challenges. At a structural level, the impact of omni-channel retailing is gaining momentum, with retailers having to consider more than bricks and mortar. Equally, growth in ecommerce (online retail) and mobile technology is forcing the retail market to reconsider traditional models and marketing methods. Driven by more knowledgeable digital consumers, this requires investing in data and content management, as well as streamlined process management.

TECHNOLOGY

Technology is a critical factor for all businesses but especially so for the Group given its media presence in all divisions. The Group embraces new technology and operates world class systems to deliver customer satisfaction and to remain relevant in the markets it operates in. New technologies have allowed the Group to deliver efficiencies in workflows and operations. Key management remain close to the ground in ensuring the Group operates in line with new technologies and best practice. In the retail business units, technology plays an ever increasing role in reducing operating costs, driving efficiencies and providing a platform for innovation. In addition, technology is playing an ever increasing role in how retailers and brands engage with their consumers. The business units need to remain abreast of changes and trends in both manufacturing technology and consumer based technology, to remain relevant and at the forefront of what we do.

Consumer preferences

The increasing penetration of digital in the country is a significant factor for the Group. The publishing, film, music and retail sectors are undergoing shifts in consumption habits and these divisions are actively ensuring they retain their existing physical market positions in a digital environment. However, there is no expectation of a precipitous decline in physical markets in publishing and retail based on our own and international experience. The critical elements of putting quality and customer first will continue to define the Group's success going forward regardless of platform. The Group consistently remains aligned to latest trends and manages required changes in its business model dynamically and effectively.

Societal and environmental issues

The Media and Broadcast and Content businesses play a major role in informing and entertaining the consumer market and other stakeholders. The role of a free press in any democracy is well documented and continues to form the cornerstone of our approach to content.

In the Hirt & Carter Group, the bulk of our products are paper based with Forest Stewardship Council ("FSC") accreditation. Clients and ultimately our or their consumers can be certain of the responsible and sustainable practices and resource management used in manufacturing that product.

Electricity and water usage are increasingly becoming areas of focus for businesses operating in South Africa. The Group has specific initiatives in place to reduce electricity and water usage.

OUR CAPITALS

CAPITALS	UTILISATION OF OUR CAPITALS	REFERENCE
Financial	Cash flow generation enables access to equity and debt capital to invest in growth opportunities	Financial review - page 35
Manufactured	Emphasis is placed on quality product by investing in our own quality equipment or managing our outsourced manufacturers closely	CEO and Chairman's report including segmental review – page 30
Human	Our people are the core in generating quality content that informs, entertains and positively influences. Our people are critical in meeting our clients' needs and expectations when helping them sell their products	Our people review – page 37
Social and relationship	Mutually beneficial relationships with our stakeholders are vital to the long term success of the Group. Building trust in the quality of our content and our ability to help sell products is vital to managing these stakeholder relationships	Key relationships/stakeholder engagement – page 28 Transformation review – page 41 Community review – page 43
Intellectual	Our people, processes and systems in editorial, content and product production underpin the provisions of our products and services Our quality brands which are being used to develop new businesses and revenue streams such as eventing	CEO and Chairman's report including segmental review – page 30
Natural capital	Our utilisation of natural resources is predominantly driven by the use of land, water, paper, ink, waste and power at our production and office facilities and by the use of fuel and transport networks in distributing our products	Environmental review – page 44

MATERIALITY, MATERIAL RISKS AND OPPORTUNITIES

DETERMINATION OF MATERIALITY

In determining which matters are material for risk management, we have considered the probability, impact and therefore the extent to which the matter affects the Group's strategy, business models or ability to create value. We have also considered, in respect of where a particular business risk arises, the size, profitability and exposure of that business relative to the Group. We consider a matter to be material when the size or nature of the matter is such that its disclosure would affect the decisions of a user of our integrated annual report. This is qualitative in nature and as such no specific financial amount has been determined.

The Group sees value over the long term as growing its operating earnings at a level above inflation while maintaining an acceptable return on invested capital above the Group's cost of capital. If this is achieved over time, all stakeholders will benefit.

MATERIAL RISKS AND OPPORTUNITIES

Tiso Blackstar operates in an environment of risk and uncertainty, particularly in the current global and local political and economic environments we find ourselves in. Many of these risks arise due to changes in the environment in which we operate as described on page 21.

The objective of risk management is to ensure that the Group complies with laws and regulations, meets its stakeholder obligations and maintains ownership, quality and control over the Group's assets. It is also critical that in creating value for shareholders, we need to take risk to take advantage of opportunities, but we also need to manage risk appropriately. We do this by accepting risk within parameters set by the Tiso Blackstar board and then managing this risk through a robust framework and best practice, as described in more detail on page 25 in this report. This framework has not been changed substantially during the year, although considerable effort has been made in improving the documentation and reporting regarding this process.

Risk management is not a separate process, but integrated into the business, as illustrated in the risk management and assurance framework. Responsibility for mitigating risks and uncertainty usually lies where the risk arises. Risk management is supported by the Group's system of internal controls as well as its finance function, legal function, IT function and, if required, specialist advisers. The Tiso Blackstar board and Audit committee provide oversight of risk management process and the framework for risk management. Material risks are identified and documented by executive management and the finance teams.

During the reporting period, there were no identified unexpected risks outside of the Group's tolerance levels.

The following table summarises material risks and uncertainties identified by the risk management and assurance framework, with an assessment of likelihood, impact and how the Group is managing these risks. The probability and impact of each risk is assessed using a rating where 1 would be low, 3 moderate and 5 high.

Risk factor impacting value creation	Risk and uncertainty	Probability	Impact	Mitigation	Link to strategic priority
Economic environment	Insufficient growth and/or political uncertainty in South Africa and other markets in which we operate can potentially affect business sentiment and investment, consumer confidence and marketing spend. This could result in lower revenues from sales to consumers and lower advertising and marketing budgets	3/5	4/5	• Cost control • Quality content and products to retain consumers and customers • Focused strategic priorities to grow revenue organically	Audience and customer delivery Financial strength Organic growth
	Increased funding costs as a result of changes in South African interest rates due to inflation and/or downgrade	3/5	3/5	• Focused debt reduction processes • Treasury management and debt restructures for better pricing and terms	
Capital management and opportunities	• Inability to realise non-core investments • Risk that selling the non-core businesses may result in a reduction in equity value for shareholders • Investment opportunities missed resulting in missed revenue and profits for shareholders	1/5	3/5	• Continue to manage the non-core businesses responsibly • Consider all stakeholders when considering disposal opportunities with an emphasis on maximising shareholder value • Robust evaluation of all opportunities, detailed due diligence and performance monitoring	Inorganic growth Financial strength
Operational	Several key customers generate significant revenue for the Group – a loss of a key customer could lower revenue	3/5	4/5	• Strategic management of key customers by delivery of quality products and services and building and maintaining relationships	Audience and customer delivery Beneficiary delivery Organic growth Inorganic growth
	• Content delivery shifting from physical to digital formats • Impact of fake news • The Group generates a substantial portion of its revenues from print advertising and print related products and services – any reduction in the desirability of our products and services could lower revenue	4/5	3/5	• Invest in and expand digital delivery systems • Bolster quality of physical product • Upgrade attractiveness of physical formats through design • Ensure market leadership positions retained in key titles to provide longevity • Development of innovating advertising • Grow new revenue streams and control costs	
	Impact of changes to suppliers and/or increased supplier costs potentially affecting on profitability, (particularly distribution, printing, paper and ink)	2/5	3/5	• Robust and regular review of supplier relationships, terms and prices	
	Relocation of operations could result in longer downtimes than initially expected. This disruption to operations could impact profitability	3/5	3/5	• Appointment of relocation team to manage the process • Execution of a phased relocation process and production planning to minimise disruption to operations • Adequate relocation insurance	

Risk factor impacting value creation	Risk and uncertainty	Probability	Impact	Mitigation	Link to strategic priority
Financial	Uncertainty of generating positive cash flows to pay suppliers, employees and shareholders	2/5	4/5	• Annual budgeting process • Weekly cash-flow and working capital management • Monthly accounts review • Resourced with qualified and experienced employees to manage operations including costs and cash flows and the right finance team to report efficiently and timeously on performance and cash flow management	Financial strength People
	Changes in IFRS reporting standards	2/5	2/5	• Experienced and qualified finance team • Strong network of external assurance parties (auditors and advisors)	
Human resources	• Employment equity challenges at senior level leading to missing B-BBEE targets and staff conflict • Key individuals may have key client relationships, knowledge of Group intellectual property and loyal audience whose departure could lead to loss of revenue or lower quality products and services • Limited pool of suitably qualified, experienced and trained potential employees • Unresolved industrial relations issues with trade unions and staff which could lead to strikes and unrest which would impact on ongoing trading of the businesses	2/5	2/5	• Focused employment equity plan • Employee retention through appropriate remuneration structures • Succession planning • Performance driven culture • Identification and development of talent • Open communication and engagement with staff and trade unions	People
Regulatory and tax environment	• Contravening laws and regulations could lead to the Group incurring fines or censure. • Change in B-BBEE legislation could affect B-BBEE rating. • Tax changes including Value Added Tax ("VAT") increase • Increased complexity of compliance in both the UK and SA	3/5	2/5	• Executives are qualified, experienced and trained • Advisors are retained for up-to-date, practical input on compliance, tax, legal and regulatory changes • Legislative compliance is continually reviewed by each business • Reduced complexity by cancelling UK based AIM listing	Governance
IT and information infrastructure	• Cyber-attacks or theft of IT and information infrastructure could result in the Group being unable to operate, deliver its products or services or be liable for losses	2/5	2/5	• Resilient IT infrastructure • Testing and control • Management keeps constantly aware of any potential regulatory and policy changes that could impact the Group's business • The Group's views and input is presented to the appropriate stakeholders prior to any changes to regulations or policy	Governance
	• Changes in systems and software and automation of functions	2/5	3/5	• Adequate planning for system changes • Appointment of implementation team to plan and execute the change over from one system to another • Testing of new systems before going "live"	

KEY RELATIONSHIPS/ STAKEHOLDER ENGAGEMENT

We are committed to working with our stakeholders to understand their needs and concerns, and to integrate this into our business. This requires us to stay abreast of the ever-changing landscape of relationships among our diverse Group of stakeholders. Stakeholder relationships are monitored by our Social, Ethics and Transformation committee. There are no formal systems and processes but stakeholders are actively engaged with on a regular basis and legitimate issues are considered in our decision-making processes including developing our strategic priorities.

The table below is a summary of our key stakeholders Group and how we engaged with them during the reporting period.

Stakeholder	How we engage	Why we engage	Actions
Government and regulators Providers of the enabling operating framework	Meetings (ad hoc) Industry associations Statutory reports Tax submissions	Ensure long-term viability of the industry by influencing policy development, meet our objective of being a good corporate citizen in the jurisdictions we operate in.	Print media is regulated by the press code and Advertising Standards Authority (“ASA”). We abide by the codes and rulings of these regulatory bodies and engage with legislators on proposed changes to the regulatory environment. We produce annually an integrated annual report, we promptly pay our taxes, submit statutory reports and attend appropriate meetings and forums.
Shareholders and funding institutions Providers of capital that are necessary for current operations and growth	Result presentations and roadshows Results published in selected media Website General meetings and resolution voting percentages	Inform shareholders and debt providers of Company financial performance, risks and opportunities, ethics and governance.	We produce annually an integrated annual report, annual financial results and presentations, posted on our website, published in newspapers and on the JSE stock exchange news service (“SENS”).
Employees and unions Produce and deliver our quality content and products to meet our audience and client expectations	Intranet Newsletters Management meetings Workplace forums	Be an employer of choice, provide a positive and motivating working environment, retain the best talent and provide training and development.	We employ some of the best and most motivated people in the industry. We keep them engaged through regular communication, remuneration and incentives. We provided regular training.
Customers and communities Our media business depends on loyal audiences and communities. Our other business clients expectations need to be met	Surveys Media articles Meetings with community leaders Reader letters, website comments and customer feedback	Engaging directly with our audiences, and beyond them into their communities, is pivotal to delivering the quality content that ensures their loyalty.	Editorial teams used social media to engage with audiences on topical issues, share and promote content from their latest digital and print offerings. We conducted surveys on client satisfaction through various channels. We monitored physical and digital content use and trends for media and the retail environment.

STRATEGIC REPORT

Performance Review

tiso blackstar group.

STRATEGIC REPORT

PERFORMANCE REVIEW

CEO and Chairman's report including segmental review

HIGHLIGHTS

- Core[1] EBITDA[2] growth of 11.2% (from R370.7 million to R412.4 million)
- EBITDA operating cash flow conversion ratio of 88.9%
- Revenue growth of 0.9% in a challenging economic environment
- Operating profit of R245.0 million (+12.7%)
- Reduction in Group debt to R1,000.8 million
- Progress on sale of non-core businesses
- Diversified media business attracting revenue across platforms and regions
- Joint Winner of the Media Owner of the Decade award (2009-2018)
- Entrepreneurial management team
- Unique range of brands, products and services

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

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

OVERVIEW

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

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

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

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

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

CORE BUSINESS REVIEW

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

(1) Prior year amounts have been restated. Refer note 5 of the consolidated annual financial statements.
(2) Smartcall Technology Solutions Proprietary Limited ("STS") was sold for R21.5 million during August 2018 and Booksite has been ear-marked for sale.

MEDIA

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

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

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

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

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

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

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

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

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

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

BROADCAST AND CONTENT

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

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

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

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

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

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

HIRT & CARTER GROUP

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

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

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

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

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

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

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

+10.3%

H&C CORE PRINT DIVISION SALES GROWTH

+30.4%

TRIUMPH PACKAGING SALES GROWTH

+24.7%

BOTHMA BRANDING SOLUTIONS SALES GROWTH

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

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

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

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

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

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

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

AFRICA (EXCLUDING SOUTH AFRICA)

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

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

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

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

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

FINANCIAL STRENGTH

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

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

SUSTAINABILITY

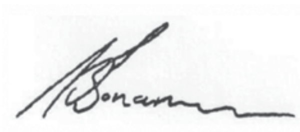
Sustainability guides our strategy, and informs our business operations. At all times, we are guided by global standards of best practice and responsible corporate citizenship. Internal policies articulate our philosophy and our progress will be detailed in our integrated annual report.

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

OUTLOOK

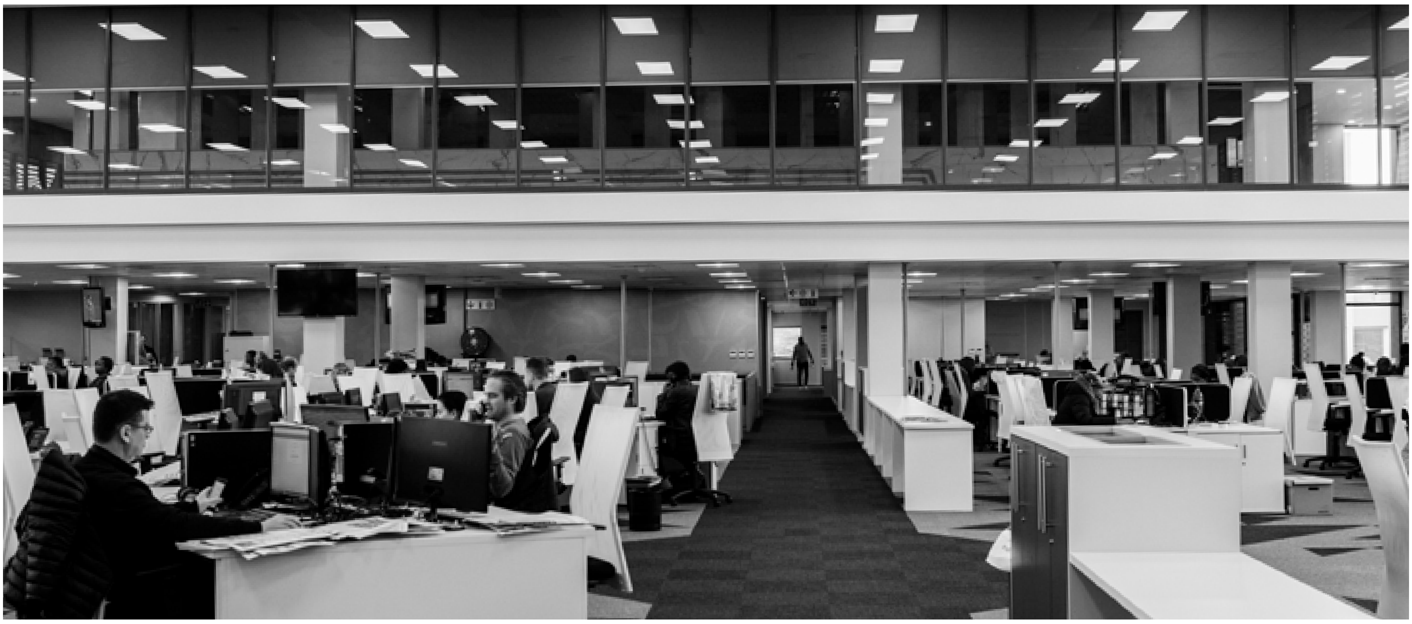
The core business has evolved significantly over the past year and we look forward to ongoing growth in the Hirt & Carter Group and continuous improvement in the Media and Broadcast and Content's performance. The Group's focus on quality content through employing the best people, as well as prioritising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

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



AD Bonamour
Chief Executive Officer
26 September 2018

DKT Adomakoh
Non-executive Chairman



FINANCIAL REVIEW

HIGHLIGHTS AND OVERVIEW

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

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

Trading performance

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

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

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

Other (losses) gains and finance costs

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

R3,813.3 m

TOTAL GROUP REVENUE

+31.7%

GROSS PROFIT MARGIN

Taxation

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

Discontinued operations

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

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

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

Earnings

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

It is important to note that profit from continuing operations of R19.9 million includes amortisation of intangible assets of R58.7 million.

This is non-cash, notional expense arising from the allocation of the purchase price to intangible assets on the deemed acquisition of subsidiaries when the Company changed its reporting from being an investment entity in the prior year.

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

Cash flow

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

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

Statement of financial position / Balance sheet

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

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

Long term incentives

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

Dividends and buy backs

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

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

SUBSEQUENT EVENTS

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

OUR PEOPLE REVIEW

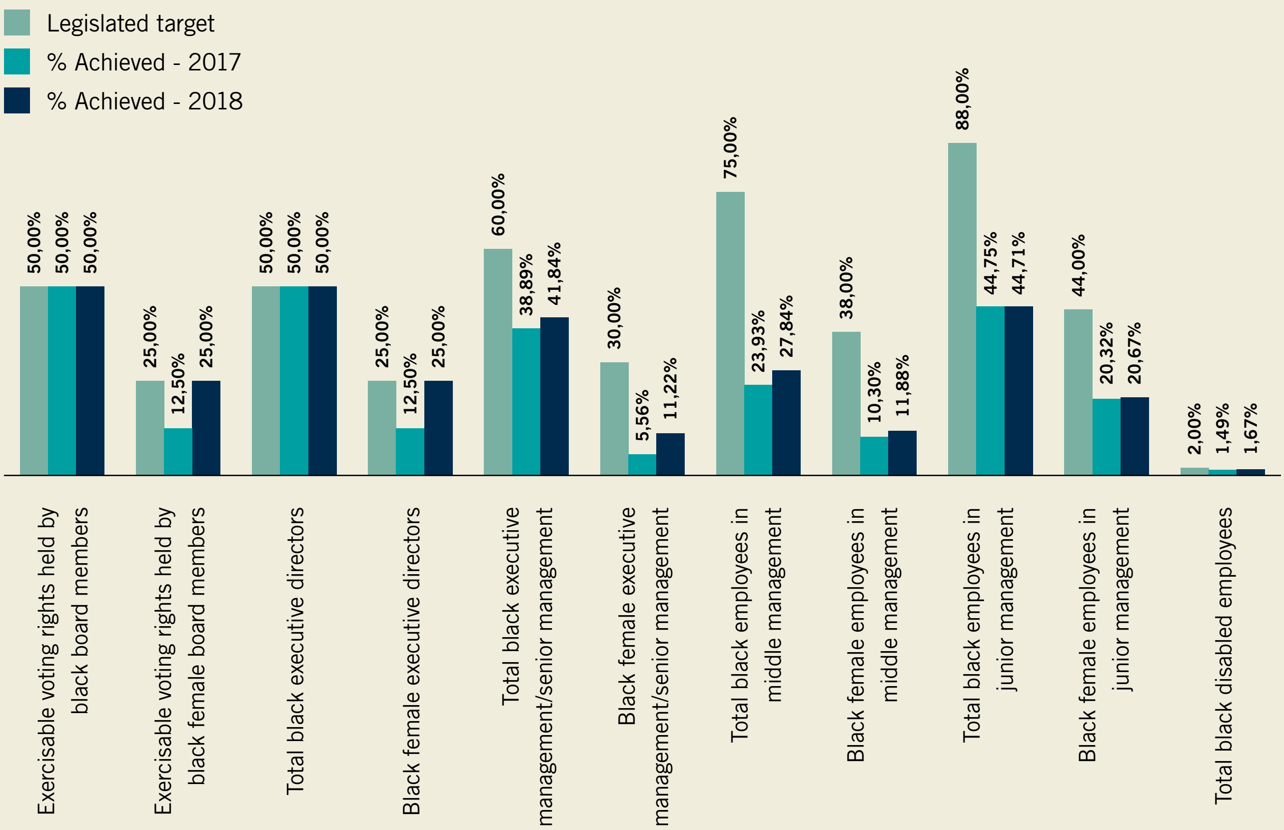
In line with our strategic priorities, an engaged workforce of 2,933 qualified, trained, and empowered people are employed across the core businesses. Empowered management and relevant support services support the employees, fostering relationships through action, integrity and honesty. Tiso Blackstar complies with local labour legislation in South Africa such as the Basic Conditions of Employment Act. Meeting legislated targets for employment equity is more challenging, given the specialist nature of skills required in our business. The table below reflects our employment equity progress specifically for the core business, BHG:

KEY PERFORMANCE INDICATORS	2018	2017
Employment equity score in relation to B-BBEE scorecard	**13.24 out of 19**	10.30 out of 19
Staff turnover rate	**16.37%**	19.44%
Total training spend	**R60.2 million**	R36.0 million

EMPLOYMENT EQUITY

The movement and increase in the employment equity numbers were due to HR strategies that are looking to promote or recruit black talent in all positions and all levels when they become vacant and the company will continue to do this in 2019.

Employment equity table as at 30 June 2018 for BHG



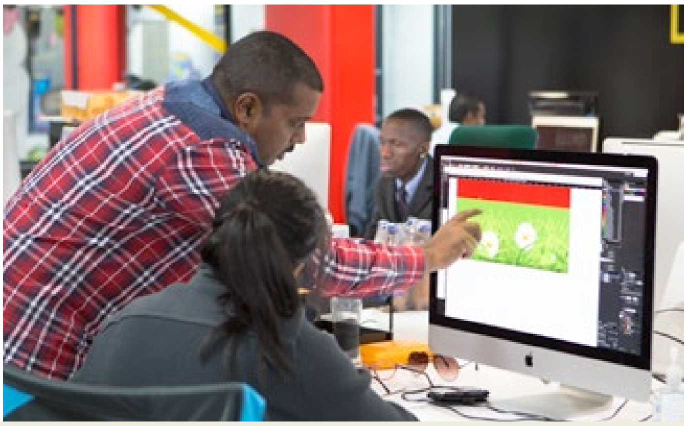
ANALYSIS OF EMPLOYEES AS AT 30 JUNE 2018 AT BHG LEVEL

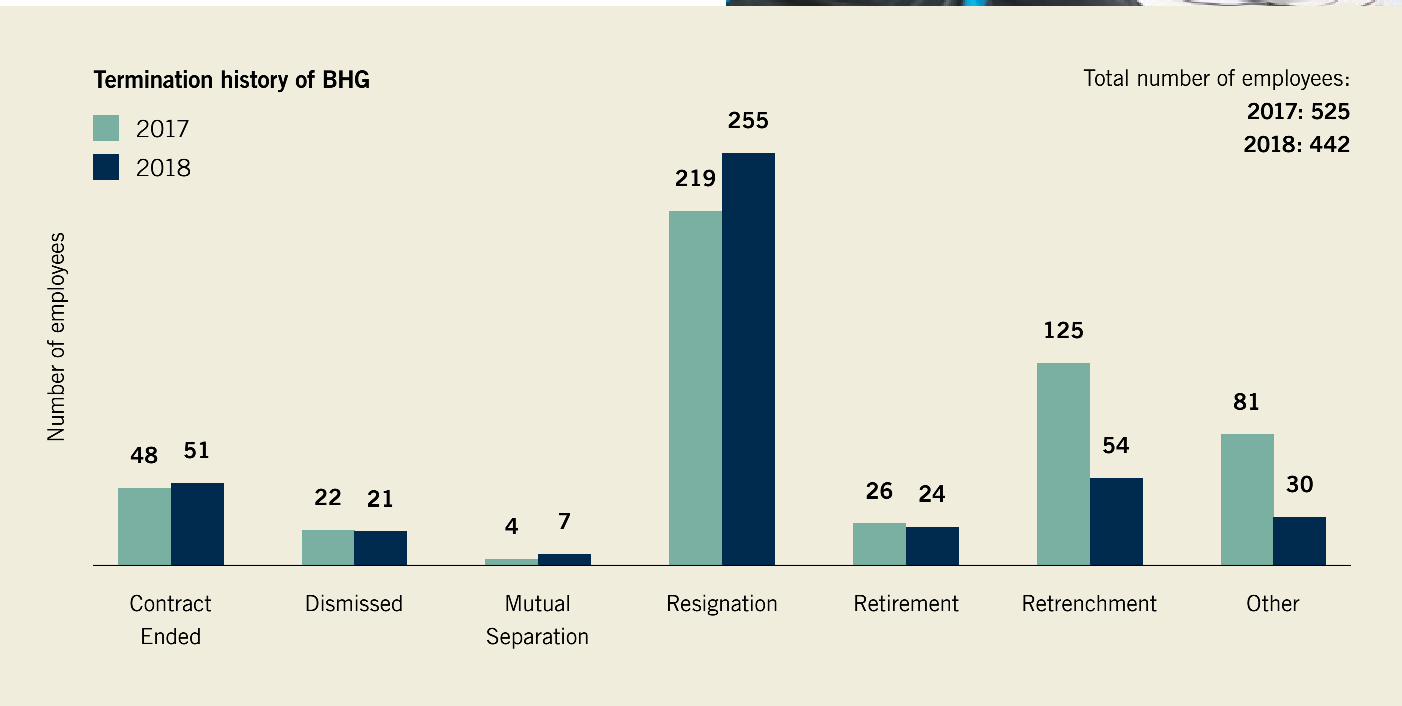
	BHG Board Participation	Other Executive/ Senior management	Middle management	Junior management	Semi-Skilled employees	Unskilled employees	2018 Total
African Males	1	11	38	220	292	101	663
Coloured Males	-	4	19	84	98	20	225
Indian Males	1	15	57	227	188	13	501
White Males	4	42	72	152	20	3	293
African Females	-	4	24	182	218	64	492
Coloured Females	-	1	21	84	95	10	211
Indian Females	2	6	24	88	62	4	186
White Females	-	15	94	182	47	1	339
Non SA Males	-	-	2	5	4	-	11
Non SA Females	-	-	1	5	4	2	12
Total	**8**	**98**	**352**	**1,229**	**1,028**	**218**	**2,933**
2017 - Total	8	88	330	1,114	1,026	190	**2,756**

JOB CREATION AND EMPLOYEE STABILITY

Staff turnover

Compared to the same period last year, there was around a 15.8% drop in labour turnover. This was due to the major retrenchments that took place in the Media division in 2017. Although there were also retrenchments in 2018 with the closure of one of the Media division's titles (The Times), the number of people retrenched was far less than the previous year. Although the turnover is still very high we will continue with efforts to retain talent in all levels in the Group.





The following planned initiatives will be implemented in the 2019 financial year in order to retain and motivate key individuals as well as all staff members:

- A succession management strategy, implemented effective July 2018, in addition to the long term incentive scheme in the form of a Forfeitable Share Plan ("FSP"), which is designed to incentivise, motivate and retain the right calibre of employees. Refer to the Remuneration report on page 68 for further information on the FSP;
- Recognising and rewarding talent – a new strategy and area of focus implemented in July 2018 in addition to the performance appraisal system and short term incentive awards, details of which are provided in the Remuneration report on page 68;
- Benchmarking – ensuring remuneration is above market related. Refer to the Remuneration report on page 68 for further details; and
- Further training and development.

Tiso Blackstar is committed to remunerating employees fairly. The Group's businesses operate in competitive markets and rely on the skills of high calibre people. The Group strives to retain and incentivise its key employees and align their objectives with those of shareholders.

Our philosophy aims to attract and retain top-quality employees, create a performance environment where success is rewarded and maintain Tiso Blackstar's entrepreneurial culture.

The objectives of the Company's Remuneration Policy is to:
- promote the achievement of strategic objectives;
- encourage individual performance and promote positive outcomes; and
- promote an ethical culture and responsible corporate citizenship.

Further details thereof are provided on page 68 of the Remuneration report.

TRAINING AND DEVELOPMENT

Our employees are one of the key enablers that assist the Group in executing its strategy, recognising that employees are fundamental to the sustainability and growth of the business. Training is designed to empower our employees and support diversity, thus developing the full potential of every member of our workforce is a business priority. Training and development programmes are aimed at ensuring all employees are properly equipped for their work environment. As such, we focus on developing skills in sales, editorial, IT and digital, printing plants, film, photography and production directing, amongst others.

Skills development expenditure incurred by BHG

Total skills development expenditure R'm	African		Coloured		Indian		Total black	Total white	Black disabled	**Total**
	Male	Female	Male	Female	Male	Female				
2018	**16.7**	**11.6**	**2.8**	**1.9**	**16.8**	**2.5**	**52.2**	**6.4**	**1.4**	**60.2**
2017	10.1	11.6	2.3	1.6	4.7	1.5	31.8	4.2	1.3	37.3

The Media and Broadcast and Content divisions received a separate bursary scheme funded by The FIBRE Processing and Manufacturing ("FP&M"), Sector Education And Training Authority ("SETA") whereby it would receive R2.1 million over a three year period to fund undergraduate degrees for 20 learners. The projects commenced on 31 August 2017 and will end on 31 May 2021.

The core businesses housed within BHG are required to implement a Workplace Skills Plan ("WSP") and the Annual Training Report ("ATR") which are central to the establishment of the skills development system. The WSP focuses on building a stronger talent pipeline, retaining talent, improving performance, training and maximising the return on learning and development. Development of employees is supported through, amongst other things, bursaries, learner-ships, skills programmes, in house and external training on new technology, seminars, apprenticeships and workshops.

Tiso Blackstar ensures conducive working conditions by implementing regulated working hours and ethical remuneration. This is achieved through adherence to its human resources policies which are aligned with employment legislation, its Code of Conduct and Ethics Policy, and its Fair and Ethical Pay Framework.

HEALTH AND SAFETY REVIEW

KEY PERFORMANCE INDICATORS - BHG	2018	2017
Number of lost time injuries	**9**	40
Number of occupational or lifestyle diseases	**2**	0

A key consideration within Tiso Blackstar is the health and safety of its employees, as the Group depends greatly on the skills and wellbeing of its people. Regulations are met within all our operating areas, as the Group complies with local regulations and our aim is to institute best-practice standards across the Group.

The nature of our business presents a low risk to the health and safety of our people. Robust processes ensure we maintain this status. We recorded no fatalities in the reporting period, and the 9 (2017:40) lost-time injuries recorded during the year were primarily minor.

Two cases of occupational diseases were recorded, and the prevalence of so-called lifestyle diseases (including hypertension, obesity and diabetes) is not a material risk in our workforce or to our business.

Health and safety is enforced across the Group through the following mechanisms: ongoing risk assessment with respect to health and safety; induction training; safety files; safety training, inspections and audits; first aid training; fire evacuation training and emergency planning; and environmental awareness. Responsible officers are appointed at each location, all safety incidents reported, and investigated.

Due to the nature of the Hirt & Carter Group's operations, each employee is required to sign a Health & Safety Policy, which assists in achieving a safer working environment.

TRANSFORMATION REVIEW

BROAD BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")
B-BBEE forms a key strategic focus area for Tiso Blackstar, falling within its strategic priorities of People: Transformation and Beneficiary Delivery. Tiso Blackstar remains committed to making a positive contribution to the process of transformation recognising it as critical for the sustainability of its operations situated in South Africa.

Section 13G (2) of the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended ("the B-BBEE Act") specifically indicates that all public companies listed on the JSE must provide to the B-BBEE Commission a report on their compliance with broad-based black economic empowerment. As a result of Tiso Blackstar being domiciled in the United Kingdom, the Company itself has not specifically focused on the requirements of the B-BBEE Act, instead, each South African subsidiary in which the Company has a direct investment has ensured compliance with the B-BBEE Act. Because of Tiso Blackstar being domiciled in the United Kingdom, the JSE and B-BBEE commission exempted Tiso Blackstar from the requirements of section 13G(2) in the prior year and Tiso Blackstar has applied for the same exemption from the JSE and B-BBEE commission in the current year.

Tiso Blackstar's wholly owned subsidiary, BHG, houses the core operating businesses of the Group and information disclosed below is with respect to the BHG B-BBEE scorecard.

BHG is expecting to achieve a level 1 B-BBEE contribution status from a level 2 in the prior year. At the date of signing this report BHG's B-BBEE scorecard was still subject to audit finalisation by BHG's verification agency.

KEY PERFORMANCE INDICATORS - BHG

Elements	**2018[(1)]**	2017
Ownership	**25.00**	25.00
Management Control	**13.24**	11.80
Skills Development	**17.26**	16.21
Supplier & Enterprise Development	**40.48**	39.71
Socio-Economic Development	**5.00**	5.00
Total	**100.98**	97.72
Rating level	**1**	2

[(1)] Subject to audit by BHG's verification agency

Great progress has been made from the 2017 verification as seen by the above table and the Group will strive to maintain this level going forward.

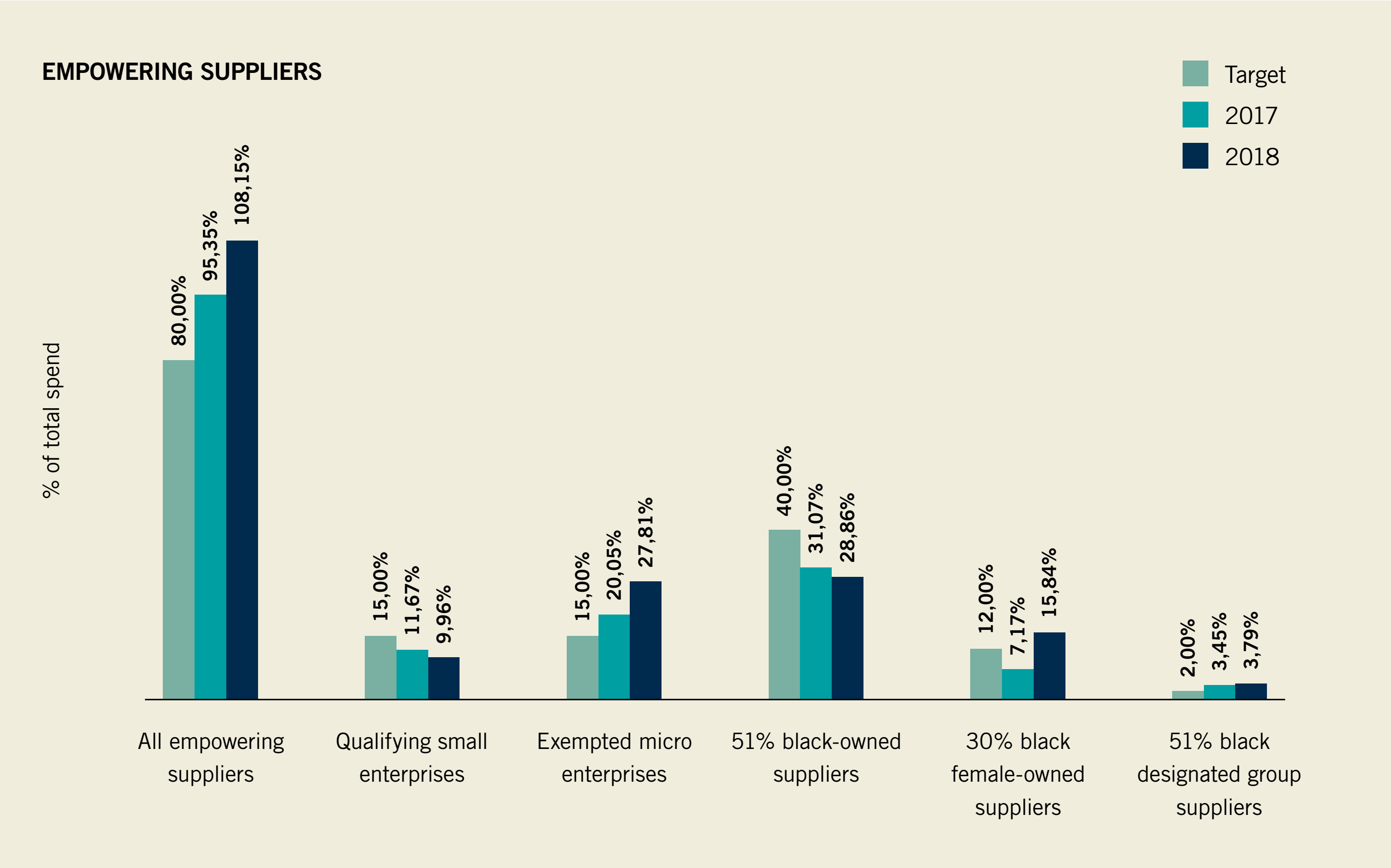
BHG established a B-BBEE steering committee during the current financial year whose purpose is to set a strategy based on the revised codes of good practice and to ensure that the Group is compliant with legislation. The committee is focused on all elements of the scorecard thereby addressing the following: ensuring that the diversity of the Group's employees is maintained; that our staff and unemployed people are appropriately skilled; ensuring supplier compliance is met across all the preferential procurement indicators; continuous development of small businesses; and ongoing investment into and development of our communities.

Details of our progress with respect to employment equity and skills development are provided under the Our People section on page 37.

PREFERENTIAL PROCUREMENT

Preferential procurement is measured on expenditure with all empowering suppliers, and based on B-BBEE procurement recognition levels, as a percentage of total measured procurement spend.

Overall, BHG is expected to achieve 108.15% against a targeted 80.0%. The breakdown of actual percentage achieved for the current and prior year compared to the targeted percentage as per the B-BBEE scorecard is depicted below:



SUPPLIER AND ENTERPRISE DEVELOPMENT

In many of our markets, initiatives are in place to increase the proportion of local participation and ensure equal access to opportunities, with the ultimate aim of reducing income inequalities.

In line with South African legislation, we have identified micro enterprises with at least 51.0% black ownership as enterprise development beneficiaries and several small enterprises, at least 51.0% black-owned, as supplier development beneficiaries. During the current and comparative periods, our support was allocated as follows:

	Enterprise development	Supplier development
2018	More than **R13 million** was invested in a range of local films with more than 51% black ownership.	Grants, early payments, investments and training and mentoring totalling over **R5 million** was spent on current small suppliers.
2017	**R10 million** investment in the production of the Shepherds and Butchers movie, benefitting a micro enterprise that is not a Group supplier. The movie won key international awards and was released in local cinemas by our Films unit, Empire Entertainment.	Grants, early payments, investments and training and mentoring totalling over **R5 million** for micro and small enterprises that are existing Group suppliers.

BHG is in the process of developing a B-BBEE procurement policy. The policy is currently in draft format with an anticipated completion date in October 2018 subject to board approval.

COMMUNITY REVIEW

As a media group, Tiso Blackstar is close to its communities. We strive to play an important role in the communities, basing our community investment decisions on the principles of sustainable development, considering the needs of the community, our business objectives and the potential effectiveness of projects. Through constant interaction on our radio stations, and through our various print titles, the needs and aspirations of our stakeholders are expressed. While we use this feedback to develop the content that will retain our audiences, it also informs our corporate social investment initiatives.

The Blackstar Foundation is an independent registered non-profit organisation focused on assisting to uplift underprivileged children, through funds received from various donors. The Blackstar Foundation provides educational bursaries to scholars. It works closely with schools or foundations that identify children requiring financial assistance, particularly the Theo Jackson Foundation, which also functions as the intermediary between sponsor and student (refer to http://www.theojacksonfund.org.za). In addition, the Blackstar Foundation continuously communicates with its beneficiaries to ensure they receive the necessary support to perform to the best of their ability. R0.4 million was spent by the Blackstar Foundation in 2018 (2017: R0.9 million) sponsoring scholars.

As part of its commitment to youth education, Tiso Blackstar has for a number of years supported the Nal'iBali reading for enjoyment campaign that facilitates youth literacy development in South Africa. Nal'ibali (isiXhosa for "here's the story") is an initiative to spark children's potential through storytelling and reading, while fully promoting reading and writing in mother languages. Nal'ibali's print rich material includes stories, literacy activities, reading and reading club tips and support, to inspire and guide parents, caregivers, teachers, librarians and reading clubs, to make reading and storytelling meaningful, enjoyable and accessible. Nal'ibali's 16-page bilingual supplements are produced in English, Afrikaans, Setswana, Xitsonga, isiXhosa, isiZulu, Sesotho and Sepedi. Through the media partnership with Tiso Blackstar, 147,600 Nal'ibali newspaper supplements are distributed nationally in their titles – Sunday Times Express, Sunday World, The Herald and Daily Dispatch - every two weeks during term time. 153,000 supplements are also distributed free of charge directly to reading clubs, community organisations, libraries, schools and other partners in the Eastern Cape, Western Cape, Gauteng, Free State, Limpopo, North West and KwaZulu-Natal. In addition to this BHG contributed more than R2.5 million worth of free advertising space to various NGO's, supporting their respective initiatives.

Freedom of expression entails the right of the public to be informed, and to receive and impart information, ideas and opinions freely. These rights make it possible for citizens to make decisions and judgements about the society they live in; to exercise their rights and duties as citizens; and to facilitate greater understanding among people of South Africa and the world. Freedom of expression, by its nature, protects and defends other rights necessary to the functioning of a democracy where every citizen enjoys equality, human dignity and freedom.

Our Media division play a vital and indispensable role in facilitating the dissemination of information in South Africa. This role places on us a duty to act as a trustee for the public interest. In performing this duty, we uphold the values of the South African Constitution.

Under the Group's Editorial Policies & Code of Conduct applicable to the Media division of the Group, the Media staff pledge the following:

- To perform their duties to the highest standards of excellence and integrity;
- To provide true, accurate, fair and balanced reporting; to investigate and expose abuses of power – whether political, economic, commercial or social – with courage and with commitment to the truth. And to do so without being beholden to any interest group other than our readers and the citizens of South Africa;
- To take seriously our role as a watchdog over the people, institutions and forces that shape our society and to do so on behalf of our readers and of the citizens of South Africa, especially those who otherwise would not have a voice;
- To seek diversity in the views and opinions we publish; and
- To uphold the South African Press Code.

ENVIRONMENTAL REVIEW

Tiso Blackstar operates as a sustainable business, in terms of both long-term profitability and the environment. Tiso Blackstar is committed to reducing its carbon footprint and management within the Group's focus on sustainable development wherever possible, including the integration of environmental management practices into our operations. In our Media, Broadcast and Content businesses, the impact on the environment and natural resources is limited.

On the environmental aspect, Hirt & Carter Group's operations were FSC-certified in the current reporting period. Hirt & Carter Group is a member of Forestry SA, which subscribes to best practice in maintaining forest resources. Forest Stewardship Council ("FSC") certification is the global standard for responsible use of paper and ultimately the forests from which paper is produced. The council's mission is to promote environmentally sound, socially beneficial and economically prosperous management of the world's forests. The FSC chain-of-custody certification, traces the path of products from forests through the supply chain, verifying that FSC-certified material is identified or separated from non-certified material throughout the chain. Any company in this supply chain – from harvesters to processors, manufacturers, distributors, printers, retailers or anyone taking ownership of the forest product before the end user – needs to be FSC-certified to label or promote their products as such. The chain-of-custody process assures consumers that the FSC-certified products they purchase emanate from responsibly managed sources.

Most of the waste generated by processes within Hirt & Carter is recycled to the fullest extent possible whilst a waste treatment plant at Hirt & Carter's premises reduces the net waste produced. Recycling is achieved in partnership with Mpact and various other recycling companies. In our Cape Town manufacturing facilities, water usage has been reduced and water storage has been added during the year in order to mitigate the effects of the severe regional drought.

The Media and Broadcast and Content divisions have specific initiatives in place to reduce electricity load, which include: running air-conditioning plants on timers, the use of Light Emitting Diode ("LED") lights throughout the buildings; installation of light sensors in common areas. A reduction in water pressure has assisted in decreasing overall water usage.

ONE ADDRESS FOR A UNITED VISION

The new state-of-the-art Hirt & Carter Group facility in Cornubia, Durban.

The Hirt & Carter Group is consolidating its various capabilities into ONE powerful, integrated business model that offers a 360° marketing solution, with one clear focus on our customers. By bringing the entire Hirt & Carter Group together under ONE roof, we strengthen the company ethos and ensure that we remain the market leader in our industry.

STRATEGIC REPORT

Non-core Business Review

tiso blackstar group.

NON-CORE BUSINESSES REVIEW

In 2016, Tiso Blackstar announced its change in strategy to focus on investments in media and related industries, and to therefore dispose of its non-core assets. It is the intention of the Group to exit these businesses in a responsible manner in relation to their stakeholders while maximising value for our shareholders. In the interim, Tiso Blackstar manages these assets closely through regular interactions with the executives of these businesses, attending board and shareholder meetings and reviewing financial and operational reports produced by the businesses. Existing strategies and plans are closely monitored and driven by Tiso Blackstar. A brief summary update of the non-core businesses follows.

THE STEEL SECTOR

The steel industry in South Africa in which CSI and Robor operate is in significant decline. Historically, the steel industry grew strongly with increased demand and capacity and, to some extent, filled capacity. However, the downturn of the South African economy since 2008/9 has seen the industry in decline for over ten years, with significant excess production capacity, a large number of competitors and continued installation of capacity, putting pressure on pricing, margins and profitability. The downturn of the economy has especially weakened the construction industry, which accounts for a large volume of steel purchases, with fewer projects being undertaken by both the private sector as well as the public sector. Additionally, the mining sector, another large steel customer, has also declined (and continues to decline). The tariff protection given to local steel makers has exacerbated the problem as local steel prices have risen by the same percentage as the tariff charged on imported steel and at the same time discount and payment terms have been reduced. This has placed the South African downstream steel industry under enormous pressure.

Consolidated Steel Industries Proprietary Limited (“CSI”) (100% owned)

CSI owns 100% of Global Roofing Solutions, a leading South African roofing material manufacturer comprising Brownbuilt (established in 1964) and HH Robertson (established in 1958), making it one of the largest metal roofing manufacturers in South Africa and on the continent. CSI also owns 100% of Stalcor, a dynamic producer, stockist and distributor of stainless steel and aluminium products, servicing a range of sectors, particularly manufacturing, engineering, mining and construction.

CSI had a very difficult trading period, possibly the most difficult trading period in its history. Revenue grew 4.3% to R2.4 billion while EBITDA fell 76.4% to R21.4 million and the Company made a net loss of R38.5 million from a profit of R12.1 million in the prior year. CSI’s balance sheet remains stretched with net working capital debt and asset based finance of R392.2 million from R383.4 million in the prior year. At the time of writing this report, the Group’s exposure in the form of guarantees is limited to R10.0 million.

The Tiso Blackstar board have an active plan in progress to dispose of CSI. In light of this, CSI is recognised as a discontinued operation and carried at nil value being its estimated fair value less costs to sell (net realisable value), in non-current assets held for sale.

Robor Proprietary Limited ("Robor") (47.6% owned)

Established in 1922, Robor manufactures and supplies welded steel tube and pipe, cold-formed steel profiles and associated value-added products. It also supplies, distributes and adds value to carbon steel coil, plate, sheet and structural profiles. Robor serves a number of sectors, particularly manufacturing, engineering, mining, infrastructure and construction. Management owns the balance of shares not held by Tiso Blackstar.

Like CSI, Robor had a very difficult trading period, also possibly its most difficult trading period in its history. Revenue fell 27.4% to R1.8 billion while EBITDA loss grew to R45.4 million from R1.2 million in the prior year and the company made a net loss of R66.4 million from a loss of R72.9 million in the prior year. Robor's balance sheet also remains stretched with working capital debt and asset based finance of R518.6 million from R485.3 million in the prior year. The Group's exposure in the form of guarantees is limited to R160.0 million. Robor is in the process of restructuring these banking facilities, with a key focus to lower Tiso Blackstar's exposure given the underlying existing security on Robor's balance sheet.

In recent years, Robor's tube mill and the industry in which it operates has experienced exceedingly difficult conditions arising from over capacity, high local South African prices, reduced local payment terms and reduced activity levels. As a result, Robor's largest business unit, its tube and pipe manufacturing, is operating substantially below its capacity and at these volumes, this business unit is not sustainable. To this end, Robor has entered into a conditional agreement to consolidate its tube and pipe manufacturing with Macsteel Service Centres SA Proprietary Limited ("Macsteel"). A consolidated manufacturing plant will see the return to economically sustainable manufacturing capacity and in all likelihood profitability for Robor as a Group. Both Robor and Macsteel are committed to ensure a successful conclusion of this undertaking, mindful of the best interests of all stakeholders.

The Group disposed of a 3.4% its interest in Robor during the current year for R16.5 million reducing its interest in Robor from 51.0% to 47.6%, resulting in a loss of control and thereby a change in consolidating results from a subsidiary to equity accounting results as an associate. The Tiso Blackstar board have an active plan to dispose of its remaining share in Robor, which is considered to be non-core, and discussions to sell its remaining shares are progressing well. In light of this, Robor is recognised as a discontinued operation and classified as a non-current asset held for sale. The Group's interest in Robor is carried at the lower of its carrying value and the estimated fair value less costs to sell (net realisable value), being its equity accounted carrying value of R137.6 million.

OTHER NON-CORE BUSINESSES

Kagiso Tiso Holdings Proprietary Limited ("KTH") (20.01% owned)

KTH is an investment holding company established in July 2011 by a merger between Kagiso Trust Investments Proprietary Limited and Tiso Group Proprietary Limited. Its investments include market leaders in key sectors such as media, resources, infrastructure, power and financial services, and comprise a mix of listed and private investments. Its major investments are Kagiso Media, MMI and Servest.

KTH's intrinsic net asset value declined by 13.1% over the year to R7,478 million (or a 10.9% decline when adjusted for disposals). Its net income increased substantially to R738.0 million from R157.0 million. The major assets in the portfolio making up 78.0% of the gross assets are as follows:

- Kagiso Media: a 100.0% owned diversified media business, which represents approximately 35.0% of the portfolio. It is valued on a discounted cash flow basis and it declined in value by 8,9% year;
- MMI: a 6.0% interest in a large listed diversified insurance Group, representing 22.0% of the portfolio. It is valued at market price and it declined in value by 13.2%; and
- Servest: a 51.0% owned large diversified services business, representing 20.9% of the portfolio. It is valued on an market multiple and increased in value by 9.6% over the year.

KTH's central debt decreased by 22.5% to R1.2 billion. Debt is expected to be further reduced following the receipt of the proceeds from the sale of Servest's offshore business.

Shareholder discussions to realise the Group's investment in KTH are progressing well with the shareholder having jointly appointed an advisor to advise them on the most optimal approach to achieving KTH's shareholders' desired objectives. The Group's 20.01% investment in KTH is recognised as a discontinued operation and classified as a non-current asset held for sale, carried at the lower of cost and fair value less costs to sell, being its carrying value of R1,263.5 million. This carrying value is currently at a discount of 15.5% to KTH's intrinsic net asset value.

NON-CORE GOVERNANCE STRUCTURES

Governance, within the afore-mentioned non-core businesses is well developed. All of the businesses operate risk and opportunity frameworks. Business risks are constantly prioritised through regular meetings between the non-core group's executives where business risks and opportunities are tabled and discussed and appropriate actions to mitigate such risks and to exploit opportunities are agreed and implemented. The board of directors of the non-core businesses, assisted by the executives of these businesses are responsible for ensuring their compliance with laws, regulations, codes and standards ("LRC&S"). Where these LRC&S are specific to a particular function/ discipline in the business, the responsibility for compliance thereto rests on the executive responsible for such function/discipline. There were no material issues of non-compliance which arose over the past year which would impact the Tiso Blackstar Group.

GOVERNANCE

tiso blackstar group.

REPORTING APPROACH

The board is committed to responsibility, accountability, fairness and transparency through its ethical leadership. The board also aims to integrate responsible corporate citizenship into the Group's business strategy and embeds sound corporate governance practices into daily operations and processes throughout the Group.

The standards of disclosure relating to corporate governance at the Group are regulated by the UK Companies Act 2006 (applicable to the UK registered holding Company and other UK registered investment holding subsidiaries), the SA Companies Act (which is applicable to the South African Group companies), the JSE Listings Requirements and King IV.

The Group maintains an adequate level of governance over its foreign associates and non-core operations through board representation (dependent upon the size of Tiso Blackstar's interest in the Company) as well as regular interaction with management. This process includes site visits, attendance of management meetings, review of management reports including monthly management accounts, financial reporting packs and annual financial statements. Feedback on non-core and foreign associates' results and performance is provided by management at every Tiso Blackstar board meeting and where deemed necessary these associates attend and present to the board.

The Group is committed to the principles of King IV and continues to develop its policies, practices and procedures in line with an integrated governance, risk and compliance framework. The 2017 financial year was the first year that the Group adopted King IV and understandably, there were implementation and disclosure gaps.

To address this, under the instruction of the board, management engaged an independent advisor to analyse the 2017 integrated annual report against the King IV and <IR> Framework, identify any gaps and determine specific recommendations. Following this, an implementation plan was initiated to ensure compliance with King IV, with the first phase being completed in the current financial year and the next phase to follow in 2019.

In addition to this, we initiated a comprehensive review of all existing policies during the year. The aim was to review these existing policies and consolidate them into one Tiso Blackstar Group policy, to ensure that all policies are aligned and supported by an appropriate policy framework that can be monitored and measured to provide evidence of compliance with the respective policy. We also updated the policy principles with the latest legislative requirements, including the requirements of King IV, as well as business requirements and have made substantial progress with this project. This is an ongoing project, which will be completed in the 2019 financial year.

We recognise that adoption of King IV and the <IR> Framework is an ongoing process and remain committed to continuing our work to achieve further compliance and develop our integrated annual report disclosure.

EFFECTIVE AND ETHICAL LEADERSHIP

ETHICS IN ACTION

Tiso Blackstar is a culturally diverse organisation with operations globally and so having a set of common values and goals, while respecting local customs and methods of working, is key to achieving a culture we can be proud of. We believe that clear values and a focus on ethical behaviour allow the business to perform more efficiently and effectively and are supportive of our long-term strategy.

To address its responsibility for ethical behaviour, the Group has reviewed its ethical framework resulting in the development of a Tiso Blackstar Group Code of Conduct and Ethics Policy that consolidates the overall principles of the Group in governing the ethical culture and behaviour into one policy. This policy is extended further into each of the detailed codes of conduct and ethics policies, which exist at a segmental level which address the specific requirements of the individual businesses based on the nature of their operations.

Tiso Blackstar and its core subsidiaries are committed to a policy of fair dealing and integrity in the conduct of business. The Company commits itself to act within the framework of all applicable laws and to act ethically and morally with all interested parties. Accordingly, employees are expected to maintain fair practices through:

- the maintenance of a high standard of integrity in all business relationships and at all times, carefully guarding against influences which may compromise independent judgment and action; and
- the authority to act on behalf of the Company will at all times be used in the best interests of the Company. Such authority should always be exercised within the given approval.

Tiso Blackstar subscribes to the following set of values:

- Creating integrity (ethics, honesty);
- Respect (trust, dignity);
- Responsibility (accountability, commitment);
- Innovation (creativity, ingenuity);
- Achievement (quality, results, success, performance);
- Fairness (diversity, inclusivity, transformation, equal opportunity);
- Customers (customer satisfaction);
- Safety (health);
- Community (corporate citizenship); and
- Environment (sustainability).

Tiso Blackstar's Group Code of Conduct and Ethics Policy effectively offers guidelines for responsible behavior and sets forth a common basis for resolving the principal ethical dilemmas encountered in the course of business including:

- Compliance with laws and regulations;
- Conflict of interest;
- Communications;
- Intellectual property rights;
- Gifts, hospitality, favours & free trips;
- Remuneration;
- Privacy and confidentiality;
- Theft;
- Unfair discrimination;
- Harassment;
- Substance abuse;
- Personal relationships between employees; and
- Whistle blowers.

The code clearly communicates to employees and other stakeholders the values that are most important to the business and forms the basis of the behaviour we expect from everyone we work with. This Code of Conduct and Ethics Policy applies equally to directors, employees and other representatives of the Group and compliance with the code is mandatory.

The board has appointed a Social, Ethics and Transformation committee to ensure that the Company has oversight of and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. A formal charter, which guides the committee in terms of its objectives, authority and responsibilities, governs the committee and the board is kept duly updated on the various matters by the committee chairman.

In addition to the afore-mentioned code, Tiso Blackstar's Media division has an Editorial Policies & Code of Conduct which all Media staff adhere to. Our newspapers, magazines, websites and other digital products, are produced to strict and exacting standards by exceptionally talented individuals and teams working under the pressure of demanding deadlines. We take journalism very seriously because we believe that good journalism is good business. The Editorial Policies & Code of Conduct is a compilation of the Group's policies which guide our news gathering operations. The Media management team are in the process of reviewing and updating this code and the revised code will be adopted in the 2019 financial year.

Responsible corporate citizenship

Tiso Blackstar's Group Code of Conduct and Ethics Policy sets clear standards that ensure we conduct business to a high ethical standard, build trust with stakeholders, and comply with all applicable laws and regulations across the Group.

The Social, Ethics and Transformation committee is responsible for ensuring that Tiso Blackstar reports on organisational ethics, transformation, responsible corporate citizenship, sustainable development and stakeholder relationships in compliance with the JSE Listings Requirements and King IV.

In line with their charter, the committee focuses on monitoring the Group's activities, relevant to legislation and legal requirements. The committee places emphasis on the Group's contributions to the wider community it serves, as well as support and provide sponsorships for appropriate causes, loyalty, health and safety and consumer protection. The focus is to assist management in shaping strategic direction to contribute to media diversity and promote a broader landscape of different voices.

Per its charter, the committee is responsible for the following: social and economic development; protection of human rights; upholding the freedom of association; elimination of forced labour; child labour; environmental challenges and responsibilities; working against all forms of corruption; and the elimination of discrimination in respect of employment and occupation.

As a media business, Tiso Blackstar has a societal obligation to the community to report responsibly and create a platform for fact-based discussions and decisions. For further information as to how the Group has acted as a responsible corporate citizen, refer to Our People, review (page 37), Transformation review (page 41), and Community Review (page 43).

The work of the Social, Ethics and Transformation committee during the reporting period is provided in further detail below under the Social, Ethics and Transformation committee report provided on page 60.

Value creation and reporting

Our approach and philosophy of integrated reporting is documented on page 5. Further detail on the board's approach to King IV reporting is provided in our Reporting approach on page 49.

Our Strategic report provides details of our vision and purpose (refer to page 8) as well as our strategic priorities and growth drivers and our 2018 key highlights in this regard (refer pages 18 to 19 respectively). The Business model on page 20 provides the context and link between the capitals we utilise and the outcomes which are linked to our strategic priorities. Materiality is determined by the board with reference to the Group's strategies as documented on page 25 and Tiso Blackstar's material risks as per page 25 inform the strategic priorities of the Group.

Tiso Blackstar's assurance model comprises a combination of assurance in the form of management control, internal and external assurance. Further details are provided under the Risk Management and assurance framework section on page 25. As previously mentioned, due to the fact that Tiso Blackstar is a UK registered Company with a listing on the Main Board of the JSE, two audit reports are required: one is provided by the UK statutory auditors Deloitte LLP; and a second audit report is provided by a South African auditor Deloitte & Touche SA for JSE reporting purposes.

BOARD COMPOSITION, STRUCTURE AND REPORT BACK

BOARD ROLES AND RESPONSIBILITIES

The board maintains full and effective control over the Company and remains ultimately accountable for its performance and affairs.

The board regards governance as fundamental to the success of the Company. It is committed to applying the principles of good governance in directing and managing the Group to achieve its strategic objectives. The board reviews the strategic priorities of the Group and delegates to the CEO and his management team the detailed planning and implementation of the objectives and policies. The board has approved the Company's existing strategy and oversees both its implementation and relating operational plans derived by the CEO and his management team whose performance is measured against agreed performance measures and targets. The board monitors compliance with policies and achievement against objectives in its board meetings where the board covers routine business through operational reports and project updates relating to matters of strategy, finance and other special items. Reports from committee chairmen and certain administrative items are also considered at each board meeting.

The board's objectives are to delegate transactional and contractual authority from the board to its sub-committees and the CEO and executive committees at various levels. This provides effective and practical directives and guidelines for minimising or eliminating the Company's possible exposure to risk.

The board conducts its business in line with the principles of King IV, which include exercising discipline, independence, responsibility, fairness, social responsibility and transparency, as well as the accountability of directors to all stakeholders. Tiso Blackstar has a Board Powers and Authorities Policy which stipulates a clear balance of power and authority at a board level, to ensure that no one director has unfettered powers of decision-making. In summary, the key responsibilities of the board of directors are as follows:

- Ensure the Company has an effective and independent Audit committee;
- Contribute to and approve the strategic direction of the Company and Group;
- Satisfy itself that the strategy and business plans for achieving the Group's objectives do not give rise to risks that have not been thoroughly assessed by management;
- Ensure the strategy will result in sustainable outcomes, taking into account financial, environmental and social objectives as approved by the board;
- Ensure the integrity of the Company's integrated annual report;
- Report on the effectiveness of the Company and Group's system of internal controls;
- Be responsible for the governance of risk through effective risk management practices, including regularly reviewing and evaluating risks to the Company and Group;
- Ensure the Company is, and is seen to be, a responsible corporate citizen;
- Identify, manage and monitor any gaps between stakeholder perceptions and the performance of the Company to manage its reputation;
- Ensure good corporate governance practices are embedded into daily operations and processes throughout the Group; and
- The board has ultimate responsibility for the ethical culture of the Group and will aim to set clear values and lead by example.

Directors have access to complete, accurate and timely information to fulfil their responsibilities, and all material matters are reported by the executive teams to the CEO who in turn reports it to the board.

The board is satisfied that it has fulfilled its responsibilities in accordance with its Board Powers and Authorities Policy during the year.

BOARD COMPOSITION

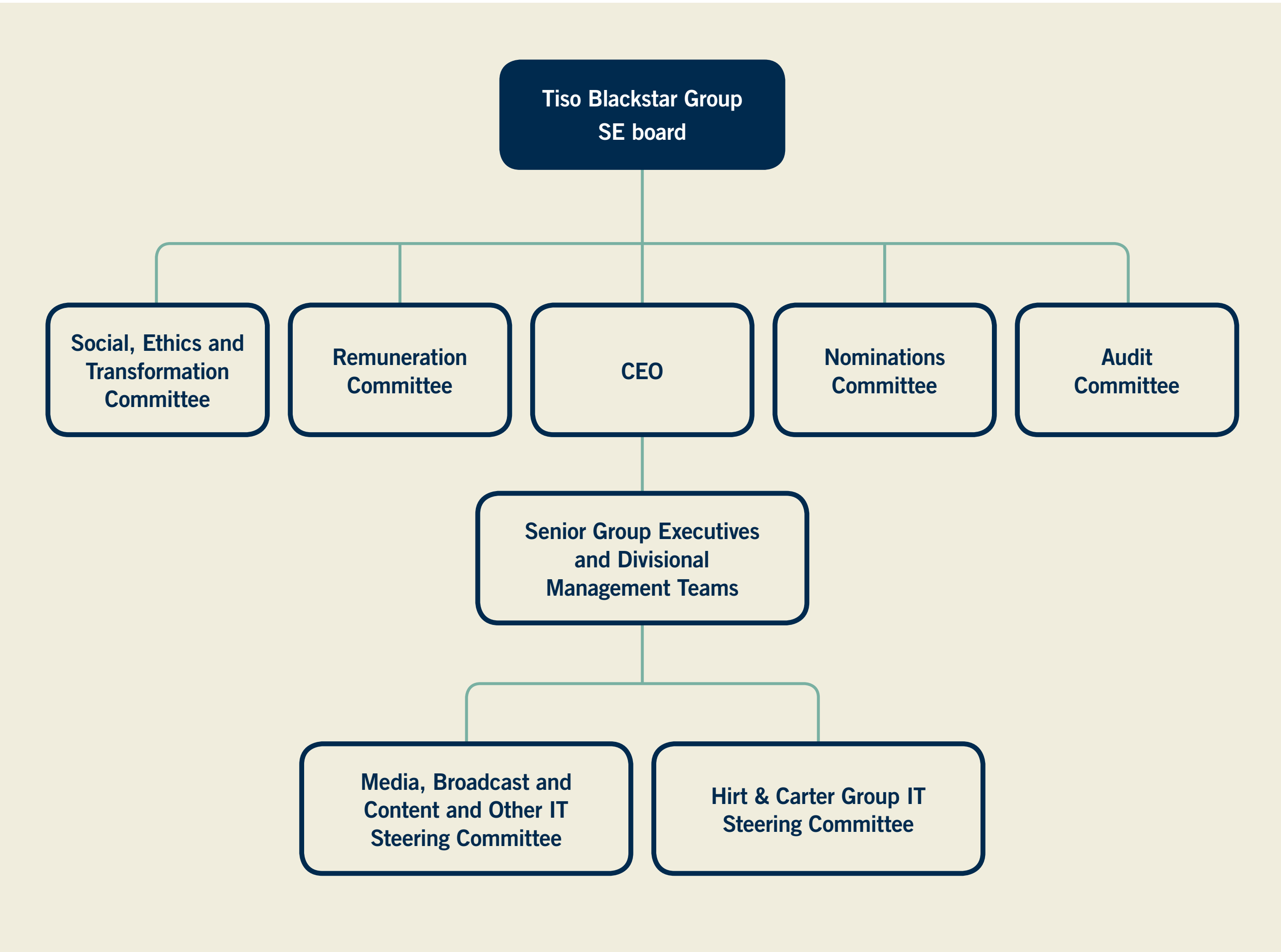
The Company has a unitary board structure, with five non-executive directors (three of whom are independent non-executives as defined by King IV) and one executive director being the CEO.

The composition of the board is determined by the shareholders. David Adomakoh is appointed as the Chairman of the Group and Andrew Bonamour is the CEO of the Group. The roles of the Chairman and the CEO are separate, with responsibilities divided between them to ensure a balance of power and authority. The Chairman's responsibilities are outlined within the Board Powers and Authorities Policy and the Chairman is responsible for providing overall leadership of the board and ensuring that the board performs effectively.

The board delegates responsibility for execution of the Group's strategy and overall management of the Group to the CEO who has no other external professional commitments. The CEO is supported by the senior group executives and the divisional management teams. These executives coordinate operational execution of the strategy, ensure effective internal controls are functioning and that there is an effective risk management process in operation throughout the Group.

The lead independent director of the Group is John Mills who serves on all of the sub-committees of the board, and is therefore well placed to influence the governance of the Group and meet his obligations. As noted in the Company's Board Powers and Authorities Policy, the main function of the lead independent director is to provide leadership and advice to the board (without detracting from the authority of the chairman) when the chairman has a conflict of interest. This is an on going appointment and the appointment of a lead independent director addresses the fact that the chairman is not considered to be independent as a result of his shareholding in the Company. There is also a strong independent representation on the board to maintain balance and control in the boardroom. The independent directors are assessed in the annual evaluation process assessed by the Nominations committee in accordance with the JSE Listings Requirements (refer to Nominations committee report on page 61).

The board governs through clearly mandated board committees. Each committee has specific written terms of reference approved by the board and adopted by the committee and is supported by the Group executive committee and its divisional committees.



The board regularly reviews the Group's succession strategy and the initiatives which are in place to support succession planning.

The Nominations committee reviews and assesses board composition on behalf of the board and considers and recommends the appointment of new directors. Board appointments are guided by the Company's Board Appointment's Policy. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge, which the board as a whole requires to be effective. Factors that are taken into consideration are differences in the skills, regional and industry experience, background, race and gender. Non-executive directors are drawn from diverse backgrounds and bring a range of experience, insight and professional skills to the board to ensure effective leadership of the Company. Generally, non-executive directors have no fixed term of appointment.

The board considers that there is an appropriate balance of skills, experience, independence and knowledge among the directors. Collectively there is an appropriate balance of capabilities, business experience, independence and diversity on the board to meet the Group's current business needs. The directors have experience gained from a range of international organisations. The board has adopted a race and gender diversity policy. While 50% of the board members are black the board recognises that it does not have an adequate representation of female members and has set a target of appointing an additional female non-executive director. The board agreed that subsequent to the disposal of the non-core assets expected to be completed in the upcoming financial year, this objective would be addressed as part of its strategy to develop and grow the Company's interests in the media sector. The Nomination committee will continue to discuss and annually agree all measurable targets for achieving gender and race diversity on the board.

In terms of the Company's Articles of Association, one-third of non-executive directors retire by rotation each year and are eligible for re-election by shareholders at the Annual General Meeting.

Refer to board effectiveness on page 62 for further details of the evaluation of the board's effectiveness.

The board met five times during the review period. The senior group executives attend the board meetings in instances where it would assist the board in exploring and understanding specific issues and developments in greater detail. Depending on the areas of focus for the board meeting, relevant management of the core divisions may also be invited to present to the board.

DIRECTORS' ATTENDANCE AT THE BOARD AND COMMITTEE MEETINGS IN 2018

			Committee			
	Board	**Board strategy session**	**Audit**	**Remuneration**	**Nominations**	**Social, Ethics and Transformation**
Number of meetings in the year	**5**	**2**	**3**	**3**	**1**	**1**
David Adomakoh (Chairman)	4	2	NM	3	1	NM
John Mills	5	2	2	3	1	NM
Nkululeko Sowazi	4	2	1	NM	NM	1
Andrew Bonamour	5	2	3*	2*	NM	1
Marcel Ernzer	5	2	3	3	1	NM
Harish Mehta	5	2	3	3	1	1

*By invitation
NM – Non-member

BOARD PROFILE

David Kwame Tandoh Adomakoh
(53)

Non-executive Group Chairman (appointed 2015)

BSc (econ) (hons) (London School of Economics), Diplôme de Langue et de Civilisation (La Sorbonne, Université de Paris)

David is a co-founder of Tiso Group and served as its group managing director. His experience spans 25 years in executive management and investment banking, and includes principal investing, corporate and project finance advisory work, debt capital raising, and financial derivatives in a number of countries, predominantly in Africa and Europe. He is a former director of Chase Manhattan Limited, London; head of Chase Manhattan Bank, Southern Africa; executive director of Robert Fleming Holdings South Africa Limited; and head of Africa Corporate Finance at JPMorgan Chase Bank, NA Johannesburg branch.

External directorships: Non-executive director of Kagiso Tiso Holdings Proprietary Limited (chairman of its investment and valuation committee); Nedbank Group Limited and Vanguard Group Limited (Ghana). Founding trustee of The Tiso Foundation and a world fellow of the Duke of Edinburgh's International Award.

John Broadhurst Mills
(49)

Non-executive Group Deputy Chairman, lead independent director (appointed 2006)

BCom (law), LLB (Stellenbosch University), South African advocate (admitted 1995); solicitor of England and Wales (admitted 1996); solicitor of the Eastern Caribbean Supreme Court (admitted 2007)

As a qualified solicitor, John has extensive experience in advising clients on structuring and exiting private-equity investments, through both onshore and offshore vehicles.

External directorships: director of Maitland Luxembourg SA and a number of private equity and investment fund vehicles.

Andrew David Bonamour
(47)

Chief Executive Officer (appointed 2006)

BCom (Unisa)

Andrew is the founder of Tiso Blackstar and CEO of several Group companies. He previously worked at Brait SA Limited in investment banking, principal investments and corporate finance. While at Brait, he originated and led leveraged buyouts, mergers and acquisitions, capital replacements and restructurings. He has in-depth experience in corporate finance, private equity and investment banking. The capacity of Andrew Bonamour changed from a non-executive director to CEO with effect from 17 July 2017.

Marcel Ernzer
(63)

Non-executive Independent Director (appointed 2006)

Marcel is an independent consultant in the financial sector. He qualified as a "Réviseur d'entreprises" with PriceWaterhouse Luxembourg (1982-1986). From 1987 to 1996, he set up and managed Unico Financial Services, Luxembourg (owned by Crédit Agricole, DZ Bank, Rabobank, RZB Austria, Cera Bank (later KBC) and Okobank). Over his career, he has been a director of several financial services companies including Corporate Management Services owned by Commercial Union, EEK Invest owned by Evangelische Kreditgenossenschaft, Piac owned by RZB Austria, UKB owned by Kokusai Securities, and Winterthur Financial Services. He was also a director of several investment funds and served on the board of the Association of the Luxembourg Fund Industry.

External directorships: Director of Blue Marlin Holdings S.A., Camera di Commercio Italo-Lussemburghese, Wallberg Invest S.A., Flaskamp Invest S.A., InsingerGilissen Manager Selection Sicav and some more Luxembourg based investment funds and family-owned commercial companies.

Harishkumar Kantilal Mehta ("Harish")
(68)

Non-executive Independent Director (appointed 2016)

BSc (ind eng) and MBA (University of Wisconsin), diploma in printing technology (Leeds)

Harish was instrumental in expanding Uniprint (founded over 90 years ago), to 60 times its original size. Uniprint was acquired by the Group in 2010.

External directorships: non-executive chairman of Cibapac Proprietary Limited and Averda SA Proprietary Limited; non-executive director of The Spar Group Limited and Redefine Income Fund Limited; member of Kwa-Zulu Natal board of FNB and as well as many community organisations; executive chairman and CEO of Clearwater Capital, a family fund.

Nkululeko Leonard Sowazi
(55)

Non-executive Director (appointed 2015)

BA (econ), MA (University of California, Los Angeles)

Nkululeko is chairman of Kagiso Tiso Holdings Proprietary Limited, a leading South African investment holding Company with significant interests in the media, financial services and resources sectors. He was executive chairman and co-founder of Tiso Group, which was formed in 2001 and grew to a multi-billion rand investment Company when it merged with Kagiso Trust Investments.

External directorships: non-executive director of Grindrod Bank Limited, Litha Healthcare Group Limited and Idwala Industrial Holdings Proprietary Limited. Founding trustee of Tiso Foundation, chairman of Homeloan Guarantee Company and Housing for HIV Foundation in Washington DC; serves on the board of governors of Michaelhouse College and world fellow of the Duke of Edinburgh's International Award.

SUB-COMMITTEE'S STRUCTURES AND REPORT BACK

BOARD COMMITTEES

In fully discharging its responsibilities, the board is assisted by dedicated sub-committees, with respective mandates and membership shown below. The sub-committees meet independently, and provide feedback to the board through their chairman. Each committee has the authority to make decisions according to its terms of reference. Work programmes are agreed by each committee that are designed around the annual business calendar and their respective terms of reference. The matters reserved for the board together with the terms of reference of each of the committees are reviewed on an annual basis and when there have been changes in circumstances, governance or regulation. The committees meet prior to meetings of the board to enable the committee chairs to report to the board. This facilitates the communication between directors. It also ensures that all aspects of the boards' mandate have been addressed and enables any necessary recommendations or advice relevant for deliberations to be provided. Only committee members are entitled to attend committee meetings, although the chairman of each committee can invite, as they consider appropriate, management and advisors to meetings to provide information and insights, answer questions and to assist the committees in carrying out their duties.

All sub-committees are satisfied that they fulfilled their responsibilities in accordance with their terms of reference during the year.

AUDIT COMMITTEE

COMPOSITION

- Marcel Ernzer (chairman)
- John Mills
- Nkululeko Sowazi
- Harish Mehta

KEY OBJECTIVES

- Monitors the adequacy of financial controls and related discosures in financial reporting
- Reviews audit plans and adherence to these by external auditors
- Ensures financial reporting complies with IFRS, UK Companies Act 2006, King IV ensuring effective governance in the Group's financial and integrated reporting
- Reviews and makes recommendations on all financial matters
- Nominates auditors for appointment
- Monitors the group's appetite for risk, governance of risk and information technology
- Assess the independence of the external auditors, and consider and approve their fees

MEETINGS

- The committee met three times during the year
- The CEO and the finance senior group executives attend the meetings as permanent invitees
- External auditors attend the relevant meetings

2018 IN OVERVIEW

During the current financial year, the work of the Audit committee focused on the following:

- review of the external audit reports for 2017 financial year and management's response;
- considered their effects on the financial statements and internal financial controls;
- considered the integrated annual report and assessed its consistency with operational, financial and other information known to committee members;
- review and recommendation to the board for approval of the preliminary and annual results announcements and the annual financial statements and integrated annual report;
- approval of the external audit engagement letter, audit fees and evaluation of the independence of the auditors in respect of the 2018 year end audit;
- review of the information detailed in paragraph 22.15(h) of the JSE Listings Requirements and assessment of the suitability for reappointment of the external auditors;
- review of the 2018 audit plan ensuring that material risk areas were included and that coverage of significant businesses was acceptable;
- consideration of any prospective accounting standard changes;
- review of the impact of the adoption of King IV;
- consideration and discussion of all JSE reports as a requirement for the JSE Main Board listing;
- review with management of all material legal, legislation, taxation and regulatory developments;
- review and approve the Group's Tax Policy;
- review the Group's policies on risk assessment and risk management for financial reporting and review and approve the Company's risk management framework;
- review operational risk management including fraud and theft; and
- assessment of the internal controls environment, particularly in relation to the Group's internal financial controls.

FOCUS FOR 2019

- ongoing review of tax arrangements including tax strategies;
- as part of the Group wide cost cutting initiatives to consider the audit tenders provided by audit firms when considering the appointment of auditors for the 2019 financial year;
- continue to support management with the Group's transition to King IV and compliance with the International <IR> Framework including the further development of the integrated annual report;
- provision of sufficient emphasis and explanations around disclosures and significant judgements;
- enhance the quality of reporting around the principle risks and uncertainties of the business with a clear articulation of the business model and Group strategy;
- assess the internal and external control environments to support growth and better business performance and oversee the work of the finance team who are designing and developing an internal audit function which would provide an appropriate level of internal assurance; and
- consider the need for external independent reviews at committee levels.

CONCLUSION

The Audit committee is satisfied that it has considered and discharged its responsibilities in line with its terms of reference in the review period. The Audit committee conducts itself under the guidelines as detailed in its board approved Audit Committee Terms of Reference Policy document. Refer to the report of the Audit committee on page 88 of the consolidated financial statements for the year ended 30 June 2018.

REMUNERATION COMMITTEE

COMPOSITION

- John Mills (chairman)
- David Adomakoh
- Marcel Ernzer
- Harish Mehta

KEY OBJECTIVES

- Establishes principles of remuneration and determines remuneration of executive and non-executive directors as well as executive heads
- Considers, reviews and approves Group policy on CEO and senior group executive remuneration and communicates this to shareholders in the integrated annual report
- Reviews and approves the operation of the group's short-term and long-term incentives for executives and senior management across the Group

MEETINGS

- The committee met three times during the year
- The CEO and the finance senior group executives attend the meetings as at the request of the chairman, except when issues relating to their own compensation are discussed.

2018 IN OVERVIEW AND FOCUS FOR 2019

Refer to page 68 of the Remuneration report for details of areas of focus.

CONCLUSION

The Remuneration committee is satisfied with the work achieved in the current financial year.

Further details of the Group's Remuneration Policy and the work of the Remuneration committee can be found in the Remuneration report on pages 68 to 81.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

COMPOSITION

- Harish Mehta (chairman)
- Nkululeko Sowazi
- Andrew Bonamour

KEY OBJECTIVES

- Makes recommendations to the board on social and economic development
- Responsible corporate citizenship, environment, health and public safety
- Sustainable development and stakeholder relationships
- Effective plans for labour and employment issues

MEETINGS

- The committee met once during the year
- The CEO is a member of this commitee
- The finance senior group executives are permanent invitees to this meeting

2018 IN OVERVIEW

During the current financial year, the work of the Social, Ethics and Transformation committee focused on:

- development of a Social, Ethics and Transformation Committee Charter which was approved by the board;
- consideration of BHG's progress with respect to achievement of a Level 1 B-BBEE scorecard rating at a core business level;
- consideration of the Group's progress with respect to its participation in socio-economic development and enterprise development;
- review and discussion around the report backs provided by the Group's subsidiaries regarding the progress made in serving the wider community and supporting appropriate causes as well as job creation, employee skills development and entrepreneurships thereby ensuring that the Group is meeting its responsibilities as a corporate citizen;
- consideration of the work performed by the Blackstar Foundation and further community related initiatives undertaken by Group subsidiaries; and
- review of the processes in place to manage diversity and support transformation throughout the Group.

FOCUS FOR 2019

- Transforming and shaping the business strategy to align with corporate culture;
- Integrate processes and improve systems to support employees in creating a better work environment;
- Investigate investment opportunities to support and grow small businesses and expand their infrastructure which will assist in growing the South African economy; and
- Oversee management's project to work with distributors in the media sector to create these entrepreneurships via informal micro businesses as well management's ongoing collaboration with other organisations to create micro entrepreneurs.

CONCLUSION

The committee is satisfied it has considered and discharged its responsibilities for the financial year in line with its terms of reference and King IV.

NOMINATIONS COMMITTEE

COMPOSITION

- John Mills (chairman)
- Marcel Ernzer
- David Adomakoh
- Harish Mehta

KEY OBJECTIVES

- Evaluates the board and its committees per their mandates
- Considers suitable nominations for appointment to the board and succession planning
- Makes appropriate recommendations based on qualifications and experience
- Approve and adopt a Gender and Race Diversity Policy

MEETINGS

- The committee met once during the year

2018 IN OVERVIEW

During the current financial year, the work of the Nominations committee focused on:

- complete assessment of independence of non-executive directors;
- review and assessment of the board composition on behalf of the board and considered whether the appointment of new directors is required;
- assessment of current gender and diversity targets at a board level; and
- development of a gender and diversity target for the board.

FOCUS FOR 2019

- Complete the annual director's evaluation process including review of director's declarations in respect of the year ended 30 June 2018 and assessment of independence;
- Consider board composition and recommend the appointment of new directors;
- Review the Company's Board Appointment's Policy and consider whether any amendments are required;
- If applicable identify suitable candidates for appointment to the board, and consider candidates on merit against objective criteria and in compliance with the Company's Board Appointment's Policy;
- Implementation of processes and measurable targets to achieve gender and diversity target set for the board;
- Review and make recommendations to the board for any changes to the existing voluntary board gender and race diversity targets (if deemed necessary); and
- Review the effectiveness of the Nominations committee's processes in place to evaluate the performance of the board and its committees against their mandates and execute any changes required.

CONCLUSION

The committee is satisfied it has considered and discharged its responsibilities for the financial year in line with its terms of reference and King IV.

BOARD EFFECTIVENESS

The Nominations committee evaluates the performance of the board and its committees against their mandates on an annual basis. The independence of directors is reviewed annually by the Nominations committee, after review of the declarations provided by all of the independent non-executive directors. The Company actively solicits details from its directors on external shareholdings and directorships with the potential to create conflicts of interest while serving on the board. Declarations received from directors are closely scrutinised by the Nominations committee chairman and the Company secretary, and tabled at the board meeting. Where a conflict arises on any particular matter, directors are required to recuse themselves from discussions. As far as possible, the Company requires that directors avoid any potential conflicts of interest. The Nominations committee has satisfied itself that the independent directors meet the criteria for independence in terms of King IV.

The board evaluated both its own effectiveness and the individual performance of directors in respect of the financial year ended 30 June 2018. This process is achieved by questionnaire forms completed and submitted by directors in a discreet and confidential manner. The responses are collated by the Company secretary and a report is summarised for feedback and discussion at the Nominations committee meeting. The evaluation for the current period concentrated on the focus areas of board composition, board expertise, time management, board support, the committees and chairman, the board's role in setting strategy, oversight of the strategic plan, risk management and internal control, succession planning and human resource management as well as priorities for change. Areas of improvement were identified and noted. Directors require a thorough understanding of the Company's business and evolving conditions in the industry, from both internal and external sources. Strategic plans involving best case and worse case scenarios needs to be fully analysed. Information flow can be improved and regular reporting outside of board meetings and strategy sessions to be considered. All focus areas were rated relatively well with no material concerns.

Top priorities for the board in the coming year were identified as follows:

- Focusing on developing strategy;
- Executing non-core business disposals and repositioning the core portfolio;
- Gaining a greater understanding of the investor market; and
- Focusing on community issues.

The Company has a Group-wide Securities Dealings Policy which has been designed to ensure that staff do not misuse, or place themselves under suspicion of misusing information about the Group which they have and which is not public. Tiso Blackstar also has a Dealings Code which sets out standards of good practice for dealing in shares and other securities of the Company admitted to trading on the Main Board of the JSE. This code complies with JSE Listing Requirements which place certain restrictions on dealing in the Company's Securities, and the Financial Markets Act 2012 prohibits insider trading and other market abuses.

An induction process for directors is in place whereby on appointment, they receive recent board and committee documents, information on legal and governance obligations, the Company's Articles of Association and recent reports. In addition to this, new directors' meet with both the CEO and Company secretary to assist them in obtaining an understanding of the operations within the Group. Guidance is also provided on the requirements of the JSE, King IV, UK Companies Act 2006 (applicable to the UK registered companies including the holding Company), and the SA Companies Act (applicable to the South African registered subsidiaries).

All directors are expected to keep abreast of trends in the business and in the Group's environment and markets. Site visits to our operations are arranged to familiarise directors with operational and environmental aspects. Experts and consultants are invited to present to directors at board and strategy meetings to ensure directors receive the necessary training and skills to perform their duties.

The CEO and certain senior group executive's performance is assessed by the board on an annual basis through the Company's performance appraisal system whereby performance evaluation is assessed against specific agreed upon performance measures and targets. Further detail thereof is provided in the Remuneration report on page 68.

The board is satisfied with the competence of the CFO and Financial director of the wholly owned subsidiary Tiso Blackstar SA who form part of the senior group executives and are responsible for the overall financial management and reporting for the Group as set out in the report of the Audit committee on page 88 of the consolidated financial statements for the year ended 30 June 2018.

The Group Company Secretary, Leanna Isaac, is responsible for guiding the chairman and directors, both individually and collectively, on their duties, responsibilities and powers. She also advises on corporate governance, compliance with legislation and the JSE Listings Requirements. The board, having assessed her abilities as part of her recruitment and based on her qualifications, experience and the level of competence she has demonstrated since joining Tiso Blackstar (as required by section 3.84(h) of the JSE Listings Requirements), agreed that Ms Isaac is sufficiently qualified, competent and experienced to act as Company Secretary of Tiso Blackstar. The Company Secretary is not a director of the Company. The board also endorsed that the Company Secretary maintained an arm's-length relationship with itself and individual directors.

The board is satisfied that the annual evaluation process improves the performance and effectiveness of the board.

GOVERNANCE FUNCTIONAL AREAS

King IV requires disclosure on identified governance functional areas. Our report back on these governance functional areas is integrated into the underlying elements of our integrated annual report. The board and its sub committees provide oversight of these functional areas.

Functional area	Reporting element	Sub-committee providing oversight
Risk	Materiality, material risks and opportunities, page 25 Governance – Risk management and Assurance process, page 63	Audit committee
Technology and information	Governance – Technology and information, page 64	Board
Regulatory compliance	Governance – Regulatory compliance, page 65	Audit and Social, Ethics and Transformation committee
Stakeholder relationships	Key relationships/stakeholder engagement, page 28	Board and Social, Ethics and Transformation committee
Remuneration	Governance - Remuneration report, page 68	Remuneration committee

RISK MANAGEMENT AND ASSURANCE PROCESS

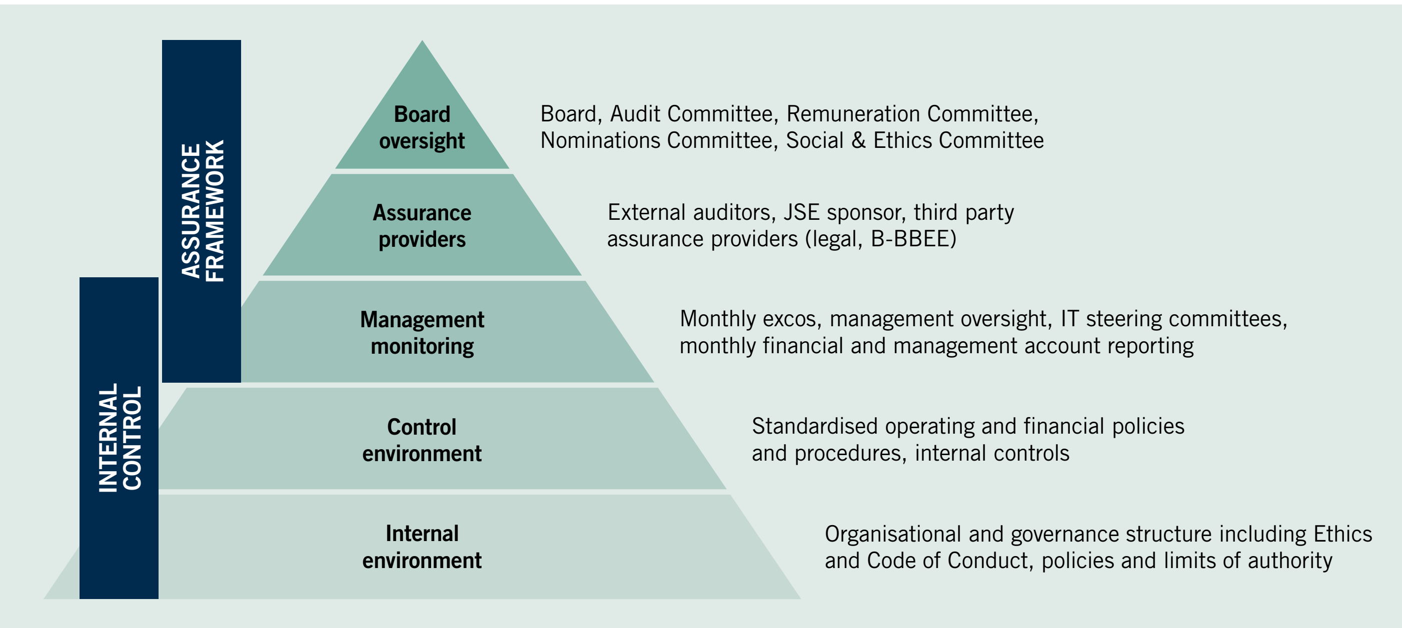
Tiso Blackstar and its various businesses have always managed risk and assurance in a responsible, prudent and diligent manner. With the change to becoming a media focused investment holding and operating company that consolidates its operations, and the additional reporting requirements due to transfer of listing to the JSE Main Board, in the current financial year Tiso Blackstar completed a process to document, complement and develop its existing risk management and assurance framework.

The Audit committee is mandated by the board to establish, coordinate and drive the risk process throughout the Group including development and maintenance of the Group's Risk Management and Assurance Framework.

They have managed this responsibility through employing an experienced and qualified CEO and finance team who have worked together with the Audit committee to design, implement and monitor compliance with this framework.

Our risk management and assurance framework considers the key risks and uncertainties, likelihood of occurrence, likely impact, and mitigation plans. The board via the Audit committee is updated on key risks and developments, and ensures adequate management and oversight through the Groups risk management and assurance framework.

Our combined risk management and assurance framework is represented in the following diagram:



The combined assurance framework is in place to ensure that the Group complies with laws and regulations, meets its reporting requirements and maintains ownership, quality and control of the Groups assets. It does this by providing oversight and assessment of the Groups internal control environment within the assurance framework.

Internal Control Environment

The internal control environment is designed to provide sufficient information and content of integrity. This information is used to produce internal and external reporting documents to support internal and external decision-making processes.

The Group inherited the majority of its control environment from its major subsidiary BHG. These are predicated on the employment of qualified and experienced financial managers across the operations. These financial managers are generally qualified chartered accountants who are knowledgeable about the basic controls and control environments. The Group's financial reporting packs include an acknowledgement of responsibility and sign off of the basic controls by the responsible financial manager.

The directors are responsible for the Group's internal control environment. The directors have satisfied themselves that the system is adequate in managing and mitigating the risks involved to an acceptable level.

Audit assurance

External auditors review the control environment annually as part of their audit work although no specific assurance is given by them on the internal controls. Any deficiencies, errors or fraud that they become aware of are reported back to management. Fraud and material matters are reported back to the Audit committee. In some cases they use a control based audit approach where the operating effectiveness of controls are tested. All material reported items from the 2017 audit report have been addressed by the finance team.

The Group does not currently have an internal audit function. The Group's major subsidiary BHG had an outsourced internal audit function five years ago. When this was assessed by the Audit committee of BHG at the time, it was determined that the outsourced model met the governance checklist, but did not give adequate assurance and was as such not an appropriate use of the Group's resources.

The finance team are designing and developing an internal audit function which would provide an appropriate level of internal assurance. Further feedback on this will be provided in the next integrated annual report.

The non-financial information in the external reports is reviewed internally, no external assurance is currently obtained as the directors are satisfied that the internal review process has produced information of integrity and reliability. This position will be assessed on an annual basis.

The Audit committee has satisfied themselves that the Framework as described is adequate in managing and mitigating the risks involved to an acceptable level and providing the appropriate assurance.

TECHNOLOGY AND INFORMATION GOVERNANCE

A Group Information Technology ("IT") Governance Charter has been approved by the board. This charter is to formalise the responsibilities and authority of the board and the Executive IT Steering committees for the effective and efficient management of IT resources for the organisation. There are two Executive IT Steering committees: one for the Hirt & Carter segment and the other for the remaining segments of the Group. This Tiso Blackstar Group IT Governance Charter has replaced the individual committees' charters adopted by the core businesses. The committees, which report to senior group executives, divisional management teams and the Group CEO as well as to the board, are responsible for implementing and enforcing this charter.

The IT Governance Charter specifies the responsibilities of the board and the responsibilities delegated by the board to the Executive IT Steering committees specifically addressing the following responsibilities:

- Strategic (including development and maintenance of an IT strategy);
- Organisational (including development and maintenance of an IT governance framework);
- Value delivery;
- Resource management;
- Risk management; and
- Performance management.

The delegation of authority to the Executive IT Steering Committees does not absolve the board from its responsibility.

During the financial year the Audit committee identified the following IT related risks which have been documented within the material risks and opportunities section of this report on page 25. These risks are effectively managed by the Executive IT Steering committees:

Risk	Mitigation
Cyber-attacks or theft of IT and information infrastructure could result in the Group being unable to operate, deliver its products or services or be liable for losses	• Resilient IT infrastructure • Testing and control • Management keeps constantly aware of any potential regulatory and policy changes that could impact the Groups business • The Groups' views and input is presented to the appropriate stakeholders prior to any changes to regulations or policy
Changes in systems and software and automation of functions	• Adequate planning for system changes • Appointment of implementation team to plan and execute the change over from one system to another • Testing of new systems before going "live"

Key areas of focus for 2018

Key objectives for the current reporting period included:
- Integration of all business units on a single technology platform;
- Integration of Hirt & Carter's Durban based business units on a single site;
- Development of new and maintenance of existing policies based on user behaviour and technology changes including policies on the following: Social Media; Internet; Asset Management; Protection of Personal Information; change management; cyber security and end-user awareness;
- Information security maintenance; and
- Review of cyber security trends.

Risks identified by the Executive IT Steering committees during the reporting period include:
- Network issues and poor internet service;
- Ageing hardware with limited support/maintenance plans available;
- IT related risks with respect to the Hirt & Carter operations move to a new premises;
- Growth in attempted cyber attacks; and
- Certain systems have limited back up solutions.

The following opportunities were identified:
- Centralisation of hardware procurement for all of the Tiso Blackstar Group companies including the standardisation on hardware, bulk buying power resulting in costs savings and the removal of duplicate costs;
- Migration onto centralised systems and implementation of a hybrid solution to ensure additional levels of redundancy; and
- The Hirt & Carter businesses move to the new premises resulted in the opportunity to consolidate and integrate group services, improve IT services on a single site, remove duplication of costs and the chance to create a centre of excellence for the Hirt & Carter operations.

The IT Steering committees noted an increased need to transfer large amounts of data across various platforms and an increase in the data storage requirements of end users. Another trend identified was the number of global players in cloud based services and the impact this had on the local market. This proved to be an opportunity for Hirt & Carter who were able to incorporate this into the products and services it offers its customers.

Major incidents included failure of Uninterruptible power supply ("UPS") and internet access resulting in downtime which restricted the continuation of operations however this was only limited to a few hours. Additional back up UPS and internet solutions have been implemented to mitigate the recurrence of such incidents.

Monitoring the effectiveness of technology and information management

The Executive IT Steering committees monitor the effectiveness of their technology and information management through the following actions:

- Network monitoring and management including real-time threat detection, monitoring of server uptime and firewalls;
- Ongoing maintenance and monitoring of DBs ("Direct broadcast satellite");
- Regular backups both onsite and offsite and investigation thereof;
- Hardware optimisation including workload sharing; and
- Curation and integration of various data sources to optimise business information and outcomes.

Focus for the future

The Executive IT Steering committees have planned the following areas of focus for 2019 and thereafter:

- Use of Integrated Artificial Intelligence ("AI") in Hirt & Carter's products and services;
- Use of cloud based technologies and storage and the use thereof within the Group;
- The Internet of Things ("IoT") and its impact on the Group. IoT refers to the ever-growing network of physical objects that feature an IP address for internet connectivity, and the communication that occurs between these objects and other internet-enabled devices and systems;
- Business to consumer ("B2C") applications;
- Automation of manual processes within certain areas of the business;
- Replacement of existing editorial content management system;
- Implementation of a workflow module for on and off boarding of staff as well as contractual spend;
- Consolidation, integration and centralisation of Tiso Blackstar Wide Area Network and telephony systems; and
- Implementation of additional disaster recovery site procedures for specific divisions within the Group.

REGULATORY COMPLIANCE

Being globally situated Tiso Blackstar is highly regulated and compliance with the regulations is critical to our business. The broader trading environment is becoming increasingly complex and is governed by legislation and policies relating to competition, customer protection, privacy, environmental, health and safety, money laundering and labour issues. A number of statutes provide for monitoring and enforcement by regulatory bodies. The CEO and the executives for each operation are responsible for monitoring regulatory compliance and the Group has developed relationships with relevant third party advisors and experts with whom they may consult, if required, to assist in adopting new legislation and regulations within the Group. The board and the Audit committee are updated with all material changes to legislation and regulations on a regular basis.

Tiso Blackstar ensures that the Group complies with all applicable legislation in all countries in which it operates and where possible builds constructive relationships with the regulatory bodies.

Our standards of regulation in the various businesses are in line with global best practice. Furthermore the Group is currently participating in various consultation processes to align our current processes and policies to comply with new and additional requirements.

There were no significant breaches of any legislation and no significant fines imposed during the year.

Key areas of focus for 2018

Included below is a report back for the current financial year focusing on applicable laws, non-binding rules, codes, standards and regulations in all countries of operation including material changes which impact the Group as well as areas of non-compliance.

Auto Enrolment Obligations UK – Workplace Pension Scheme

This law is applicable to the UK companies who have UK employees and was effective November 2017; however Tiso Blackstar successfully obtained an extension to February 2018. Tiso Blackstar joined The Peoples Pension Scheme effective February 2018 and successfully implemented a pension scheme for UK employees within the required timeframe.

UK Bribery and Corruption Act

As a Company incorporated in the United Kingdom and with its registered office in London, Tiso Blackstar is subject to various laws in the UK, which attach to those companies that conduct business, or part of their business, in the UK. This includes the Bribery Act 2010 and the Criminal Finances Act 2017. The Company has engaged Paul Hastings to assist the Group in preparing a Group Anti-Bribery and Corruption Policy to ensure compliance with these Acts. This policy will be aligned with what has already been developed in its existing policies.

Other UK regulations applicable to the Company

The Market Abuse Regulation ("MAR"), which is applicable to companies listed on a UK regulated market or the Multilateral Trading Facilities ("MTF"), no longer applies to Tiso Blackstar as a result of the cancellation of our AIM listing. Tiso Blackstar is not a financial services firm and does not carry on a regulated activity, it does not need to be authorised by the Financial Conduct Authority ("FCA").

Accounting standards – IFRS

A financial manager workshop attended by all Tiso Blackstar Group financial managers was hosted by the South African head office finance team. At the workshop, group reporting processes were discussed and additional training provided with respect to completion of group reporting packs. In addition to this, a workshop was held with independent presenters to discuss new IFRS statements which would need to be implemented by the Group. Refer to note 3 of the consolidated financial statements.

Media specific regulatory compliance

Details of the media specific laws, non-binding rules, codes, standards and regulations to which Tiso Blackstar Group monitor compliance are detailed below:

- The South African based publishing assets are regulated by the Press Code which is governed by the Press Council of South Africa, an independent co-regulatory mechanism set up by the print and online media to provide impartial, expeditious and cost-effective adjudication to settle disputes between newspapers, magazines and online publications, on the one hand, and members of the public, on the other, over the editorial content of publications;
- The South African based radio assets are subject to the regulations of the licensing authority Independent Communications Authority of South Africa ("ICASA"), and subscribe to the Broadcasting Complaints Commission of South Africa ("BCCSA"); and
- The film business releases movies subject to the approval of the South African Film and Publications Board.

Hirt & Carter – regulatory compliance

In addition to the expected compliance areas for an operational business, details of the additional regulations, standards and codes to which Hirt & Carter adhere as a retail solutions business are provided below:

- ISO 22000 is a Food Safety Management System that can be applied to any organisation in the food chain, farm to fork. The Labels and Triumph operations produce labels and packaging for food products and therefore are required to comply with this standard;
- ISO 9001 is the international standard that specifies requirements for a quality management system ("QMS"). Organisations such as the Forms division use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements;
- Accreditation through PrintSecure through Print SA. PrintSecure is a security Printing standards and accreditation body under the auspices of, and controlled by, Printing SA (the South African federation for printing and packaging). The global increase in document, product and intellectual property piracy and fraud, the call for improved brand protection and the authentication and tracking of such products had, in 2005, accelerated the need for the accreditation and certification of security printers in South Africa. This accreditation is required by the Labels and Forms operations;
- H&C is an accredited member of the authoritative printing body, Printing industry Federation South Africa ("PIFSA"). As a member, they have subscribed to a formal pledge that demonstrates their commitment to integrity, fairness, social responsibility, professionalism and sustainability in everything they do;
- All businesses within the Hirt & Carter Group are accredited with the Forest Steward Council ("FSC"). FSC certification guarantees customers that the FSC-labelled product they buy has come from a forest and supply chain that is managed responsibly; and
- With the introduction of the South African National Minimum Wage Bill, there is an action plan in place to address the relevant labour brokers to ensure adherence to the regulatory and statutory requirements of this Bill.

Looking ahead

Tiso Blackstar will continue to ensure that the Group complies with all applicable legislation in all countries in which it operates and, where possible, builds constructive relationships with the regulatory bodies. Material areas of regulation will continue to be incorporated into the combined assurance framework to ensure that all relevant legislation and regulations continue to be applied and adhered to.

STAKEHOLDER RELATIONSHIPS

Stakeholder relationships are monitored by the Social, Ethics and Transformation committee, where matters relating to regulators, customers, communities, employees and unions are reported. There is no formal stakeholder relationship management programme but interactions with stakeholders are ongoing. Further information on key relationships/stakeholder engagement is provided on page 28.

REMUNERATION REPORT

INTRODUCTION

Tiso Blackstar continued its journey to further implement and restructure its underlying governance processes, structures and systems in accordance with the guidance provided by King IV. The Remuneration report has been drafted with the Group's King IV transition in mind. As such, the report contains the following three major sections:

BACKGROUND	REMUNERATION POLICY	IMPLEMENTATION REPORT
Provides the context for remuneration considerations and decisions	Includes an overview of the Remuneration Policy including the provisions and objectives of the policy and the remuneration elements.	Actual remuneration results based on the implementation of the policy for the current reporting period.

BACKGROUND

The Remuneration committee operates in line with the board approved Remuneration charter. Further details with respect to the members of the committee, attendance of committee meetings during the year and the mandate of the Remuneration Committee are set out on page 59.

Philosophy

Tiso Blackstar is committed to fairly remunerating its employees. The Company's businesses operate in competitive markets and rely on the skills of high calibre people. The Company must be able to retain and incentivise its key employees and align their objectives with those of shareholders.

Our philosophy aims to attract and retain top-quality employees, create a performance environment where success is rewarded and maintain Tiso Blackstar's entrepreneurial culture. As a result, consideration is given to total reward and on achieving an appropriate balance between fixed and variable remuneration and short and long-term incentives for all employees, depending on seniority and roles. In addition to this, the Company pays a premium for those who are identified as key to the business. A market positioning exercise was performed utilising the services of an independent consultant and an external database to which the Group subscribes to assess the application of this principle throughout the core business.

The objective of the Company's Remuneration Policy is to:

- promote the achievement of strategic objectives;
- encourage individual performance and promote positive outcomes; and
- promote an ethical culture and responsible corporate citizenship.

The Company comprises of a board of five non-executive directors and one executive director, being Andrew Bonamour who is the CEO of the Company and the core business. The services, responsibilities and functions traditionally performed by a CFO are provided by the wholly owned subsidiary Tiso Blackstar SA (investment advisor) which has a CFO and FD who are jointly responsible for managing this role.

As CEO, Andrew Bonamour exercises general executive control over and management of the whole of the business and activities of the Group. Details of the board of directors of the Company are provided on page 55.

Fair and Ethical Pay Framework

Tiso Blackstar is committed to developing, implementing and maintaining a fair, ethical and responsible remuneration dispensation for all employees within our organisation, as encapsulated within the principles set out within the framework.

Tiso Blackstar has recently developed a Fair and Ethical Pay Framework to document our commitment to fair and ethical remuneration within our organisation. This framework is drafted in line with King IV and our existing Remuneration Policy as well as our commitment to transformation.

The Remuneration committee is satisfied that the framework is appropriate and fit for purpose concerning fair and ethical remuneration and related matters.

We further commit to implementing the policies and processes detailed in the framework in order to ensure that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in our organisation. Our organisation commits to periodically reviewing the framework to ensure that it remains relevant and appropriate, and in line with fair and ethical remuneration trends in the market and the organisation's values and business strategy.

Factors influencing remuneration

The committee regularly reviews current compensation levels and incentive schemes to ensure they remain market related and in line with global trends to align the interest of the Group's senior management and employees to that of the stakeholders. These reviews are performed with the assistance of an independent consultant as well as the use of a benchmarking tool to which the Company subscribes.

The committee and the board are aware that the Group operates in an environment where compensation gaps between lower-paid employees and senior management is a contentious issue. While it is important to acknowledge that executive remuneration is a sensitive matter, the success of the Group is determined largely by the actions of our senior managers, and ultimately all stakeholders benefit when these managers perform well.

The results of the non-binding advisory endorsement of both the Company's Remuneration Policy and relating implementation report at the annual general meeting on 21 November 2017, exceeded the required 75.0% in favour. In the event that the Remuneration Policy or remuneration implementation report, or both, are voted against by more than 25.0% of the votes of the annual general meeting of the Company, the Group will engage with dissenting shareholders soon thereafter.

Key areas of focus for 2018

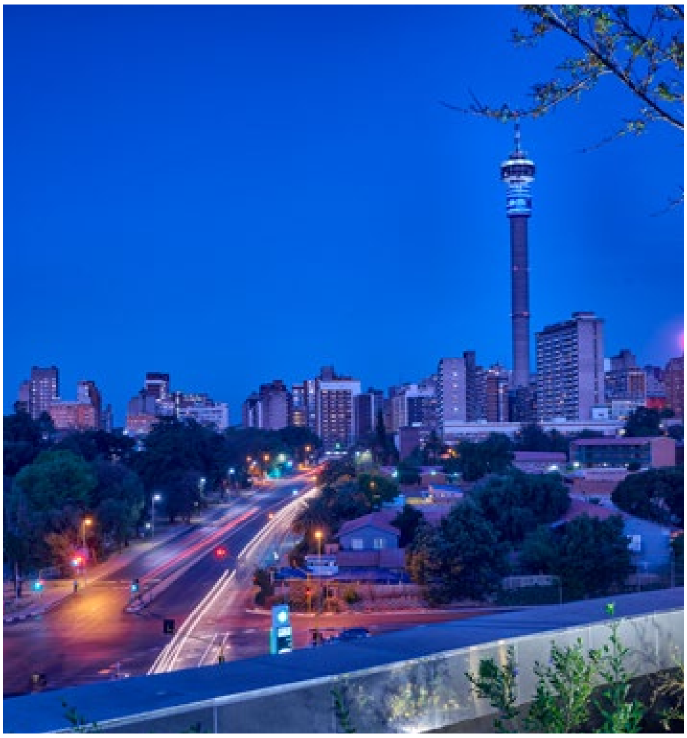
The Remuneration committee focused on the following key areas:

- Development of a remuneration charter which was approved by the Company board;
- Review and update of the Company's Remuneration Policy;
- Consideration and approval of updated employment contracts for the CEO and certain senior executives;
- Consideration and approval of annual salary adjustments and short term incentives for the CEO and certain senior executives;
- Consideration and approval of the annual award of the forfeitable shares to participants of the Company's shareholder approved long term management incentive scheme;
- With the assistance of external advisors, completed a remuneration market positioning exercise for key individuals and executives within the Group;
- Review and approval of an amendment to the Company's short term incentive awards rules to include a claw back provision;
- Further development and refinement of the performance appraisal system which is used as the basis to determine the short term incentive awards; and
- Development of a fair and ethical pay framework to ensure a fair, ethical and responsible remuneration dispensation for all employees within our organisation.

Where necessary, the Remuneration committee engaged with external advisors to assist with its areas of focus. The committee was satisfied that these advisors were independent and objective.

Achievement of objectives

The Remuneration committee is satisfied that it acts in an objective and independent manner, and that the Remuneration Policy and philosophy achieve its objectives.



Areas of focus for 2019

The committee has the following planned areas of focus for the upcoming year:

- Further assessment and analysis of remuneration at various operational levels within the core businesses (to be conducted in conjunction with the Human Resources departments of the core businesses). In order to achieve this, the core business recently subscribed to REMchannel – a product which provides live benchmark data for more than 1,800 positions across a variety of disciplines. This survey tool will assist management as well as the Remuneration committee to measure and evaluate any position within the Group. It will also assist them to make more informed decisions surrounding guaranteed packages and increases;
- Ongoing maintenance and refinement of the various policies/processes developed and adopted during 2018;
- In the recently adopted Fair and Ethical Remuneration Framework, the committee has set annual targets to ensure that the framework drives the appropriate culture and behaviours and that the framework is implemented in a manner that encourages fair and ethical remuneration. These future targets include:
  - Updating the grading system;
  - Ongoing remuneration benchmarking exercise for key positions within the Group;
  - Equal pay for work of equal value assessments;
  - Analysis of average remuneration by grade;
  - Average salary increase per grade;
  - Ongoing engagement with stakeholders;
  - Review of the effectiveness of the long term incentive scheme (FSP) in achieving its desired objectives and approval of annual allocation of Forfeitable shares; and
  - Review of the ongoing employee development initiatives within the Group.

REMUNERATION POLICY

Our Remuneration Policy remains largely unchanged from the previous year. The Remuneration Policy is designed to align the interest of management and employees with those of stakeholders by rewarding value creation.

Remuneration must be fair, equitable to contractual services performed, individual and Company success, and in line with the individual's contribution to Group performance. Tiso Blackstar recognises the need to fairly remunerate employees to attract and retain talent. However, it is cognisant of the need to ensure that effective risk management is part of its remuneration consideration, to drive the correct behaviour and avoid exposing the Group to risks beyond its tolerance levels. The Group's remuneration philosophy reinforces the need for the long term growth and success, while promoting sound risk management principles.

As the Company's businesses operate in competitive markets and rely on the skills of high calibre people, it is necessary for the Company to remunerate key individuals accordingly so that they are incentivised and retained within the organisation. In these instances, the Company's philosophy is to target a level of remuneration which provides median to upper quartile earnings.

To meet these requirements, Tiso Blackstar uses a three-tiered approach:

Remuneration Element	Guaranteed Pay	Short Term Incentives Awards ("STI")	Long-term Management Incentive Scheme ("LTI")
Purpose	Provides a fixed level of earnings appropriate to the requirements of the role.	Determined by the individual achieving key performance indicators ("KPIs"), driven by individual and business performance. Focuses on rewarding the individual employee's performance.	Reward employees for long-term gains by shareholders. Focuses on rewarding the individual for the performance of the Company.

Participation in each of the three tiers is based on an individual's role, seniority and ability to impact the success of the business. The Remuneration Policy combines a guaranteed package with short term and long term incentives to construct a competitive remuneration package that aligns employee performance with the Company's performance.

Guaranteed pay

Annual increases to guaranteed pay are considered after taking into consideration inflation and individual performance including KPI achievements. This includes base contractual pay and may include benefits like medical aid, pension, car allowance and other optional benefits. These are reviewed annually and benchmarked against similar market positions. In many of our businesses, external consultants and grading systems facilitate this process.

Short-term incentive awards ("STI")

Our businesses have STIs in the form of a discretionary annual cash incentive bonus for employees and executives to drive key short and medium-term Company objectives.

The performance of employees who participate in this scheme is reviewed annually with the aid of a performance appraisal system whereby individuals are required to set key performance indicators ("KPIs") for the upcoming financial year which, if met, will help achieve the short and medium-term goals of both the business and individual. KPIs include objectives for the financial success (such as profit, cash flow and return on investment) of the Company and business unit, as well as functional objectives of the Company and individual (e.g. transformation, attitude, and work ethic).

At the end of the financial year, a review of KPI achievement is performed by both the individual and reviewer and on this basis the short term incentive is determined for consideration and approval by the relevant senior executives as well as the CEO.

For the current reporting period, the performance appraisal system for certain senior executives and the CEO was refined to provide a more formulaic approach to determining the proposed STI. The revised performance appraisal form has 3 categories under which the individual's KPIs and performance must be assessed, namely:

1. Strategic initiatives
2. Operational and financial management
3. Personal development and other

Specific KPIs are set within each of these three categories and a scorecard was developed whereby each KPI and category carries a weighting. The weighting is determined based on the roles and responsibilities of the individual.

The performance appraisal forms (including specific KPIs and their weightings) for certain senior executives and the CEO are determined in advance and approved by the Remuneration committee.

On final assessment at the end of the financial year, the scorecard is completed by the reviewer in order to calculate an overall rating out of 5 which is then used to determine the proposed STI using the guidelines detailed below. The CEO's performance appraisal is completed by one of the Remuneration committee members and both the final scorecard and resulting STI considered and approved by the Remuneration committee. The CEO proposes STIs for the senior executives which are agreed with the Company's Remuneration committee chairman before obtaining approval by the Remuneration committee.

The Remuneration committee agreed on the following guideline (based on a rating out of 5) in order to determine the amount of the STI to be awarded to an individual:

- Rating <2: 0
- Rating 2<3: up to 8.0% of applicable cap
- Rating 3-3.5: up to 25.0% of applicable cap
- Rating 3.5-4: up to 50.0% of applicable cap
- Rating 4-4.5: up to 75.0% of applicable cap
- Rating 5: 100.0% of applicable cap

For the most senior executives, the STI is capped at 200.0% of the total guaranteed pay and remains at the discretion of the Company in all instances. Individuals must be employed at year end to receive the STI.

During the current financial year, the Remuneration committee added an additional clause to the short term incentive award rules which provides the Remuneration committee with the discretion to determine that an employee:

- will forfeit any entitlement or right to receive or be considered for a STI; or
- is required to pay back to the Group any amount(s) previously received by that employee as a STI under this plan,

if that employee is convicted by a court of a crime involving an element of dishonesty or fraud, or a disciplinary committee finds that such employee is guilty of misconduct in connection with his/her employment.

Long-term Management Incentive Scheme ("LTI")

The Directors believe that the success of Tiso Blackstar will be dependent upon the retention and incentivisation of its management and employees. The Company is constantly in competition with other companies and funds who vie for the talent it has. Tiso Blackstar must be able to retain and incentivise its key employees and align their objectives with those of shareholders. It also requires incentive structures to attract additional key people should the need arise.

During the financial year ended 30 June 2017, the Company adopted a new LTI scheme in the form of a Forfeitable Share Plan ("FSP") in order to incentivise, motivate and retain the right calibre of employees ("Participants"). The rules of the FSP were approved by the JSE and the Remuneration committee governs the FSP on an ongoing basis. Non-executive directors are not entitled to participate in the scheme. Forfeitable shares are awarded in October/November for the upcoming year.

Key elements of the FSP are described below.

Key items	Description
Scheme type	Forfeitable share plan ("FSP")
Type of award	Forfeitable Shares in the form of performance shares and / or retention shares, registered in the name of the participant subsequent to the award date and held for his benefit, the vesting of which is subject to the fulfilment of the performance condition (if applicable) and / or employment condition. Performance shares - regular annual awards, the vesting of which is subject to the satisfaction of performance conditions and continued employment with the Group in line with the Group's approach to performance related incentives. The Remuneration committee sets appropriate performance conditions; or Retention shares - only awarded where the Remuneration committee recognise key talent instrumental in delivering the Group's business strategy and vesting of which is only subject to continued employment with the Group ("Employment Condition").
Award period	Granted annually
Award limits	Overall total Company limit : total FSP awards limited to 13,414,563 Tiso Blackstar shares Individual limit: FSP award limited to 2,682,913 Tiso Blackstar shares to any 1 participant Guideline followed by Remuneration committee in making individual awards: 15-70% of total guaranteed pay, depending on seniority, responsibility and position (in line with market norms) subject to the ultimate FSP award limit of 2,682,913 Tiso Blackstar shares.
Participants	Limited to executives, senior management and other key employees selected by the Tiso Blackstar board.
Rights of Participants	Once granted, participants become owners of the Forfeitable Shares and have shareholder voting rights and receive dividends from the award date until the vesting date. The Forfeitable Shares cannot be disposed of by the participant prior to the vesting date and will be subject to forfeiture and disposal restrictions until the vesting date.
Conditions:	The extent and nature of performance conditions applicable to the performance shares will be approved by the Remuneration committee annually and specifically included in the award letter to participants. Performance conditions are linked to key drivers of share price including earnings growth, return on invested capital and total shareholders returns. Details of performance conditions for shares awarded to date are provided in the table below. The employment condition applicable to all retention shares is the requirement for continued employment of the participant by the company, or any employer company.
Vesting time	3rd anniversary
Restrictions post vesting	The company expects senior employees to retain a portion of their shares once vested and following the settlement of any tax.
Settlement	Equity

The details of the Performance Conditions for Forfeitable Shares awarded to date are as follows:

Performance Condition	Weight	Description	Targets
1. Headline Earnings per Share ('HEPS') growth	35% [25%] [**]	HEPS growth is measured by calculating the compounded average growth rate ('CAGR') in HEPS from the base year HEPS (being the HEPS from the financial year preceding the start of the performance period) to the HEPS at the end of the Performance Period, relative to the HEPS growth targets	- 30% Vesting - CAGR HEPS equal to CPIX* + 1% per annum over the Performance Period - 100% Vesting - CAGR HEPS equal to CPIX* + GDP% + 3% per annum over the Performance Period
2. Return on Capital Employed ('ROCE')	35% [25%]	Measured with reference to average ROCE1 achieved over the Performance Period relative to the performance targets. ROCE - The ratio of EBIT to capital employed (weighted average market capitalisation plus net debt). WACC = weighted average cost of capital at the Company's targeted debt to equity ratio - WACC for the first award is 12.55%	- 30% Vesting - ROCE equals average WACC2 over the Performance Period - 100% Vesting - ROCE equals average WACC over the Performance Period + 3%
3. Other Financial and Non-Financial Performance Measures	30% [25%]	Achievement of strategic and operational financial and non-financial objectives as applicable over the period, including: - working capital management - expense control - cash generation - debt management - transformation - other key metrics including, market share maintenance, circulation stability, content quality maintenance, relationship management and customer satisfaction.	- Working capital relative to budgeted levels. - Expenses relative to budgeted amounts. - Cash EBITDA conversion ratio of greater than 50% for core businesses over the period. - Debt levels relative to covenants over the period. - B-BBEE rating over the period. - Achievement of other key metrics in line with set targets. Each item will be scored - the achieved score divided by the total available score will generate a vesting percentage (threshold at 30%)
4. Total Shareholder Return ('TSR')**	[25%]	TSR is measured with reference to the CAGR achieved in TSR over the Performance Period relative to the TSR targets. TSR is defined to be the compound annual growth rate on the Company's share purchased on the start date of the Performance Period, holding the share, and reinvesting the dividends received from the share, until the end date of the Performance Period, and then selling the share on that day.	- 30% Vesting - TSR equals CPIX* +5% - 100% Vesting - TSR equals CPIX* + 7%

* Consumer Price index

** For the most senior executives, namely the CEO and FD, in addition to 3 stated performance conditions, the first Awards of Performance Shares will also be subject to a 4th additional performance condition, namely Total shareholder return over a three year period. Their corresponding weightings are indicated by square brackets [ ]

Below the minimum thresholds, there will be zero vesting while Linear Interpolation will be applied to determine vesting for performance between thresholds.

Historic incentive schemes

The Company's previous long term management incentive scheme which was in operation for four years was cancelled on 20 June 2017 on implementation of the new FSP and the last share award was granted during the year ended 30 June 2015. The Company's previous scheme was cancelled as a result of the Company no longer meeting the definition of an Investment Entity and fair valuing its investments. This scheme was structured so that it was non-dilutive for shareholders, participants in the scheme accrued shares based on a portion of the NAV growth per share that was created. In order to retain talent over the long term, participants received the value of their share incentives incrementally, over a defined period of time. There are no outstanding shares under the previous long term management incentive scheme.

BHG (previously Times Media Limited) had a share option scheme which was created during the time that BHG was a JSE listed entity, prior to it becoming a wholly owned subsidiary of the Tiso Blackstar Group. Pursuant to the Blackstar/BHG scheme of arrangement which included the delisting of BHG, the BHG share incentive plan was settled on an accelerated basis in May 2015. The settlement per share incentive was calculated as the difference between the scheme of arrangement cash price per BHG share and the exercise price of each share incentive less the accumulated dividends paid on each BHG share up to the date of the scheme of arrangement). 50.0% of the gain on each share incentive was paid in May 2015, with a further 25.0% paid in May 2016 and the final 25.0% was paid in May 2017 to those share incentive holders still in BHG's employ at that time.

Executive employment contracts

To reflect their responsibilities appropriately, all executive directors and senior group executives have contracts with Tiso Blackstar or its subsidiaries. The contracts are indefinite and include a notice period of 3 months. Executive directors, prescribed officers and key executives within the Group are subject to a restraint of trade period of 12 months from their date of termination. These contracts are regularly reviewed to ensure they remain aligned with best governance and legislative requirements.

Non-executive directors' fees

Non-executive director appointments are made in terms of the Company's Articles of Association and confirmed initially at the first annual general meeting of shareholders following their appointment, and then at three-year intervals. Non-executive directors are paid a base fee and do not receive fees per meeting attended. This approach of paying a retainer is in line with emerging best practice at listed companies. Non-executive directors do not receive any payments linked to Company performance and do not participate in any of the Company's incentive schemes. Non-executive directors are reimbursed for reasonable travel and subsistence expenses in line with the reimbursement policy for employees.

The Company's Articles of Association state that each of the non-executive directors shall be paid a fee at such rate as may from time to time be determined by the board provided that the aggregate of all fees so paid to non–executive directors shall not exceed six-hundred thousand pounds (£600,000) per annum or such higher amount as may from time to time be decided by an ordinary resolution of the Company.

IMPLEMENTATION REPORT

The implementation report detailed the outcomes of implementing the approved Remuneration Policy in the current financial year.

EXECUTIVES REMUNERATION

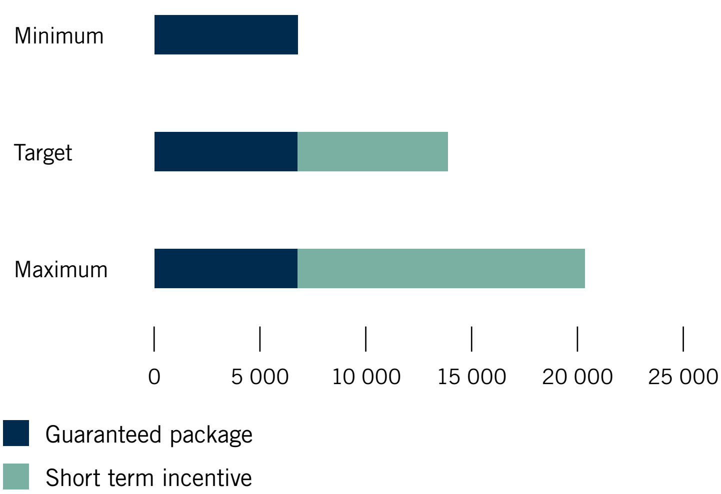
Composition of total remuneration package – CEO

The chart below provides an indication of the remuneration outcomes for the year ended 30 June 2018 for the CEO showing potential total remuneration of maximum, on target and minimum performance levels. Tiso Blackstar does not implement a target approach for the STI, therefore for the purposes of illustration below, 50.0% of maximum is assumed to represent target.

The scenario chart assumes the following:

- Guaranteed package – fixed pay and benefits for the year ended 30 June 2018;
- Short term incentive awards – based on scheme rules with maximum bonus paid at maximum performance, 50.0% of maximum bonus is assumed to represent target and nil bonus below threshold performance; and
- Long term incentive awards – excluded from the chart

CHIEF EXECUTIVE OFFICER
Value of package R'000



STI for the year ended 30 June 2018

Utilising the refined performance appraisal framework which was developed during the current financial year (and as documented in the Remuneration Policy section of this report), the Remuneration committee's assessment of performance for the three categories per the scorecard used to determine the STI award are indicated below.

The weightings for the specific KPIs set for the year ended 30 June 2018 and resulting scorecard are detailed below.

The resulting STI award in respect of the financial year ended 30 June 2018 is detailed in the single figure reporting table and is to be paid during the 2019 financial year.

Executive director of the Company (CEO) Andrew Bonamour

Category	Overall weighting %	Weighted score out of 5
1. STRATEGIC INITIATIVES	**60%**	1.85
a. Disposal of non-core assets		
b. Unlock shareholder value		
c. Responsibility for negotiation and execution of strategic decisions in respect of new acquisition opportunities		
2. OPERATIONAL AND FINANCIAL MANAGEMENT	**25%**	1.24
a. Responsibility for Tiso Blackstar Group and subsidiaries including management of core businesses		
b. Budgets, cash flow, expense and working capital management (within budget, direct and review)		
c. Reporting to board and shareholders (effective, accurate and timeous)		
3. PERSONAL DEVELOPMENT AND OTHER	**15%**	0.66
a. Continued contribution to transformation		
b. Develop succession planning in key positions throughout the Group		
c. Personal development		
TOTAL OVERALL SCORE	**100%**	3.75

LTI - FSP

Details of the Forfeitable Shares awarded under the FSP since inception in the prior year are detailed below:

	Award period to which grant relates, financial year ended 30 June	Grant date	(1) Strike price R	Opening balance of Forfeitable Shares Number	Awards granted Number	Awards forfeited/ lapsed Number	Awards vested Number	Closing balance of Forfeitable Shares Number	(2) Value of award on grant date R'000	(3) Fair value of the award on grant date R'000	(4) Cash value on settlement during the year R'000	(5) Closing estimated fair value of the award at year end R'000
As at 30 June 2018												
				Reconciliation of Forfeitable Shares								
Executive Director												
Tranche 1	2017	30 Jun 2017	9.31	443,468	-	-	-	443,468	4,129	2,261	-	1,907
Tranche 2	2018	29 Nov 2017	8.99	-	556,480	-	-	556,480	5,003	3,105	-	2,393
									9,132	5,366	-	4,300
Executives, management and employees of the Company and its core subsidiaries												
Tranche 1	2017	30 Jun 2017	9.31	2,568,881	-	(53,571)	-	2,515,310	23,916	10,619	-	10,816
Tranche 2	2018	29 Nov 2017	8.99	-	3,459,493	(87,515)	-	3,371,978	31,101	16,472	-	14,500
									55,017	27,091	-	25,316
Total												
Tranche 1	2017	30 Jun 2017	9.31	3,012,349	-	(53,571)	-	2,958,778	28,045	12,880	-	12,723
Tranche 2	2018	29 Nov 2017	8.99	-	4,015,973	(87,515)	-	3,928,458	36,104	19,577	-	16,893
									64,149	32,457	-	29,616
As at 30 June 2017*												
Executive Director												
Tranche 1	2017	30 Jun 2017	9.31	-	443,468	-	-	443,468	4,129	2,261	-	4,129
Executives, management and employees of the Company and its core subsidiaries												
Tranche 1	2017	30 Jun 2017	9.31	-	2,568,881	-	-	2,568,881	23,917	10,619	-	23,917
Total												
Tranche 1	2017	30 Jun 2017	9.31	-	3,012,349	-	-	3,012,349	28,046	12,880	-	28,046

* 2017 is presented in a consistent manner to that adopted in the current reporting year

(1) Strike price is the Tiso Blackstar quoted share price on the date the Forfeitable Shares were granted
(2) Value of award on grant date calculated as the number of Forfeitable Shares awarded multiplied by the Strike price
(3) Fair value of the award on grant date is calculated by an independent party on award date using the Monte-Carlo simulation model. This value will not change from period to period
(4) Cash Value on Settlement during the year is calculated as the number of Forfeitable Shares which vested multiplied by the quoted Tiso Blackstar share price on vesting date
(5) Closing estimated fair value of the award at year end is calculated as the closing number of Forfeitable Shares at year end multiplied by the quoted Tiso Blackstar share price at 30 June 2018 year end of R4.30 (2017:R9.31). This value assumes 100% vesting of the initial award at on-target performance for all vesting conditions and therefore does not take into account any changes to market and non-market conditions

TISO BLACKSTAR BELIEVES THAT THE SUCCESS OF THE GROUP WILL BE DEPENDENT ON RETAINING AND INCENTIVISING ITS MANAGEMENT AND EMPLOYEES

tiso blackstar group.

NON-EXECUTIVES REMUNERATION

	Non-executive directors' fees (1) R'000	Consulting fee paid to TIH (2) R'000	Consulting fee paid to SAI (3) R'000	Total R'000
30 June 2018				
David Adomakoh	**769**	**1,341**	**3,181**	**5,291**
Nkululeko Sowazi	**694**	**1,341**	**3,181**	**5,216**
John Mills (4)	**735**	**-**	**-**	**735**
Marcel Ernzer (5)	**665**	**-**	**-**	**665**
Harish Mehta	**685**	**-**	**-**	**685**
	3,548	**2,682**	**6,362**	**12,592**
30 June 2017				
David Adomakoh	-	1,341	4,167	5,508
Nkululeko Sowazi	-	1,341	4,167	5,508
John Mills (4)	727	-	-	727
Marcel Ernzer (5)	607	-	-	607
Andrew Bonamour (6)	482	-	-	482
Harish Mehta	369	-	-	369
Richard Wight (7)	251	-	-	251
	2,436	2,682	8,334	13,452

(1) Non-executive directors' fees includes fees paid for the non-executive directors' services on the board and board committees and are fixed in Pounds Sterling.

(2) In terms of the agreement between Tiso Investment Holdings Proprietary Limited ("TIH") and Tiso Blackstar SA, consulting services are provided to Tiso Blackstar SA for assistance in origination of transactions and the ongoing management of KTH, for a fee of R223,500 per month excluding Value Added Tax. This fee will cease once the disposal of KTH has been finalised. Tiso Blackstar Directors David Adomakoh and Nkululeko Sowazi are beneficially interested in this shareholding as each of them indirectly owns 50% of TIH.

(3) In terms of the agreement between SAI Holdings Limited ("SAI") and the Company, consulting services are provided to the Company for assistance in origination of transactions within the African continent for a fee of \$500,000 (2017: \$600,000) per annum, payable in quarterly instalments. Tiso Blackstar Directors David Adomakoh and Nkululeko Sowazi are beneficially interested in this shareholding as each of them directly owns 50% of SAI.

(4) All director fees paid to John Mills are payable to Maitland.

(5) All director fees payable to Marcel Ernzer with effect from 1 July 2018 are payable to Taxirent S.A. Societe Anonyme.

(6) With effect from 17 July 2017 Andrew Bonamour's capacity changed from non-executive director to executive director (CEO) of the Company. Andrew Bonamour is the chief executive officer of the wholly owned subsidiaries Tiso Blackstar SA and BHG for both the current and prior reporting periods.

(7) Richard Wight resigned effective 20 July 2017.

EXECUTIVE REMUNERATION

Single figure remuneration reporting

As at 30 June 2018

	Executive director of the Company (CEO) Andrew Bonamour (1) R'000
Total guaranteed pay	**6,442**
- Gross remuneration (2)	**5,901**
- Benefits (3)	**541**
STI earned based on KPI's set by Remuneration committee - current cash STI in respect of 2018 paid in 2019 (4a)	**5,110**
LTI earned - cash equivalent of Forfeitable Shares which vested under FSP (5)	**-**
Cash based settlement of subsidiary 's obligations under discontinued share scheme (6)	**-**
Dividends earned on unvested FSP shares awarded (7)	**-**
Malus/Claw back and forfeiture of prior awards	**-**
Retention and/or termination payments	**-**
Regulatory contributions (8)	**349**
Total single figure remuneration	**11,900**
LESS: STI earned based on KPI's set by Remuneration committee - current cash STI in respect of 2018 paid in 2019 (4a)	**(5,100)**
ADD: STI earned based on KPI's set by Remuneration committee - prior year cash STI in respect of 2017 paid in 2018 (4b)	**9,538**
Total cash equivalent value of remuneration	**16,329**
LESS: Dividends earned on unvested FSP shares awarded (7)	**-**
Directors remuneration per consolidated financial statements - refer to note 47	**16,329**

As at 30 June 2017*

	Executive director of the Company (CEO) Andrew Bonamour (1) R'000
Total guaranteed pay (1)	6,262
- Basic remuneration	5,830
- Benefits (2)	432
STI earned based on KPI's set by Remuneration committee - current cash STI in respect of 2017 paid in 2018 (4b)	9,538
LTI earned - cash equivalent of Forfeitable Shares which vested under FSP (5)	-
Cash based settlement of subsidiary 's obligations under discontinued share scheme (6)	2,742
Dividends earned on unvested FSP shares awarded (7)	21
Malus/Claw back and forfeiture of prior awards	-
Retention and/or termination payments	-
Regulatory contributions (8)	87
Non-executive director fees (1)	482
Total single figure remuneration	19,132
LESS: STI earned based on KPI's set by Remuneration committee - current cash STI in respect of 2017 paid in 2018 (4b)	(9,538)
ADD: STI earned based on KPI's set by Remuneration committee - prior year cash STI in respect of 2016 paid in 2017 (4c)	1,900
Total cash equivalent value of remuneration	11,494
LESS: Dividends earned on unvested FSP shares awarded (7)	(21)
Directors remuneration per consolidated financial statements - refer to note 47	11,473

* 2017 is presented in a consistent manner to that adopted in the current reporting year

(1) With effect from 17 July 2017 Andrew Bonamour's capacity changed from non-executive director to executive director (CEO) of the Company. Andrew Bonamour is the chief executive officer of the wholly owned subsidiaries Tiso Blackstar SA and BHG for both the current and prior reporting periods. Includes amounts paid by the Company and its subsidiaries. There was no increase in guaranteed pay from 2017 to 2018. Guaranteed pay paid by the Company is fixed in Pounds Sterling and the fluctuations in guaranteed pay from 2017 to 2018 arise on translation into Rands.

(2) Gross remuneration paid by the Company and its subsidiaries BHG and Tiso Blackstar SA.

(3) Benefits include medical aid, subsistence allowance, security and motor vehicle allowance.

(4a) STI award - Discretionary annual cash incentive bonus awarded by the Remuneration Committee based on achievement of KPI's set by the committee, in respect of performance for the financial year ended 30 June 2018, paid in the 2019 year.

(4b) STI award - Discretionary annual cash incentive bonus awarded by the Remuneration Committee based on achievement of KPI's set by the committee, in respect of performance for the financial year ended 30 June 2017, paid in the 2018 year.

(4c) STI award - Discretionary annual cash incentive bonus awarded by the Remuneration Committee based on achievement of KPI's set by the committee, in respect of performance for the financial year ended 30 June 2016, paid in the 2017 year.

(5) LTI award - includes the cash equivalent of the Forfeitable Shares which vested under the FSP, calculated as the number of Tiso Blackstar shares which vested multiplied by the quoted Tiso Blackstar share price at vesting date. FSP adopted in the prior financial year and the first vesting date under the scheme takes place in 2019, therefore nil in both the current and prior year.

(6) BHG had a share option scheme which was created during the time that BHG was a JSE listed entity, prior to it becoming a wholly owned subsidiary of the Tiso Blackstar Group. Pursuant to the Tiso Blackstar/BHG scheme of arrangement which included the delisting of BHG, the BHG share incentive plan was settled on an accelerated basis in May 2015. The settlement per share incentive was calculated as the difference between the scheme of arrangement cash price per BHG share and the exercise price of each share incentive, less the accumulated dividends paid on each BHG share up to the date of the scheme of arrangement. The payment of the gain took place over a period of three years ending May 2017.

(7) Includes dividends earned on unvested Forfeitable Shares, net of South African Dividends Withholding Tax at 20%. Although the Forfeitable Shares have not yet vested, once granted, participants become owners of the Forfeitable Shares, have shareholder voting rights and receive dividends from the award date until the vesting date.

(8) Regulatory contributions include payments made by the employer in respect of Skills Development Levy (SDL), Unemployment Insurance Fund (UIF) and Compensation for Occupational Injuries and Diseases (COIDA) in South Africa, and National Insurance in the UK.

CONCLUSION

The Remuneration committee conclude that the Tiso Blackstar Remuneration Policy has been complied with.

ANNUAL FINANCIAL STATEMENTS

tiso blackstar group.

DIRECTORS' REPORT

The Directors present their report for Tiso Blackstar Group SE (registered number SE 000110) a company limited by shares together with the audited financial statements for the year ended 30 June 2018.

Nature of business

The Company is incorporated in England and Wales and has its registered office and principal place of business at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom. During April 2018, the Company cancelled its listing on AIM and has a primary listing on the JSE Main Board only. There have been no material changes in the nature of the Group's business from the prior year other than as mentioned in the consolidated annual financial statements.

State of affairs and profit for the year

The financial results of the Group for the year are set out in the consolidated annual financial statements and accompanying notes thereto.

Risk management

The determination of materiality and details of the Group's material risks and opportunities are provided on page 25.

Details of the financial risk management objectives and policies of the Company and its subsidiaries are contained in note 41 of the consolidated financial statements.

Going concern

The Tiso Blackstar Board has reviewed the working capital requirements of the Group along with the funding requirements for the Group, from the date of approval of the Integrated Annual Report, and has found that the Group will remain a going concern for at least the next twelve months and a reasonable expectation that Group has adequate resources to continue into the foreseeable future.

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

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

Movement in treasury shares

During the current financial year, the Company repurchased a total of 1,995,542 (2017: 1,944,424) Tiso Blackstar shares in the open market at an average price per share of R4.90 (2017: R9.41) and a total cost of R9.8 million (2017: R18.3 million).

The Company awarded 4,015,973 (2017: 3,012,349) forfeitable shares, subject to achievement of performance conditions, under the long term Management Incentive Scheme for the year ended 30 June 2018 (refer note 29). The prior year's award of 3,012,349 shares were issued from the Company's treasury shares and the current year's award of 4,015,973 shares was a fresh share issue as there were no treasury shares available for issue. A total of 141,086 shares were surrendered during the current year.

The award under the long term Management Incentive Scheme (refer note 48) was issued from treasury shares but are not considered issued for IFRS purposes.

Subsequent events

Refer note 50 of the consolidated annual financial statements for events occurring after the reporting period date. The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with within the financial statements that would affect the operations or results of the Group significantly.

Share capital

There were no changes to the Company's authorised and issued share capital during the year under review, other than the issue of 4,015,973 shares under the FSP (which are not considered to be issued for IFRS purposes).

Associates, joint ventures and subsidiaries

Refer note 23 of the consolidated annual financial statements for details of associates and joint ventures, note 30 of the consolidated annual financial statements for details of subsidiary companies with material non-controlling interests and note 22 to the consolidated annual financial statements for details of subsidiaries.

Directorate

The directorate during the year under review was as follows:

Non-executive

David Kwame Adomakoh (Chairman)

Nkululeko Sowazi

Independent non-executive

John Broadhurst Mills (Lead independent)

Harishkumar Kantilall Mehta

Marcel Ernzer

Executive

Andrew David Bonamour (CEO)

Directors' emoluments

Refer note 47 of the consolidated annual financial statements for details of the Company's directors emoluments.

Company Secretary

The secretary of the Company is Mrs Leanna Isaac. Mrs Isaac's business and postal addresses, which are also the Company's registered addresses, are set out below:

Business and Postal address:

Berkeley Square House

Berkeley Square, Mayfair

London, W1J 6BD

United Kingdom

Auditors

Deloitte LLP and Deloitte & Touche will continue in office in accordance with Section 139 of the UK Companies Act 2006 until the forthcoming AGM.

Major shareholders and shareholder analysis

The Company's largest shareholder is Tiso Investment Holding Proprietary Limited which owns 19,9% of the Company's issued shares (excluding treasury shares). Refer to page 226 of this annual report for a detailed analysis of the Company's shareholders.

The Company's current Directors (all of whom are non-executive directors, with the exception of Andrew Bonamour whose capacity changed from non-executive director to CEO with effect from 17 July 2017) and management of Tiso Blackstar had the following beneficial interests in the ordinary share capital of the Company as at the date of this report:

	Number of ordinary shares 2018	Number of ordinary shares 2017
Directors of the Company:		
David Adomakoh (1)	**26,893,768**	26,893,768
John Mills	**761,328**	761,328
Andrew Bonamour (2)	**8,881,928**	8,781,980
Harish Mehta (3)	**6,570,206**	6,570,206
Nkululeko Sowazi (1)	**26,893,768**	26,893,768
Management of Tiso Blackstar (4)	**14,621,762**	8,943,146
Total	**84,622,760**	78,844,196

Notes:

1. Directors are beneficially interested in this shareholding as each of them owns 50.0% of Tiso Investments Holdings Proprietary Limited (RF).
2. Includes shares held by funds associated with Andrew Bonamour as well as Forfeitable Shares issued under the Tiso Blackstar shareholder approved long term incentive scheme. This is a forfeitable share plan and to date none of the shares awarded have vested.
3. Includes shares held by Trusts associated with Harish Mehta.
4. Excludes shares held by Directors of the Company (and their associated funds) already reflected within the table. Includes Forfeitable Shares issued under the Tiso Blackstar shareholder approved long term incentive scheme. This is a forfeitable share plan and to date none of the shares awarded have vested.

No Director has options to purchase shares in the Company.

No Director has any direct interests in the shares of any of the subsidiary companies.

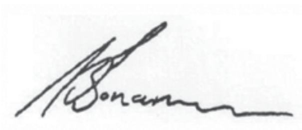
There have been no changes to Directors' interests between year end and the date of this report.

Qualifying professional liability insurance for the benefit of the Directors was in force during the financial year and at the date of this report.

Biographical details of all current Directors are to be found within the Directorate on page 55 to 56.

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group and Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act.



AD Bonamour
Chief Executive Officer
26 September 2018

DKT Adomakoh
Non-executive Chairman

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are required by the UK Companies Act 2006 to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS") and IFRS as issued by the International Accounting Standards Board ("IFRS") and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the EU. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period. The Directors are also required to prepare financial statements in accordance with the JSE Listings Requirements.

In preparing the Group and Company financial statements, the Directors are responsible for:

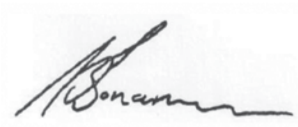
- ensuring that the financial statements have been drawn up in accordance with EU IFRS and IFRS;
- selecting and applying appropriate accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- making accounting estimates that are reasonable in the circumstances; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the UK Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair value view of the assets, liabilities, financial position and profit or loss of the Group and Company's and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal and uncertainties that they face; and
- and the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

By order of the Tiso Blackstar board



AD Bonamour
Chief Executive Officer
26 September 2018

DKT Adomakoh
Non-executive Chairman

CERTIFICATE OF THE COMPANY SECRETARY

I hereby certify that Tiso Blackstar Group SE has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the UK Companies Act 2006. All such returns are true, correct and up to date

Leanna Isaac
Company Secetary
26 September 2018

AUDIT COMMITTEE REPORT

COMMITTEE MANDATE AND TERMS OF REFERENCE

In terms of the Companies Act 2006 of the United Kingdom and in accordance with the JSE Listings Requirements in South Africa, the Audit committee reports that it has adopted formal terms of reference, and that it has discharged all of its responsibilities for the year in compliance with the terms of reference. This is a statutory committee with an independent role. It is accountable to both the board and shareholders (refer to page 55 of the board composition for member profiles).

STATUTORY DUTIES

The Audit committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, in terms of the committee's terms of reference and as set out in the corporate governance report. The overall Audit committee performance for the current reporting period has been good with all focus areas rated relatively well. The Audit committee endeavours to deal effectively with matters needing specialised or focused attention.

In this connection, and with specific regard to the preparation of the annual financial statements, the Audit committee has:

- Evaluated the independence and effectiveness of the external auditors, Deloitte & Touche and Deloitte LLP, with Mr James Welch and Mr William Smith as designated audit partners, and is satisfied that the external auditors are independent of the Group. Deloitte will continue in office until the forthcoming AGM. Deloitte was appointed in 2017 by the Group but has been the auditor for BHG for six years. The rotation of the designated audit partners will occur in 2021;
- Ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS advisor are in compliance with the UK Companies Act 2006 and the JSE Listings Requirements;
- Evaluated and is satisfied with the quality of the external audit and reports issued by the external auditors;
- Considered and pre-approved all audit and non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised;
- Reviewed and assessed the Group's risk identification, measurement and control systems and their implementation;
- Co-ordinate a tender process for audit services which is in line with other Group wide savings initiatives and aims to assess whether there is an appropriate fee without compromising the quality of the audit. Deloitte have expressed their willingness to continue in office as auditor should they be successful in the tender process. A resolution to appoint them or a new auditor will be proposed at the forthcoming Annual General Meeting;
- Reviewed and approved the Group accounting policies;
- Considered the impact of auditing, regulatory and accounting developments during the year;
- Considered accounting treatment, significant or unusual transactions, as well as accounting estimates and judgements and evaluated whether the accounting treatment is in terms of IFRS;
- Ensured the annual financial statements fairly present the position of the company and group at financial year end, the results of operations and cash flows for the period under review, and considered the basis on which the Company and Group were determined to be going concerns;
- Ensured that appropriate financial reporting procedures are in place and satisfied itself that they are operational;
- Assessed the suitability for reappointment of the external auditors and the designated audit partners in accordance with the JSE Listings Requirements;
- Reviewed and discussed all JSE reports as a requirement for the JSE Main Board listing and responded to the JSE with regards to the proactive monitoring letters received regarding the annual financial statements for 30 June 2017. No further queries have been raised by the JSE at the date of this report; and
- Evaluated and is satisfied with the implementation of the combined assurance framework and plan.

SIGNIFICANT AREAS OF JUDGEMENT

The committee considered with management matters that could have a material financial impact on the Group. Significant items were discussed with the external auditors.

The key considerations in relation to the 2018 financial statements were:

The carrying value of goodwill and indefinite useful life intangible assets

Goodwill is assessed annually for impairment. Key assumptions used are cash flow projections, growth rates and discount rates applied. The cash flow projections are approved by senior management. The discount rates are calculated using market information, taking into account the geographic and other risk factors relating to the individual cash-generating unit being assessed. The committee considered management's impairment test, noting the assumptions used, its sensitivities and the resultant headroom. The Audit committee is satisfied that the carrying value of goodwill is fairly stated.

Presentation of discontinued operations and NCAHFS

During 2016, Tiso Blackstar announced its change in strategy to focus on investments in media and related industries, and to therefore dispose of its non-core assets. These non-core assets have been identified as the Group's investments in KTH, Robor and the disposal group relating to CSI.

The Audit committee assessed the active plans in place to realise the non-core investments and assessed the probability that they will be realised within the next twelve months from the reporting date. Significant progress has been made in respect of all disposal plans and the Audit committee is comfortable with its determination that the non-core assets met the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations at 30 June 2018. In accordance with IFRS 5, profit and loss for the comparative year ended 30 June 2017 is restated, to reflect CSI and Robor as discontinued operations in the prior year.

KTH was disclosed as a discontinued operation, and classified and presented as a non-current asset held for sale in accordance with IFRS 5 at 30 June 2017. The investment in KTH remains presented as a non-current asset held for sale in the consolidated statement of financial position and is carried at its fair value less costs to sell.

COMPETENCE OF THE FINANCE TEAM

The committee has reviewed an internal assessment of the expertise and experience of the finance team of the Company's investment advisor, Tiso Blackstar SA Proprietary Limited, and is satisfied it has the appropriate skills to meet its responsibilities. The evaluation also considered the appropriateness of the expertise and adequacy of resources of the finance function.

RECOMMENDATION ON ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the consolidated annual financial statements in conjunction with the integrated annual report of Tiso Blackstar Group SE for the year ended 30 June 2018 and based on the information provided to the committee, the Audit committee recommends the adoption of the annual financial statements by the board.

Marcel Ernzer
Audit Committee Chairman
26 September 2018

INDEPENDENT AUDITORS' REPORT – SOUTH AFRICA

To the Shareholders of Tiso Blackstar Group SE

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Tiso Blackstar Group SE and its subsidiaries ("the Group") set out on pages 101 to 225, which comprise the statements of financial position as at 30 June 2018, and the statements of income and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the Company for the period.

The following key audit matters relate to the consolidated financial statements.

Carrying value of goodwill and indefinite useful life intangible assets	
Key audit matter description	In terms of IAS 36 Impairment of Assets, an entity shall, irrespective of whether there is any indication of impairment, test goodwill and indefinite useful life intangible assets for impairment annually. The decline in the current South African economic environment as well as the decrease in the share price of Tiso Blackstar Group SE to 67% below net asset value as at 30 June 2018 indicates that the impairment risk has increased over the year within certain cash-generating units ("CGUs"). The estimates and significant judgements used in the impairment models warrant this to be a key audit matter. As disclosed in note 20 and 21, the carrying values of goodwill and indefinite useful life intangible assets at 30 June 2018 are ZAR 1,080.7 million (2017: ZAR 1,224.9 million) and ZAR 562.7 million (2017: ZAR 596.3 million) respectively. Significant judgement is required by the Directors in assessing the impairment of goodwill and indefinite useful life intangible assets, which is determined with reference to the value in use, based on the cash flow forecast for each CGU. We pinpointed the key audit matter to the goodwill and indefinite useful life intangible assets relating to the following CGUs: • Media: The media industry, in particular print media, continues to experience a general decline due to an increase in digitalisation. The revenue growth and gross margin assumptions have a significant effect on the value in use calculation of the Media CGU. Given the focus of the Group on the media business and the nature of the assets within the business, this results in an increased risk for this particular CGU; and • Hirt & Carter ("H&C"): The value in use calculation of H&C is highly sensitive to the change in weighted average cost of capital ("WACC"), and could result in a potential impairment. As disclosed in note 20 and page 141, the assumptions with the most significant impact on the cash flow forecasts were: • the WACC rate (Media and H&C); • the revenue growth rate (Media); • the terminal growth rate (Media and H&C); and • the gross margin (Media).
How the scope of our audit responded to the key audit matter	We assessed the value in use calculations prepared by the Directors, with a particular focus on the WACC rate, revenue growth rate, terminal growth rate and the gross margin. We performed various procedures, including the following: • evaluated design and implementation of the Group's controls relating to the preparation of the cash flow forecasts used in the value in use calculations; • tested the inputs into the cash flow forecast against historical performance and compared the forecast to the Directors' strategic plans and approved budgets in respect of each CGU; • involved our valuations specialists to assist with the testing of the WACC rate, assessing the methodology and its application within the Directors' impairment model for the Media and H&C CGUs. The specialists' procedures included comparison with third-party information and industry risk factors; • considered the revenue growth rates within all CGUs, and in particular the Media CGU, taking into consideration historical growth rates in the CGUs, the inflationary environments in which the businesses operate, exponential growth in digital revenues and comparison to independent forecasted industry information; • compared terminal growth rates to historical growth rates, inflation and future growth rates as published in the International Monetary Fund economic outlook; • compared average forecasted gross margins to historically achieved gross margins of the CGUs; • tested the logic and methodology used in the impairment models; • reviewed management's sensitivity analysis to determine if these represent appropriate reasonably possible scenarios; • assessed the appropriateness of the useful lives of intangible assets arising from business combinations; and • considered the appropriateness of the Directors' disclosures.
Key observations	Although we identified some judgemental differences in respect of the impairment model assumptions, we are satisfied that taken as a whole the differences in the assumptions identified do not result in any material misstatement. We are satisfied that the Directors have applied appropriate sensitivities in assessing the goodwill and intangible assets for impairment, and concur that the headroom remains taking into consideration the sensitivities. We consider the Directors' disclosures relating to the carrying value of goodwill and indefinite useful life intangible assets and the sensitivity of the carrying value of those assets to changes in key assumptions to be appropriate.

Presentation of non-current assets held for sale and discontinued operations	
Key audit matter description	In 2016, Tiso Blackstar Group SE announced its change in strategy to focus on investments in media and related industries, and to dispose of their other investments over time. As presented in note 14, during the year ended 30 June 2018, the Group commenced negotiations to dispose of its investments in Consolidated Steel Industries Proprietary Limited ("CSI") and Robor Proprietary Limited, and as a result classified these as non-current assets held for sale and discontinued operations in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5"). The investment in Kagiso Tiso Holdings ("KTH") was classified as non-current assets held for sale at 30 June 2016 and continues to be classified as such in the current year. In terms of IFRS 5, an asset or disposal group may only be classified as a non-current asset held for sale, if it is available for immediate sale in its present condition and its sale must be highly probable within the next 12 months. Given the judgement involved in determining whether the disposal of these entities within the next 12 months is highly probable and the material impact on the disclosures within the consolidated financial statements as a result of the reclassification of the comparative information in the statement of profit or loss and other comprehensive income, this is considered a key audit matter. CSI was impaired to a carrying value of ZAR nil, as the investment is not expected to be sold for a value higher than this amount. This resulted in an impairment of ZAR 178.7 million as disclosed in note 14.
How the scope of our audit responded to the key audit matter	We considered the requirements of IFRS 5 to assess whether the investments in KTH and Robor and the CSI disposal group meet the definition of non-current assets held for sale and discontinued operations. We assessed the appropriate measurement of the non-current assets held for sale and the reclassification of the current and prior year statements of comprehensive income. We performed various procedures, including the following: • inspected the Directors' plan relating to the disposals including the program to locate a buyer; • read minutes of Board meetings to evidence the approval of the plan; • inspected offers from parties interested in acquiring the CSI and Robor investments; • considered the Directors' judgements whether CSI, Robor and KTH should be accounted for under IFRS 5, taking into account interest received in the investments, signed letters of understanding and any other conditions precedent still to be met; • reviewed the Directors' accounting paper including the assessment made of accounting judgements; and • considered the appropriateness of the disclosures of non-current assets held for sale and discontinued operations.
Key observations	We concur with the Directors' decision to present these investments as non-current assets held-for-sale, given the progress on sales agreements in place for the disposal of CSI and Robor, and the exit strategy in place for the investment in KTH. The Robor and KTH investments have not been impaired, and are carried at their fair values of R137.6 million and R1.3 billion respectively. We consider that the disclosures in respect of the discontinued operations and non-current assets held for sale are sufficient and appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, the certificate of the Company Secretary, the Audit Committee Report, the Strategic Report and the Integrated Annual Report, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company'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 the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements 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 these consolidated and separate financial statements.

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 consolidated and separate financial statements, 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 Group's and the Company'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 the Group's and the Company'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 consolidated and separate financial statements 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 the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Tiso Blackstar Group SE for two years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: JAR Welch
Partner
26 September 2018

INDEPENDENT AUDITORS' REPORT – UNITED KINGDOM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TISO BLACKSTAR GROUP SE

Report on the audit of the financial statements

OPINION

In our opinion:

- the financial statements of Tiso Blackstar Group SE (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 June 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statements of income and other comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statements of cash flows; and
- the related notes 1 to 52 for the group and 1 to 22 for the parent company.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach	
Key audit matters	The key audit matters that we identified in the current year were: carrying value of goodwill and indefinite life intangible assets. presentation of non-current assets held-for-sale and discontinued operations; In the prior year, we also included the change from investment entity to consolidation accounting as a Key Audit Matter. This is no longer applicable as the change occurred in the year ended 30 June 2017 and therefore this is no longer considered to be a Key Audit Matter. Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with
Materiality	The materiality that we used for the group financial statements was ZAR 32 million, which was determined on the basis of Total Equity.
Scoping	Five locations were subject to full scope, and a further five were subject to analytical review procedures. In aggregate the locations subject to audit procedures represents 100% of the group's revenue from both continuing and discontinued operations.
Significant changes in our approach	During the year ended 30 June 2018, the group commenced negotiations to dispose of its investments in certain non-core business and we therefore identified presentation of non-current assets held-for-sale and discontinued operations as a new Key Audit Matter this year.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

KEY AUDIT MATTERS

Carrying value of goodwill and indefinite useful life intangible assets	
Key audit matter description	In terms of IAS 36 Impairment of Assets, an entity shall, irrespective of whether there is any indication of impairment, test goodwill and indefinite useful life intangible assets for impairment annually. The decline in the current South African economic environment as well as the decrease in the share price of Tiso Blackstar Group SE to 67% below net asset value as at 30 June 2018 indicates that the impairment risk has increased over the year within certain cash-generating units ("CGUs"). The estimates and significant judgements used in the impairment models warrant this to be a key audit matter. As disclosed in note 20 and 21, the carrying values of goodwill and indefinite useful life intangible assets at 30 June 2018 are ZAR 1,080.7 million (2017: ZAR 1,224.9 million) and ZAR 562.7 million (2017: ZAR 596.3 million) respectively. Significant judgement is required by the Directors in assessing the impairment of goodwill and indefinite useful life intangible assets, which is determined with reference to the value in use, based on the cash flow forecast for each CGU. We pinpointed the key audit matter to the goodwill and indefinite useful life intangible assets relating to the following CGUs: • Media: The media industry, in particular print media, continues to experience a general decline due to an increase in digitalisation. The revenue growth and gross margin assumptions have a significant effect on the value in use calculation of the Media CGU. Given the focus of the Group on the media business and the nature of the assets within the business, this results in an increased risk for this particular CGU; and • Hirt & Carter ("H&C"): The value in use calculation of H&C is highly sensitive to the change in weighted average cost of capital ("WACC"), and could result in a potential impairment. As disclosed in note 20 and page 141, the assumptions with the most significant impact on the cash flow forecasts were: • the WACC rate (Media and H&C); • the revenue growth rate (Media); • the terminal growth rate (Media and H&C); and • the gross margin (Media).
How the scope of our audit responded to the key audit matter	We assessed the value in use calculations prepared by the Directors, with a particular focus on the WACC rate, revenue growth rate, terminal growth rate and the gross margin. We performed various procedures, including the following: • evaluated design and implementation of the Group's controls relating to the preparation of the cash flow forecasts used in the value in use calculations; • tested the inputs into the cash flow forecast against historical performance and compared the forecast to the Directors' strategic plans and approved budgets in respect of each CGU; • involved our valuations specialists to assist with the testing of the WACC rate, assessing the methodology and its application within the Directors' impairment model for the Media and H&C CGUs. The specialists' procedures included comparison with third-party information and industry risk factors; • considered the revenue growth rates within all CGUs, and in particular the Media CGU, taking into consideration historical growth rates in the CGUs, the inflationary environments in which the businesses operate, exponential growth in digital revenues and comparison to independent forecasted industry information; • compared terminal growth rates to historical growth rates, inflation and future growth rates as published in the International Monetary Fund economic outlook; • compared average forecasted gross margins to historically achieved gross margins of the CGUs; • tested the logic and methodology used in the impairment models; • reviewed management's sensitivity analysis to determine if these represent appropriate reasonably possible scenarios; • assessed the appropriateness of the useful lives of intangible assets arising from business combinations; and • considered the appropriateness of the Directors' disclosures.
Key observations	Although we identified some judgemental differences in respect of the impairment model assumptions, we are satisfied that taken as a whole the differences in the assumptions identified do not result in any material misstatement. We are satisfied that the Directors have applied appropriate sensitivities in assessing the goodwill and intangible assets for impairment, and concur that the headroom remains taking into consideration the sensitivities. We consider the Directors' disclosures relating to the carrying value of goodwill and indefinite useful life intangible assets and the sensitivity of the carrying value of those assets to changes in key assumptions to be appropriate.

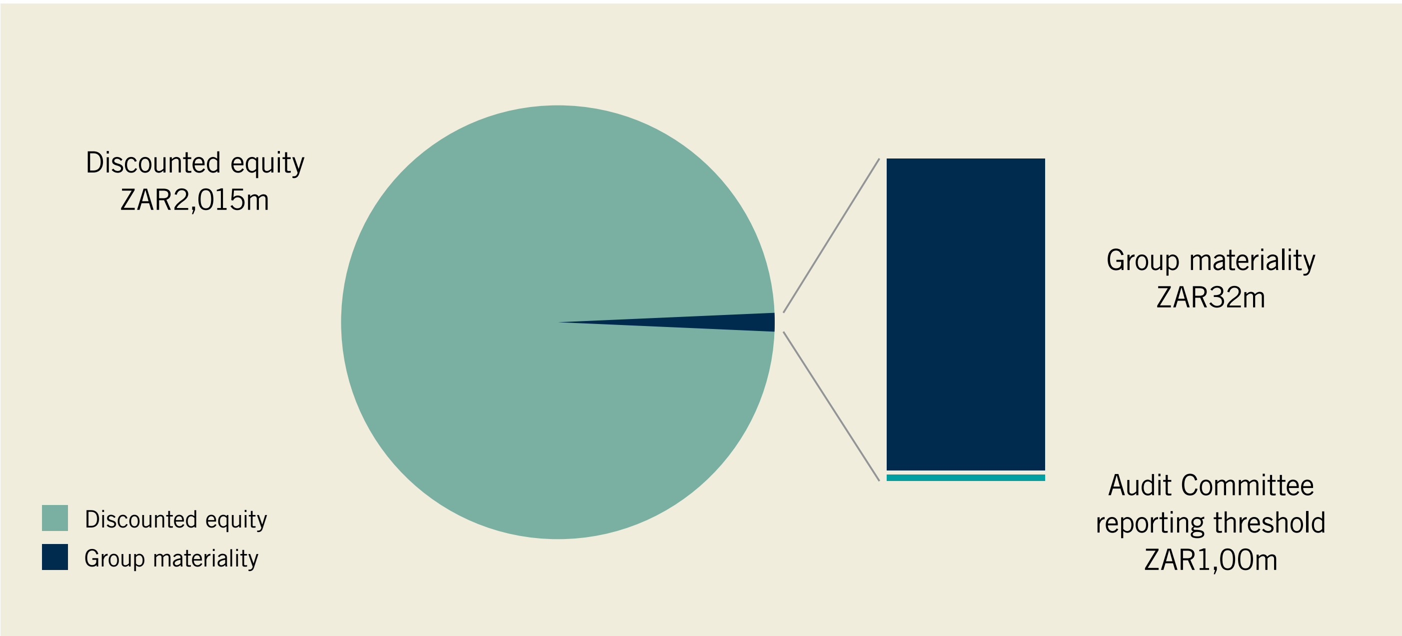
Presentation of non-current assets held for sale and discontinued operations	
Key audit matter description	In 2016, Tiso Blackstar Group SE announced its change in strategy to focus on investments in media and related industries, and to dispose of their other investments over time. As presented in note 14, during the year ended 30 June 2018, the Group commenced negotiations to dispose of its investments in Consolidated Steel Industries Proprietary Limited ("CSI") and Robor Proprietary Limited, and as a result classified these as non-current assets held for sale and discontinued operations in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5"). The investment in Kagiso Tiso Holdings ("KTH") was classified as non-current assets held for sale at 30 June 2016 and continues to be classified as such in the current year. In terms of IFRS 5, an asset or disposal group may only be classified as a non-current asset held for sale, if it is available for immediate sale in its present condition and its sale must be highly probable within the next 12 months. Given the judgement involved in determining whether the disposal of these entities within the next 12 months is highly probable and the material impact on the disclosures within the consolidated financial statements as a result of the reclassification of the comparative information in the statement of profit or loss and other comprehensive income, this is considered a key audit matter. CSI was impaired to a carrying value of ZAR nil, as the investment is not expected to be sold for a value higher than this amount. This resulted in an impairment of ZAR 178.7 million as disclosed in note 14.
How the scope of our audit responded to the key audit matter	We considered the requirements of IFRS 5 to assess whether the investments in KTH and Robor and the CSI disposal group meet the definition of non-current assets held for sale and discontinued operations. We assessed the appropriate measurement of the non-current assets held for sale and the reclassification of the current and prior year statements of comprehensive income. We performed various procedures, including the following: • inspected the Directors' plan relating to the disposals including the program to locate a buyer; • read minutes of Board meetings to evidence the approval of the plan; • inspected offers from parties interested in acquiring the CSI and Robor investments; • considered the Directors' judgements whether CSI, Robor and KTH should be accounted for under IFRS 5, taking into account interest received in the investments, signed letters of understanding and any other conditions precedent still to be met; • reviewed the Directors' accounting paper including the assessment made of accounting judgements; and • considered the appropriateness of the disclosures of non-current assets held for sale and discontinued operations.
Key observations	We concur with the Directors' decision to present these investments as non-current assets held-for-sale, given the progress on sales agreements in place for the disposal of CSI and Robor, and the exit strategy in place for the investment in KTH. The Robor and KTH investments have not been impaired, and are carried at their fair values of R137.6 million and R1.3 billion respectively. We consider that the disclosures in respect of the discontinued operations and non-current assets held for sale are sufficient and appropriate.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	ZAR 32 million (2017: ZAR 51 million)	ZAR 30.4 million (2017: ZAR 48.5 million)
Basis for determining materiality	1.5% of discounted total equity.	3% of total equity capped at 95% of group materiality
Rationale for the benchmark applied	Tiso Blackstar Group SE changed from investment entity accounting to consolidation accounting in the prior year. While this is the second year that the Group is consolidating financial results, we consider that total equity remains a focus for shareholders in the current year when comparing to the prior year. As the shares are currently trading at a discount, the discount was included into the materiality considerations.	We determined materiality based on total equity as this is the key metric used by management, investors and lenders.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of ZAR 1 million (2016: ZAR 1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at group level. The group consists of ten components located mainly in South Africa and the UK. Based on that assessment, we focused primarily on five components, which we considered to be financially significant and were subject to a full audit. The materiality applied to the audit of these components ranged from ZAR 30.4 million to ZAR 16 million.

These five components represent the principal business units and account for 100% of Group revenue from both continuing and discontinued operations. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatements identified above. Out of the five components, three are trading components operating in the media, steel and metal roofing industries (in the current year financial statements two of them, Robor and CSI, are presented as discontinued operations).

An audit review or analytical review procedures of the five further components' financial information was performed where the extent of our testing was performed based on our assessment of the risks of material misstatements.

The Group engagement partner directed and supervised the component audit teams. Senior members of the Group audit team visited majority the operating locations that have been assessed as the most financially significant to the Group.

For all full scope locations, we discussed risk assessment and audit planning with the component team before the commencement of our work. Furthermore the Group audit team also discussed audit findings with the relevant component audit team throughout the audit engagement and reviewed relevant audit working papers.

We discussed the results of the businesses and accounting matters arising through our involvement in communication with management. At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.

The full scope components covered 100% of Revenue, 96% of profit before tax and 98% of net assets. In addition, the components presented as discontinued operations were also subject to full scope audit procedures.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, including the Directors' Report and the Strategic Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' statement of responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements 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 (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and or the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

William Smith

William Smith (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 September 2018

Consolidated statements of profit and loss and other comprehensive income

for the year ended 30 June 2018

	Notes	Audited 30 June 2018 R'000	Audited Restated and reclassified* 30 June 2017 R'000
Continuing operations			
Revenue	6	**3,813,318**	3,781,139
Cost of sales		**(2,606,329)**	(2,606,892)
Gross profit		**1,206,989**	1,174,247
Operating expenses	7	**(900,847)**	(916,250)
Depreciation and amortisation	12	**(150,943)**	(138,784)
Straight lining of leases	12	**(8,650)**	28,431
Operating income	8	**98,453**	69,763
Operating profit	12	**245,002**	217,407
Other (losses) gains	9	**(11,386)**	42,651
Net profit		**233,616**	260,058
Net finance costs	10	**(145,565)**	(150,515)
Finance income		**7,026**	4,891
Finance costs		**(152,591)**	(155,406)
Share of profit (loss) of associates - equity accounted	23	**13,538**	(282)
Impairment loss of investment in associates - equity accounted	23	**(4,351)**	-
Profit before taxation		**97,238**	109,261
Taxation	11	**(77,254)**	(64,212)
Profit from continuing operations		**19,984**	45,049
Loss from discontinued operations, net of taxation	14	**(295,643)**	(60,496)
Loss for the year		**(275,659)**	(15,447)
Other comprehensive income (loss), net of taxation	15	**9,746**	(67,804)
Items that may subsequently be reclassified to profit and loss:			
Currency translation differences on the translation of foreign operations		**7,494**	(70,471)
Items that will not subsequently be reclassified to profit and loss:			
Actuarial gains on PRMA	34	**2,252**	2,667
Total comprehensive loss for the year		**(265,913)**	(83,251)
Loss for the year attributable to:			
Equity holders of the parent		**(275,959)**	7,823
Non-controlling interests		**300**	(23,270)
		(275,659)	(15,447)
Other comprehensive income (loss), net of taxation attributable to:			
Equity holders of the parent		**9,169**	(66,524)
Non-controlling interests		**577**	(1,280)
		9,746	(67,804)
Total comprehensive loss for the year attributable to:			
Equity holders of the parent		**(266,790)**	(58,701)
Non-controlling interests		**877**	(24,550)
		(265,913)	(83,251)
Basic (loss) earnings per ordinary share (in cents) attributable to equity holders	16	**(104.11)**	2.95
Diluted (loss) earnings per ordinary share (in cents) attributable to equity holders	16	**(102.36)**	2.93
Basic earnings per ordinary share (in cents) attributable to equity holders from continuing operations	16	**3.19**	15.27
Diluted earnings per ordinary share (in cents) attributable to equity holders from continuing operations	16	**3.13**	15.17
Weighted average number of shares in issue (net of treasury shares, in thousands)	16	**265,062**	265,279
Weighted average number of shares in issue (in thousands)	16	**269,601**	266,879

*Refer notes 5 and 14

Consolidated statement of financial position

as at 30 June 2018

Company registration number: SE 000110

	Notes	Audited 30 June 2018 R'000	Audited 30 June 2017 R'000
ASSETS			
Non-current assets		**3,064,213**	3,964,466
Property, plant and equipment	17	**376,147**	965,816
Investment property	18	**-**	12,674
Straight lining of lease asset	19	**15**	169
Goodwill	20	**1,080,696**	1,224,936
Intangible assets	21	**1,175,147**	1,289,933
Investment in associates - equity accounted	23	**360,316**	346,161
Other investments, loans and receivables	24	**18,173**	29,704
Deferred taxation	25	**53,719**	95,073
Current assets		**1,505,846**	2,953,348
Inventories	26	**241,730**	1,088,622
Straight lining of lease asset	19	**2,462**	3,282
Trade and other receivables	27	**847,360**	1,656,453
Current tax assets		**19,798**	30,090
Cash and cash equivalents	28	**394,496**	174,901
Non-current assets held for sale	14	**2,449,829**	1,500,000
TOTAL ASSETS		**7,019,888**	8,417,814
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Group's equity holders		**3,076,011**	3,378,132
Share capital	29	**2,554,036**	2,554,036
Share premium	29	**701,212**	701,212
Other reserves	29	**28,383**	39,637
Foreign currency translation reserve	29	**(62,276)**	(68,455)
(Accumulated losses) Retained earnings	29	**(145,344)**	151,702
Non-controlling interests	30	**35,962**	190,762
TOTAL EQUITY		**3,111,973**	3,568,894

Consolidated statement of financial position continued

as at 30 June 2018

Company registration number: SE 000110

	Notes	Audited 30 June 2018 R'000	Audited 30 June 2017 R'000
LIABILITIES			
Non-current liabilities		**1,412,276**	1,737,972
Borrowings	31	**909,874**	1,069,260
Straight lining of lease liability	19	**24,914**	83,907
Other financial liabilities	32	**6,397**	8,491
Finance lease and instalment sale obligations	33	**123,610**	135,956
Post-retirement benefits liabilities	34	**25,359**	54,355
Provisions	35	**5,734**	11,246
Deferred taxation	25	**316,388**	374,757
Current liabilities		**1,446,942**	3,110,948
Borrowings	31	**90,967**	120,885
Straight lining of lease liability	19	**2**	-
Other financial liabilities	32	**5,673**	6,660
Finance lease and instalment sale obligations	33	**50,259**	59,495
Post-retirement benefits liabilities	34	**4,506**	7,551
Provisions	35	**60,520**	115,441
Trade and other payables	36	**922,350**	1,882,123
Current tax liabilities		**27,103**	31,951
Bank overdrafts and other short term borrowing facilities	28	**285,562**	886,842
Non-current liabilities associated with non-current assets held for sale	14	**1,048,697**	-
TOTAL LIABILITIES		**3,907,915**	4,848,920
TOTAL EQUITY AND LIABILITIES		**7,019,888**	8,417,814

The consolidated financial statements were approved by the Tiso Blackstar Board and authorised for issue on 26 September 2018.

AD Bonamour
Chief Executive Officer

DKT Adomakoh
Non-executive Chairman

Consolidated statement of changes in equity

for the year ended 30 June 2018

	Notes	Share capital R'000	Share premium R'000	Other reserves R'000	Foreign currency translation reserve R'000	(Accumulated losses) Retained earnings R'000	Attributable to equity holders R'000	Non-controlling interests R'000	Total equity R'000
Balance as at 1 July 2016		**2,554,036**	**701,212**	**42,376**	**-**	**195,925**	**3,493,549**	**-**	**3,493,549**
Total comprehensive income (loss) for the year:		-	-	2,667	(69,191)	7,823	(58,701)	(24,550)	(83,251)
Profit (Loss) for the year		-	-	-	-	7,823	7,823	(23,270)	(15,447)
Other comprehensive income (loss) for the year		-	-	2,667	(69,191)	-	(66,524)	(1,280)	(67,804)
Transactions with owners:		-	-	(5,406)	736	(52,046)	(56,716)	215,312	158,596
Deemed Acquisitions		-	-	491	736	8	1,235	204,295	205,530
Purchase of treasury shares		-	-	(18,326)	-	-	(18,326)	-	(18,326)
Acquisition of subsidiaries/businesses		-	-	(2,829)	-	(28,251)	(31,080)	20,407	(10,673)
Equity loans from non-controlling interests		-	-	15,258	-	-	15,258	-	15,258
Dividends paid		-	-	-	-	(23,803)	(23,803)	(9,390)	(33,193)
Balance as at 30 June 2017		**2,554,036**	**701,212**	**39,637**	**(68,455)**	**151,702**	**3,378,132**	**190,762**	**3,568,894**
Total comprehensive income (loss) for the year:		**-**	**-**	**2,990**	**6,179**	**(275,959)**	**(266,790)**	**877**	**(265,913)**
(Loss) Profit for the year		**-**	**-**	**-**	**-**	**(275,959)**	**(275,959)**	**300**	**(275,659)**
Other comprehensive income for the year		**-**	**-**	**2,990**	**6,179**	**-**	**9,169**	**577**	**9,746**
Transactions with owners:		**-**	**-**	**(14,244)**	**-**	**(21,087)**	**(35,331)**	**(155,677)**	**(191,008)**
Purchase of treasury shares		**-**	**-**	**(9,772)**	**-**	**-**	**(9,772)**	**-**	**(9,772)**
FSP share based payment expense	48	**-**	**-**	**9,456**	**-**	**-**	**9,456**	**-**	**9,456**
Tax charge on FSP share based payment expense recognised directly in equity		**-**	**-**	**2,558**	**-**	**-**	**2,558**	**-**	**2,558**
Arising on change in holding in a subsidiary		**-**	**-**	**-**	**-**	**(8,542)**	**(8,542)**	**8,542**	**-**
Acquisition of subsidiaries/businesses	39	**-**	**-**	**-**	**-**	**-**	**-**	**5,913**	**5,913**
Equity loan from non-controlling interests		**-**	**-**	**(16,486)**	**-**	**-**	**(16,486)**	**16,486**	**-**
Interest accrued on equity loan from non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**363**	**363**
Loss of control in Robor	40	**-**	**-**	**-**	**-**	**-**	**-**	**(177,113)**	**(177,113)**
Dividends paid		**-**	**-**	**-**	**-**	**(12,545)**	**(12,545)**	**(9,868)**	**(22,413)**
Balance as at 30 June 2018		**2,554,036**	**701,212**	**28,383**	**(62,276)**	**(145,344)**	**3,076,011**	**35,962**	**3,111,973**

A 2016 final dividend of 4.47 South Africa cents per ordinary share was paid on 15 December 2016.

A 2017 interim dividend of 4.47 South Africa cents per ordinary share was paid on 20 March 2017.

A 2017 final dividend of 4.65912 South Africa cents per ordinary share was paid on 21 November 2017.

Consolidated statement of cash flows

for the year ended 30 June 2018

	Notes	Audited 30 June 2018 R'000	Audited Restated and reclassified* 30 June 2017 R'000
Cash flow from operating activities			
Cash generated by operations	37	**366,555**	457,791
Dividend income received from investments		**5,321**	24,738
Cash settled share based payment of subsidiary		**-**	(24,128)
Net finance costs paid		**(220,267)**	(129,572)
Net taxation paid	38	**(61,795)**	(40,831)
Net cash generated by operating activities		**89,814**	287,998
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(130,839)**	(279,784)
Proceeds on disposal of property, plant and equipment		**10,728**	55,925
Additions to investments		**(3,042)**	(34,505)
Proceeds on disposal of KTH		**197,940**	-
Proceeds on disposal of investments		**10,041**	6,638
Additions to investment properties		**-**	(412)
Proceeds on disposal of investment properties		**-**	88,484
Additions to intangible assets		**(40,902)**	(27,890)
Proceeds on disposals of intangible assets		**25,003**	-
Acquisition of subsidiaries/businesses	39	**(13,887)**	(713,972)
Disposal of subsidiaries/businesses	40	**1,728**	7,643
Loss of control in Robor	40	**431,145**	-
Net cash generated (utilised) by investing activities		**487,915**	(897,873)
Cash flow from financing activities			
Borrowings raised		**322,407**	250,028
Borrowings repaid		**(406,172)**	(328,919)
Equity loan from non-controlling interests		**-**	15,258
Purchase of treasury shares		**(9,772)**	(18,326)
Dividends paid		**(12,545)**	(23,803)
Dividends paid to non-controlling interests		**(9,440)**	(9,390)
Net cash utilised by financing activities		**(115,522)**	(115,152)
Net increase (decrease) in cash and cash equivalents		**462,207**	(725,027)
Cash and cash equivalents at the beginning of the year		**(711,941)**	13,086
Cash and cash equivalents at the end of the year	28	**(249,734)**	(711,941)

*Refer note 4

Notes to the consolidated financial statements

for the year ended 30 June 2018

1. Accounting policies

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements have been consistently applied across all periods presented in the consolidated financial statements. The consolidated financial statements are presented in South African Rands ("Rands") and all financial information has been rounded to the nearest thousand unless stated otherwise.

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board and as endorsed for use by the European Union ("EU IFRS") and IFRS as issued by the International Accounting Standards Board ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and comply with the Companies Act 2006 and the Listings Requirements of the JSE Limited. The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit and loss, non-current assets held for sale and investment property that has been measured at fair value.

The accounting policies and methods of computation are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2017.

1.2 Change in status as an Investment Entity

As the Group progresses the disposal of its non-core investments to move towards being a single sector investment holding company, it ceased to be regarded as an Investment Entity as defined in *IFRS 10 Consolidated Financial Statements*, effective 1 July 2016. 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. Further 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. All subsidiaries were consolidated in accordance with IFRS 10 from the date of change of status.

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

Effective 1 July 2016, Tiso Blackstar no longer accounted for its net investments in subsidiaries and associates as investments held at fair value through profit and loss but rather consolidated its subsidiaries and equity accounted its investments in associates.

Investment Strategy

Tiso Blackstar's intention is to hold the vast majority of its value in a minimum number of large investments (four to six) where it has majority control to influence strategy and growth and where its shareholders will have complete transparency on underlying investee's earnings. Tiso Blackstar will develop and grow its underlying investments organically and with bolt on value enhancing acquisitions.

Tiso Blackstar has its roots in Africa, bringing a solid capital base and an investment and operational focus on growth, return on equity, capital allocation and sustainability. Tiso Blackstar aims to become a long term partner of choice for African business owners looking to expand or exit. With no investment holding limits, Tiso Blackstar is positioned to extract value through long term partnerships with other stakeholders. Tiso Blackstar's current investments include, amongst others, BHG (which houses the core operations), CSI, Robor, and KTH.

In March 2016, Tiso Blackstar announced its intention to become a single sector investment holding company with a focus on media and related industries. With its media expertise, intellectual capital and operational ability, Tiso Blackstar is ideally positioned to focus its resources on developing its investments in existing brands and media businesses, as well as seeking and acquiring new media related opportunities on the African continent.

Accordingly, it is Tiso Blackstar's intention to dispose of all non-core assets, being its interests in Robor, CSI and KTH. The exit processes will be conducted in a measured and orderly manner to ensure that not only are optimal exit values achieved but that Tiso Blackstar's responsibilities to its key stakeholders within these businesses are also taken into account.

Following the disposal of the aforementioned assets, Tiso Blackstar will have substantial cash resources that will be redeployed into new media assets in accordance with its investment strategy and policy.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.2 Change in status as an Investment Entity (continued)

Investment policy

To generate returns, in the form of both capital appreciation and income to shareholders, through investing in a portfolio of businesses. While not constricted geographically, given the background and experience of management, it is expected that the majority of capital invested will be in businesses operating in southern Africa, with a particular focus on South Africa. Investments outside southern Africa will be considered where the Tiso Blackstar Board believes the opportunities are particularly attractive. The Group will look to invest in businesses with underlying themes of strategic market position and strong cash flows. The Group may invest in the form of either equity or debt, and may acquire directly or indirectly a controlling or a minority holding in an investee company. The Group seeks to be actively involved in setting the strategy of the investee companies and seeks to act as an allocator of capital and resources. When appropriate, the Group will become involved in the day-to-day management of investee companies either alongside or instead of the management team of the investee company. Over a period of time, the Group intends to dispose of its existing investments where it has little management input or influence. The Group is a long term investor and the Tiso Blackstar Board places no limit on the length of time that any portfolio investment may be held. The Tiso Blackstar Board considers, on a case by case basis, the optimum exit strategy for each portfolio investment. The Group expects to only hold a small number of portfolio investments at any one time. However, there is no minimum or maximum number of investments that the Group can hold at any one time, nor are there any maximum exposure limits per portfolio investment. The Group finances its portfolio investments out of its own cash and resources and utilises third party debt funding as appropriate. In addition, investee companies may themselves have gearing. There is no maximum gearing level for either the Company or on a Group basis. However, the Tiso Blackstar Board will review the level of gearing in the Group at each Tiso Blackstar Board meeting, which occurs at least four times a year. Save as set out above, the Group does not have any investment restrictions within its investment policy.

1.3 Basis of consolidation

These consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company’s voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and by other parties;
- Other contractual arrangements; and
- Any additional facts and circumstances, including historical patterns in voting attendance.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

In circumstances where subsidiaries meet the requirements to be consolidated, the following policies apply:

- Inter-company transactions and balances between Group companies are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group;
- Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests share of changes in equity since the date of the combination;
- The acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business. The acquired business’ identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date. Non-current assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations*; and
- Goodwill arising on acquisition is recognised in accordance with the Group’s goodwill accounting policy (refer note 1.7).

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, with the exception of:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes and IAS 19 Employee Benefits*, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with *IFRS 2 Share-based Payment* at the acquisition date; and
- Non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit and loss as a gain on bargain purchase.

Non-controlling interests that have a present ownership interest which entitles their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS standard.

When the consideration transferred by the Group in a business combination includes assets and liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or as a liability is remeasured at subsequent reporting dates in accordance with *IAS 39 Financial Instruments: Recognition and Measurement or IAS 37 Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit and loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit and loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit and loss where such treatment would be appropriate if that interest were disposed of.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Buildings in the course of construction for and/or held for use in the production or supply of goods or services, or for administrative purposes are classified under property, plant and equipment.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Residual values, useful lives and methods of depreciation are reassessed annually.

Depreciation is provided on the straight line basis so as to write the assets down to their estimated residual values, over the estimated useful lives of the assets. Depreciation is recognised as an expense in profit and loss.

The following estimated useful lives were used during the year to depreciate property, plant and equipment to estimated residual value:

• Capital work in progress	Not depreciated until brought into use
• Computer equipment	3 years
• Furniture and fittings	3 - 20 years
• Buildings	50 years
• Leasehold improvements	10 years
• Office equipment	3 - 10 years
• Photographic equipment	3 - 20 years
• Plant and machinery	4 - 10 years
• Vehicles	3 - 5 years

Artwork is not depreciated due to the residual value exceeding the carrying value.

Where significant components of an asset have different useful lives to the asset itself, these components are depreciated over their estimated useful lives.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognised as a cost in other gains (losses). When an impairment loss is reversed, then it is only reversed to the extent that the revised carrying amount of the asset would reflect the depreciation that would have been charged had the impairment not been reflected. A reversal of an impairment loss is recognised as income in other gains (losses). Where a reversal of a previously recognised impairment loss is recognised, the depreciation charge for the asset is adjusted to allocate the assets' revised carrying amount, less residual value, on a systematic basis over its remaining useful life. Surpluses or deficits on the disposal of property, plant and equipment are recognised in profit and loss. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

1.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period in which the investment property is derecognised.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (refer note 39) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units ("CGU" or "CGUs") that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Refer note 20 for further details on impairment testing.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets are tested for impairment when there is an indication that the asset may be impaired. An impairment loss is recognised as a cost in other gains (losses).

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.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are measured on the same basis as intangible assets that are acquired separately.

Publishing rights and titles, brands and trademarks acquired are capitalised as intangible assets. Certain items capitalised under these categories are presumed to have an indefinite useful life unless there are indicators of a shorter life. These intangible assets are assessed annually regarding estimated economic useful life and impairment. Where events and circumstances no longer support an indefinite useful life assessment, the intangible 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 in terms of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.* Costs to develop publishing rights and titles internally are recognised in profit and loss.

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

• Mastheads	Indefinite
• Advertiser relationships	5 – 10 years
• Subscriber relationships	4 – 10 years
• Brands	20 years
• Film rights	15 years
• RMS software	5 years
• Publishing rights and titles	10 – 15 years
• Computer software	3 – 5 years
• Customer relationships	6 – 10 years

IAS 38 Intangible Assets defines the useful life as "the period over which an asset is expected to be available for use by an entity; or the number of production or similar units expected to be obtained from the asset by an entity".

Under IAS 38, the factors which should be considered in assessing the useful lives of intangible assets include:

- The expected use and potential use by another management team;
- Typical life cycles for the product and any public information on useful lives;
- Technical, technological, commercial or other types of obsolescence;
- Stability of the industry in which the asset operates and changes in the market demand;
- Expected actions by competitors;
- Level of maintenance expenditure required to obtain the future economic benefits; and
- The period of control over the asset and legal or similar limits on the use of the asset.

The estimated useful life of each identifiable asset identified will be based on the factors outlined above.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.9 Investment in associates

An associate is an entity over which the Group 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 consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated financial statements at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only and to the extent that the Group 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 the Group'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 the Group'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.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. Refer note 1.17 for further details on impairment testing.

The Group 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.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise 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. The cost of inventories is assigned using the weighted average cost formula. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Write-downs to net realisable value are recognised in profit and loss.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories, are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period the reversal occurs.

1.11 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such an asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in current accounts, money market funds and short term deposits with original maturities of three months or less from inception.

Short term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts and other short term borrowing facilities, when applicable.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases - lessor

Rental income earned or rental cost incurred under operating leases are recognised in profit and loss on the straight line basis over the period of the lease, or on another basis if more representative of the time pattern of the user's benefit. Benefits received/receivable or paid/payable are recognised as an incentive to enter into an operating lease are spread on a straight line basis over the lease term.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Finance leases - lessee

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy regarding the capitalisation of borrowing costs.

1.14 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 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.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent liabilities are a possible obligation depending on whether some uncertain future event occurs; or a present obligation but payment is not probable or the amount cannot be measured reliably. Contingent liabilities were raised on the Deemed Acquisitions (refer note 39). The contingent liabilities were measured at the best estimate of the expenditure required to settle the obligations on the Deemed Acquisitions Date.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.15 Financial instruments

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories in accordance with IAS 39.

Financial assets at fair value through profit and loss

The category of financial assets at fair value through profit and loss is sub-divided into:

- *Financial assets held for trading* – financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities and equity investments in hedge funds. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price.
- *Financial instruments designated as a fair value through profit and loss upon initial recognition* – these financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

Loans and receivables

Investments classified as loans and receivables and 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, less provision for impairment.

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 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 Group includes in this category short term payables.

Recognition

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

Initial measurement

Financial assets at fair value through profit and loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit and loss.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, where the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss. In all other cases, the difference is deferred and recognised as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement

After initial measurement, the Group measures financial instruments which are classified at fair value through profit and loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets at fair value through profit and loss. Interest and dividend earned or paid on these instruments are recorded separately in interest and dividend income.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.15 Financial instruments (continued)

Subsequent measurement (continued)

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, other than those classified as at fair value through profit and loss, 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 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 (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive the cash flows from the asset have expired or the 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 Group has substantially transferred all of the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

The 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.

1.16 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. There were no offsets during the prior or current financial years.

1.17 Impairment of assets

Financial assets

The carrying amounts of the Group's financial assets 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.

Other assets

The carrying amounts of the Group's other assets are reviewed when 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.

Impairment methods

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognised in profit and loss whenever the carrying amount of the CGU exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.18 Dividend distributions

Dividends are at the discretion of the Company. A dividend to the Company's shareholders is accounted for as a deduction from retained earnings. An interim dividend is recognised as a liability in the period in which it is irrevocably declared by the Tiso Blackstar Board. A final dividend is recognised as a liability in the period in which it is approved.

1.19 Equity instruments and treasury shares

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 the Company are recorded at the proceeds received, net of direct issue costs.

The consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve. Any excess of the consideration received on the sale of treasury shares over the cost of the shares sold (calculated on a weighted average basis) is credited to the share premium account. The cancellation of treasury shares reduces the share capital and increases the capital redemption reserve by an amount corresponding to the nominal value of the shares.

1.20 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer discounts, rebates and other similar allowances. Depending on the type, revenue is recognised on the basis set out below.

The Group derives revenue from multiple sources as a result of its broad operations, and recognises sale of goods once they are delivered or once services have been rendered. Revenue includes the following:

- Sale of goods;
- Rendering of services;
- Advertising;
- Agency revenue;
- Circulation income;
- Digital products (data and photographs);
- Distribution fees;
- Distribution income for control;
- Event income;
- Printed products;
- Rental income;
- Royalty income;
- Software installation; and
- Subscription income.

Revenue derived from the discontinued operations consist of the following:

- Steel tubes, pipes, bulk coil, pipe systems, value adding, cold formed open sections, structural sections and plates are recognised once goods are delivered and risks and rewards have transferred; and
- Distribution of carbon steel, stainless steel and aluminium, steel roofing and cladding are recognised once goods are delivered and risks and rewards have transferred.

1.21 Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, using the effective interest rate method.

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Group's right to receive the payment is established. Dividend income is presented net of any non-recoverable withholding taxes, which are disclosed separately in the statement of profit and loss.

Sundry income is recognised on the accrual basis.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.22 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within twelve months after the service has been rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement and post-retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually by independent actuaries. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling and the return on plan assets, is reflected immediately in the statement of financial position, with a charge or credit recognised in other comprehensive income in the period in which they occur.

The Group's post-retirement benefits are valued by independent actuaries, with gains and losses recognised in profit and loss.

1.23 Net gains or losses on financial assets and liabilities at fair value through profit and loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition at fair value through profit and loss and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified at fair value through profit and loss represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contacts (excluding payments or receipts on collateral margin accounts for such instruments).

1.24 Finance income and finance costs

Finance income comprises interest receivable on current account bank balances, and deposits held on call. Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. Interest is recognised in profit and loss as it accrues using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

1.25 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity, and is 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.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.26 Tax

Current tax comprises tax payable calculated on the basis of the taxable profit for the period, using the tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment of tax payable for previous years. Taxable profit differs from profit as reported in the statement of profit and loss as it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items are never taxable or deductible.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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

Current and deferred tax is charged to profit and loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in profit and loss, except to the extent that it relates to items previously recognised directly to equity or other comprehensive income.

Tax assets and liabilities are offset when the Group has a legally enforceable right to offset tax assets and liabilities, and the tax assets and liabilities relate to taxes levied by the same tax authority.

1.27 Foreign currencies

Functional and presentation currency

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

The Company has a primary listing on the Main Board of the JSE in South Africa. As per the announcement released on 13 March 2018, effective 17 April 2018, the Company's dual primary listing on AIM was cancelled.

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

Translation of foreign currency assets and liabilities in the individual entities financial statements

In preparing the consolidated financial statements 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 financial statement of entities into the presentation currency

Assets and liabilities of entities are translated into the Group'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 consolidated by the Group 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.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.28 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker has been identified as the Tiso Blackstar Board. This body reviews the Group's internal reporting in order to assess performance. Management has determined the operating segments based on these reports.

1.29 Significant judgements and areas of estimation

The preparation of the consolidated financial statements requires the use of estimates, assumptions and judgements that affect the amounts reported in the consolidated financial statements. 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group bases its assumptions and estimations on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

In the process of applying the Group's accounting policies, management have identified the following estimates, assumptions and judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Carrying value of goodwill and intangible assets

The 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 20 and 21 of the consolidated financial statements.

Identifiable assets and liabilities at fair value at acquisition

Judgment was involved in determining the fair value of the identifiable assets at acquisition in accordance with IFRS 3, taking into account the replacement value of assets. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's assets. Intangible assets in the form of customer relationships were noted, however on assessment, they did not meet the definition of a separately identifiable intangible asset in accordance with IFRS 3.

BBS was acquired to continue with the expansion of the Group's media focused strategy. The goodwill recognised (refer note 20) was for a control premium and expected synergies. The benefits derived from the control premium and expected synergies could not be recognised separately from goodwill because they did not meet the recognition criteria for intangible assets in accordance with IFRS 3.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

1. Accounting policies (continued)

1.29 Significant judgements and areas of estimation (continued)

Classification of disposal groups and non-current assets held for sale

The investments in KTH and Robor, and the CSI disposal group, are classified as non-current assets held for sale at 30 June 2018. In terms of IFRS 5, an asset or disposal group may only be classified as a non-current asset held for sale, if it is available for immediate sale in its present condition and its sale must be highly probable within the next twelve months. Judgement is involved in determining whether the disposal is highly probable within twelve months.

The Group has received various offers after actively marketing the investments in Robor and CSI, and has made progress on the exit strategy for KTH by appointing an independent advisor. Based on this, the investments in KTH and Robor, and the CSI disposal group, meet the definition per IFRS 5 and have been classified and presented as non-current assets held for sale.

In terms of IFRS 5, the investments in KTH and Robor, and the CSI disposal group, are carried at the lower of carrying value and fair values less costs to sell (refer note 14). Their fair values have been determined with reference to the anticipated value expected to be realised on disposal.

Loss of control in Robor

On disposal of a 3.4% interest in Robor, judgement was used to determine whether Robor was still considered to be a subsidiary of the Group. Per IFRS 10, control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. Per IAS 28, an associate is an entity over which the Group 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.

Post the disposal, the Group now holds a 47.6% interest in Robor and is no longer the majority shareholder. In addition, the Group has only one non-executive director represented on the Robor board. Based on this, the Group believes, post the disposal, it has significant influence over Robor.

2. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

2.1 Determination of fair values arising on business combinations

2.1.1 Financial and non-financial assets and liabilities except intangible assets

The fair value of the financial and non-financial assets and liabilities arising on business combinations at the deemed acquisition date, was the carrying amount of each balance as at 30 June 2016.

2.1.2 Intangible assets

The valuation of the fair value of intangible assets arising on business combinations was performed by an independent valuer using the balances of the individual entities at 30 June 2016. The valuation was performed for BHG, CSI and Robor. The methodologies followed were as follows:

Brand valuation methodology

The income approach used was the relief from royalty or royalty savings method. The relief from royalty method measured the post-tax royalties or licence fees saved by owning the brand. It required market-bases royalty and licensing data. This method was most often used in patent, franchise or brand valuations.

Customer relationship valuation methodology

The income approach used was the Multi Period Excess Earnings Method ("MEEM"). The application of the MEEM approach is generally reserved for the intangible asset having the greatest effect on the cash flows of the company concerned. This method was therefore considered appropriate for the valuation of the contractual customer relationship.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

2. Determination of fair values (continued)

2.1 Determination of fair values arising on business combinations (continued)

2.1.2 Intangible assets (continued)

Customer relationship valuation methodology (continued)

The MEEM approach involved the following steps:

- Projecting the timing of recognition of unearned revenue attributable to contractual income streams (i.e. unearned non-interest fee income and foreign exchange fee income), based on Managements' computations, including expected attrition. These projections exclude unearned interest, due to the fact that the earning of future interest has already been incorporated into the valuation of financial assets;
- Deduction of operating costs to arrive at an EBITDA margin, through the application of an appropriate cost to income ratio for both the company and the head office, based on Management's projections;
- Application of contributory asset charges ("CAC") against the net cash flows in respect of the other contributing assets of the business, specifically the assembled workforce, brand, software and property, plant and equipment;
- Application of an appropriate tax charge to estimate the post-tax cash flows; and
- Discounting the resulting net post-tax cash flows, using an appropriate discount rate to arrive at the net present value.

The MEEM valuation was performed separately for each category of customer relationship.

Weighted average cost of capital ("WACC")

The following components were utilised to determine the WACC rate:

- Risk free rate: the independent valuator used the annualised yield on a bootstrapped zero coupon perfect fit SA government ten-year bond curve as at the valuation date;
- Equity market risk premium: the market risk premium represents the independent valuator's house view, and is based on the independent valuator's Valuation Methodology Survey 2014/15 Edition;
- Beta: derived from comparable companies' betas unlevered at each comparable company's Debt:Equity ratio and relevered at the industry average Debt:Equity ratio;
- Small stock premium: based on the independent valuator's Valuation Methodology Survey 2014/15 Edition, a small stock premium of between 3.8% - 4% was considered appropriate given the size of each entity;
- Alpha: included a specific risk premium of 4% to address the risks associated with increasing margins in the forecast;
- Cost of debt: the South African Prime Rate as at 30 June 2016;
- Tax rate: the South African statutory tax rate of 28%; and
- Capital structure: based on the capital structure of comparable guideline companies.

The intangible assets were recognised on the deemed acquisition date at the value calculated by the independent valuer.

2.2 Determination of fair values arising on balances carried or disclosed at fair value

2.2.1 Investments

Investments at fair value through profit and loss include listed and unlisted investments:

- Listed Equity Investments: All investments listed in recognised stock exchanges have been valued using quoted bid prices at year end.
- Unlisted Equity investments: All unlisted equity investments have been valued as follows:

  (a) Where applicable, on the basis of a similar recent investment transaction by an independent third-party in the equity of the portfolio of the company. Where the investment being valued was itself made fairly recently (within a period of one year), its costs provide a good indication of fair value; or

  (b) Using the discounted cash flow methodology, in which case:

  - 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, the Group is cautious and conservative in determining the valuations.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

2. Determination of fair values (continued)

2.2 Determination of fair values arising on balances carried or disclosed at fair value (continued)

2.2.2 Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

2.2.3 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

3. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations considered to be relevant to the operations of the Group are not yet effective for the year ended 30 June 2018, and have not been applied in preparing these consolidated financial statements. These are to be applied to consolidated financial statements with periods commencing on or after the following dates:

Standard and Interpretations	Effective date
IFRS 2 Share-based Payment (Amendments)	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IAS 19 Employee Benefits	1 January 2019
IAS 28 Investments in Associates and Joint Ventures	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to IFRS Standards 2015–2017 Cycle	1 January 2019

IFRS 2

Amendments dealing with the classification and measurement of share based payment transactions.

These amendments address:

- The effects of vesting conditions on the measurement of cash-settled share based payments;
- The accounting requirements for a modification to the terms and conditions of share based payments that changes the classification of the transactions from cash-settled to equity-settled; and
- Classification of share based transactions with net settlement features.

The Group has reviewed its share based payment schemes and has confirmed that these amendments will not have an impact on the Group's financial results.

IFRS 9

IFRS 9 replaces IAS 39 in its entirety. IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Classification and measurement

The majority of the financial assets held by the Group include:

- Trade and other receivables are currently classified as loans and receivables and are measured at amortised cost. Trade and other receivables continue to qualify for measurement at amortised cost under IFRS 9 as they are held to collect contractual cash flows comprising principal and interest, therefore there is no change to the accounting for these assets.
- Investments in listed and unlisted equity investments are currently classified as held for trading for which the changes to fair value are accounted for through profit and loss.

The Group does not expect the new guidance to affect the classification and measurement of these financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities designated at fair value through profit and loss, and the Group does not have any such liabilities.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

3. New standards and interpretations not yet adopted (continued)

IFRS 9 (continued)

Hedge accounting

The Group does not apply hedge accounting and this amendment will not have an impact on the Group's financial results.

Impairment

This introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Trade and other receivables would possibly be impacted by this, but the Group does not believe it will have a significant impact on the Group's financial results.

Disclosure

The new standard introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures regarding its financial instruments. The Group's intention is to apply the standard on 1 July 2018 with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings.

IFRS 15

IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15, is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

For the year ended 30 June 2018, management compiled a consolidated list of the five steps noted in IFRS 15 to provisionally assess the impact of IFRS 15 on the Group. Management has provisionally noted the following:

(1) Over 10.0% of the total revenue generated is driven by contracts with multiple performance obligations;

(2) Of the contracts with performance obligations identified, the majority of the respective contracts had clearly stipulated the obligation as well as the transaction price; and

(3) The manner in which the contracts with performance obligations currently recognised revenue under *IAS 18 Revenue*, does not differ materially in the manner in which IFRS 15 prescribes revenue to be recognised.

Based on the preliminary analysis performed, the Group estimates that there would be no material adjustments to the financial information as at 30 June 2018 should IFRS 15 have been applied.

The Group's intention is to apply the standard on 1 July 2018 with any cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings.

IFRS 16

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces the previous leases Standard, *IAS 17 Leases, and related interpretations.* IFRS 16 has one model for lessees which will result in almost all leases being recorded on the statement of financial position. No significant changes have been included for lessors. The Group does not intend on early adopting IFRS 16. IFRS 16 will be adopted by the Group for the year ending 30 June 2020. Under the previous guidance in IAS 17, a lessee had to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). The new standard requires the lessee to recognise all lease contracts on the balance sheet – the only optional exemptions are for certain short term leases and leases of low-value assets. The Group has completed its initial assessment of the impact of IFRS 16 and has preliminary assessed that the new standard would have had the following effects on its core operations during the current year:

The estimated effect on the statement of financial position if IFRS 16 had been effective in the current year:

- The recognition of a net lease asset of R293.5 million;
- The recognition of a lease liability of R251.7 million; and
- The derecognition of the straight lining lease liabilities of R24.9 million and the straight lining lease assets of R2.5 million.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

3. New standards and interpretations not yet adopted (continued)

IFRS 16 (continued)

The estimated effect on the statement of profit and loss if IFRS 16 had been effective in the current year:

- Current lease rental expenses of R86.4 million will no longer have an impact on the statement of profit and loss;
- The recognition of depreciation of R59.1 million;
- The recognition of interest of R19.6 million; and
- The derecognition of the straight lining lease adjustment of R8.6 million.

The Group's intention is to apply the standard on 1 July 2019 with any cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings.

IAS 19

Amendments have been made to the following terms: Plan Amendment, Curtailment or Settlement.

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The Group has reviewed its PRMA and has confirmed that these amendments will not have an impact on the Group's financial results.

IAS 28

The amendment clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The Group does not meet the definition of a venture capital organisation and this amendment therefore will not have an impact on the Group's financial results.

IFRIC 22

The interpretation addresses foreign currency transactions where there is consideration denominated in a foreign currency. The interpretation provides guidance for when there is a single payment/receipt as well as multiple payment/receipt are made.

The Group does not believe this interpretation will have a significant impact on the Group's financial results.

Annual Improvements to IFRS Standards 2015–2017 Cycle

IFRS 3 Business combinations and IFRS 11 Joint arrangements

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income taxes

The amendments clarify that the requirements to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised, and apply this to all income tax consequences of dividends.

IAS 23 Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards.

The Group does not believe these amendments will have a significant impact on the Group's financial results.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

4. Correction of prior period error - Restatement of statement of cash flows

It is noted that the following classification errors were made in the consolidated statement of cash flows as at 30 June 2017:

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

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

5. Correction of prior period error - Restatement for STS

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

The consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2017 was restated as follows:

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

* Refer note 14

^Agency revenue

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

6. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations. Total revenue, defined by IAS 18, comprises the revenue shown below together with investment income shown in note 8 and revenue shown in discontinued operations in note 14.

	30 June 2018 R'000	30 June 2017* R'000
Sale of goods	**13,816**	37,529
Rendering of services	**88,837**	132,469
Advertising	**1,016,107**	1,083,533
Agency revenue	**197,673**	175,608
Circulation income	**250,897**	274,302
Digital products (data and photographs)	**54,599**	53,673
Distribution fees	**87,573**	100,952
Distribution income for content	**159,839**	154,082
Event income	**31,430**	18,966
Printed products	**1,733,644**	1,552,629
Rental income	**13,181**	13,610
Royalty income	**28,657**	31,535
Software installation	**19,765**	19,238
Subscription income	**117,300**	133,013
	3,813,318	3,781,139

* Refer notes 5 and 14

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

7. Operating expenses

	30 June 2018 R'000	30 June 2017* R'000
FSP share based payment expense	**(9,456)**	-
Share based payment expense of subsidiary for discontinued incentive scheme exercised during the year	**(455)**	-
Acquisition or disposal related costs, and relocation costs	**-**	(9,137)
Transaction related and non-recurring costs	**(6,019)**	(10,168)
Directors' remuneration	**(28,921)**	(24,443)
Remuneration paid by the Company and its subsidiaries to Tiso Blackstar Directors	**(19,877)**	(13,427)
Consulting fees paid to SAI and TIH	**(9,044)**	(11,016)
Operational expenses incurred by core operations	**(855,996)**	(872,502)
	(900,847)	(916,250)

*Refer note 14

8. Operating income

	30 June 2018 R'000	30 June 2017* R'000
Income from investments	**1,373**	1,626
Dividend income	**797**	227
Interest income	**576**	1,399
Bad debts recovered	**7,285**	6,827
Sponsorships and promotions	**16,088**	17,444
Income arising on sub-letting	**1,269**	-
Insurance and marketing costs recovered	**13,366**	13,681
Grants	**5,820**	8,193
Release of PRMA provision	**26,967**	13,940
Release of contingent considerations	**3,039**	-
Income from sale of waste and scrap products	**6,510**	8,052
Sundry	**16,736**	-
	98,453	69,763

*Refer note 14

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

9. Other (losses) gains

	30 June 2018 R'000	30 June 2017* R'000
Net foreign exchange (losses) gains	**(14)**	2,661
Minimum guarantee write off	**(8,278)**	(2,028)
Movement in provisions including onerous leases and tenant installation reversals	**(114)**	22,899
Profit on disposal of property, plant and equipment	**1,418**	20,077
Reversal of impairment of property, plant and equipment	**-**	11,379
Gains arising on investment properties	**36**	2,858
Unrealised fair value gains (losses) on investment properties	**36**	(4,957)
Realised fair value gains on investment properties	**-**	7,815
Profit on disposal of intangible assets	**-**	49
Impairment of intangible assets	**(761)**	-
Impairment of equity investments (listed and unlisted)	**-**	(25,270)
Unrealised gains arising on equity investments (listed and unlisted)	**954**	256
Realised loss arising on disposal of a listed equity investments	**(2,715)**	-
(Losses) gains arising on consolidated subsidiaries and equity accounted associates	**(1,912)**	9,770
Loss on disposal of subsidiaries/businesses	**(2,099)**	(1,695)
Gains (Loss) on disposal of associates	**187**	(718)
Gain recognised on step up acquisition of STS	**-**	12,183
	(11,386)	42,651

*Refer note 14

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

10. Net finance costs

	30 June 2018 R'000	30 June 2017* R'000
Finance income	**7,026**	4,891
Interest income on bank balances	**4,075**	4,538
Interest income on trade and other receivables	**101**	180
Interest income on other	**2,850**	173
Finance costs	**(152,591)**	(155,406)
Interest expense on bank overdrafts	**(16,618)**	(8,745)
Interest expense and finance costs on borrowings from banks	**(119,026)**	(132,433)
Amortisation of loan raising fee	**(1,525)**	-
Interest expense on non-controlling interests loan	**(324)**	(873)
Interest expense on finance lease and instalment sale obligations	**(14,945)**	(13,246)
Interest expense on other financial liabilities and trade and other payables	**(153)**	(109)
	(145,565)	(150,515)

*Refer note 14

11. Taxation

	30 June 2018 R'000	30 June 2017* R'000
Total tax charge for the year from continuing operations		
Current taxation	**(67,724)**	(45,937)
Current year	**(57,529)**	(34,924)
Prior years under provision	**(10,195)**	(11,013)
Deferred taxation	**(9,440)**	(16,544)
Current year	**8,507**	(19,857)
Prior years (under) over provision	**(17,947)**	3,313
Capital gains tax	**(90)**	(999)
Dividends withholding tax	**-**	(587)
Interest withholding tax	**-**	(145)
	(77,254)	(64,212)
Total tax credit for the year from discontinued operations		
Current taxation - Current year	**276**	(8,776)
Deferred taxation	**16,191**	15,128
Current year	**16,191**	11,911
Prior years over provision	**-**	3,217
Dividends withholding tax	**-**	(2,585)
	16,467	3,767
Total tax charge for the year recognised directly in equity		
Current taxation	**(2,558)**	-

*Refer note 14

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

11. Taxation (continued)

The Company and its subsidiary, Tiso Blackstar Holdings, migrated their operations to the UK during the prior year. On the dates of migration, these entities ceased to be taxed by authorities in Malta and Cyprus, respectively, and became subject to UK Corporation tax. The rate of Corporation tax in the UK was 20% and was reduced to 19% with effect from 1 April 2017, and will be reduced further to 17% with effect from 1 April 2020.

The functional currency of the core operations is Rands and these operations are taxed at the South African tax rate of 28%. For this reason, the analysis of the tax charge provided below is performed using the South African tax rate of 28%. The reason for the difference between the actual tax charge for the year and the standard rate of corporate tax in South Africa of 28%, are as follows:

	30 June 2018 R'000	30 June 2017* R'000
Profit before taxation from continuing operations	**97,238**	109,261
Deduct share of (profit) loss of associates - equity accounted	**(13,538)**	282
Deduct impairment loss of investment in associates - equity accounted	**4,351**	-
Profit from continuing operations before taxation and share of profit from associates	**88,051**	109,543
Tax at standard rate of corporate tax in South Africa of 28%	**24,654**	30,672
Differing foreign tax rates	**2,841**	14,397
Change in tax rates	**-**	(1,396)
Disallowable expenditure	**5,911**	15,291
Exempt income	**(3,910)**	(5,713)
Under provision from prior years	**28,142**	7,700
Tax losses unutilised	**28,260**	5,746
Tax losses raised	**(8,734)**	1,454
Deemed Acquisitions	**-**	(4,498)
On disposal of investments	**-**	(1,172)
Capital gains tax	**90**	999
Dividends withholding tax	**-**	587
Interest withholding tax	**-**	145
Total tax charge for the year from continuing operations	**77,254**	64,212

*Refer note 14

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

12. Operating profit for the year from continuing operations

Operating profit for the year from continuing operations has been arrived at after (charging) crediting the following:

	30 June 2018 R'000	30 June 2017* R'000
Depreciation, amortisation and straight lining of leases		
Depreciation	**(92,230)**	(80,072)
Amortisation	**(58,713)**	(58,712)
Straight lining of leases	**(8,650)**	28,431
	(159,593)	(110,353)
(Impairment losses) Reversal of impairment losses		
Property, plant and equipment	**-**	11,379
Intangible assets	**(761)**	-
Investments	**-**	(25,270)
Trade receivables (raised via provision for impairment)	**(2,641)**	16,334
	(3,402)	2,443
Auditor's remuneration - Deloitte (current and prior year's auditors)		
Audit fees of the Group and Company annual accounts	**(3,382)**	(1,945)
Audit fees of the Company's subsidiaries	**(4,060)**	(5,982)
Other services and audit related expenses	**(1,236)**	(950)
Auditor's remuneration - BDO (auditors prior to migration)		
Audit fees of the Group and Company annual accounts	**-**	(384)
Audit fees of the Company's subsidiaries	**-**	(258)
Other services and audit related expenses	**-**	(660)
Under provision from prior year	**(128)**	-
Auditor's remuneration - Other		
Paid to audit firms (other than Deloitte and BDO) for audits of subsidiaries	**(1,258)**	-
	(10,064)	(10,179)
Employee benefits expense (excluding amounts paid to Tiso Blackstar Directors)		
Salaries and wages	**(1,117,992)**	(1,064,227)
Medical and other post-retirement benefits	**(44,909)**	(44,148)
Pension - Defined contribution plan	**(45,342)**	(42,659)
	(1,208,243)	(1,151,034)

*Refer note 14

13. Employees

The average number of employees (excluding Tiso Blackstar Directors) during the year for the Company and its consolidated subsidiaries for continuing and discontinued operations, by function, were as follows:

	30 June 2018	30 June 2017
Managerial	**320**	372
Administrative	**752**	1,028
Sales and marketing	**444**	533
Operational	**2,257**	2,386
	3,773	4,319

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

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

14.1 Reclassification in terms of IFRS 5

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

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

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

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

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

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

*Refer note 5

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

14. Discontinued operations and non-current assets held for sale (continued)

14.2 Discontinued operations

14.2.1 Results from the discontinued operations

The results from the discontinued operations which are included in the consolidated statement of profit and loss are as follows:

	30 June 2018 R'000	30 June 2017* R'000
Loss for the year from discontinued operations		
Revenue	3,515,847	4,907,992
Cost of sales	(3,150,416)	(4,361,534)
Gross profit	365,431	546,458
Income	32,297	52,501
Expenses	(455,979)	(553,037)
Net finance costs	(75,088)	(90,185)
Loss before taxation	(133,339)	(44,263)
Taxation	16,467	3,767
Loss before remeasurement to fair value less costs to sell	(116,872)	(40,496)
Loss on remeasurement to fair value less costs to sell	(178,771)	(20,000)
Loss for the year from discontinued operations	(295,643)	(60,496)
Loss for the year attributable to:		
Equity holders of the parent	(284,407)	(32,673)
Non-controlling interests	(11,236)	(27,823)
	(295,643)	(60,496)
Loss per share from discontinued operations		
Basic loss per ordinary share (in cents) attributable to equity holders from discontinued operations	(107.30)	(12.32)
Diluted loss per ordinary share (in cents) attributable to equity holders from discontinued operations	(105.49)	(12.24)
Cash flows utilised by discontinued operations		
Cash generated by operating activities	8,601	105,162
Cash utilised by investing activities	(31,763)	(190,920)
Cash utilised by financing activities	(90,407)	(54,772)
Net cash outflows	(113,569)	(140,530)

*Refer notes 5 and 14.1

14.2.2 Loss for the year from discontinued operations

Loss for the year from discontinued operations has been arrived at after (charging) crediting the following:

	30 June 2018 R'000	30 June 2017* R'000
Depreciation	(39,507)	(41,057)
Amortisation	(4,395)	(4,628)
Straight lining of leases	1,661	(22,776)
Dividend income	-	13,195
Loss on part disposal of KTH	(38,523)	-
Gain on loss of control in Robor	5,821	-
Loss on remeasurement to fair value less costs to sell for CSI disposal group	(178,771)	-
Loss on remeasurement to fair value less costs to sell for KTH	-	(20,000)
Profit on disposal of intangible assets	25,000	-
Gain recognised on step up acquisition of MSP	-	29,514
Gain on bargain purchase	-	1,745
Share of (losses) profits of associates	(10,217)	7,677

*Refer notes 5 and 14.1

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

14. Discontinued operations and non-current assets held for sale (continued)

14.3 Non-current assets and liabilities held for sale

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

14.3.1 Investment in associates KTH and Robor

	30 June 2018 R'000	30 June 2017 R'000
Non-current assets held for sale		
Investment in KTH	**1,263,537**	1,500,000
Investment in Robor	**137,595**	-
	1,401,132	1,500,000

14.3.2 CSI disposal group

	30 June 2018 R'000	30 June 2017 R'000
Non-current assets held for sale*		
Property, plant and equipment	**130,158**	-
Intangible assets	**11,098**	-
Other investments, loans and receivables	**4,034**	-
Deferred taxation	**27,764**	-
Cash and cash equivalents	**41,633**	-
Other current assets	**834,010**	-
	1,048,697	-
Non-current liabilities associated with non-current assets held for sale		
Finance lease and instalment sale obligations	**29,117**	-
Deferred taxation	**16,879**	-
Bank overdrafts and other short term borrowing facilities	**400,301**	-
Other current liabilities	**602,400**	-
	1,048,697	-

*Reflected net of impairment raised on remeasurement to fair value less costs to sell

14.3.3 As disclosed in the statement of financial position

	30 June 2018 R'000	30 June 2017 R'000
Non-current assets held for sale	**2,449,829**	1,500,000
Non-current liabilities associated with non-current assets held for sale	**(1,048,697)**	-
	1,401,132	1,500,000

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

14. Discontinued operations and non-current assets held for sale (continued)

14.4 Bank collateral

The shares in KTH and CSI are held as security by Rand Merchant Bank ("RMB") and Standard Bank Limited ("Standard Bank") (refer note 31).

15. Other comprehensive income (loss), net of taxation

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

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

16.1 Basic (loss) earnings and weighted average number of shares

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

^^ Shares issued during the current and prior financial years (either as a fresh issue or out of treasury shares held) under the long term Management Incentive Scheme (refer note 48) are contingently returnable shares and are excluded from the loss per share calculation until such date as they are not subject to recall

16.2 Diluted (loss) earnings and weighted average number of shares

	30 June 2018 R'000	30 June 2017 R'000
Profit for the year attributable to equity holders of the parent from continuing operations	**8,448**	40,496
Loss for the year attributable to equity holders of the parent from discontinued operations	**(284,407)**	(32,673)
(Loss) Profit for the year attributable to equity holders of the parent	**(275,959)**	7,823
Weighted average number of shares in issue (in thousands)	**269,601**	266,879

Reconciliation of weighted average number of shares in issue

	30 June 2018	30 June 2017
Number of forfeitable shares granted under the scheme	**7,028,322**	3,012,349
Number of forfeitable shares forfeited during the year under the scheme	**(141,086)**	-
	6,887,236	3,012,349
Number of shares expected to vest	**4,538,577**	1,599,557
Number of shares expected to vest (in thousands)	**4,539**	1,600
Weighted average number of shares in issue (in thousands)	**269,601**	266,879
Less number of shares expected to vest (in thousands)	**(4,539)**	(1,600)
Weighted average number of shares in issue (net of treasury shares, in thousands)	**265,062**	265,279

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

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

16.3 Basic and diluted headline loss per ordinary share

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

17. Property, plant and equipment

17.1 Net carrying value

	Artwork R'000	Capital work in progress R'000	Computer equipment R'000	Furniture and fittings R'000	Land and buildings R'000	Leasehold Improvements R'000	Office equipment R'000	Photographic equipment R'000	Plant and machinery R'000	Vehicles R'000	Total R'000
Net carrying value at 1 July 2016	**832**	**-**	**134**	**920**	**-**	**2,437**	**8**	**-**	**-**	**-**	**4,331**
Cost	832	-	425	1,503	-	2,469	28	-	-	-	5,257
Accumulated depreciation	-	-	(291)	(583)	-	(32)	(20)	-	-	-	(926)
Deemed Acquisitions	-	62,504	17,293	9,669	20,119	14,074	7,639	4,562	614,991	15,070	765,921
Reversal of impairment	-	-	-	-	-	11,379	-	-	-	-	11,379
Acquisition of subsidiaries/businesses	-	-	672	526	-	-	27	-	45,492	142	46,859
Disposal of subsidiaries/businesses	-	-	(245)	-	-	-	(29)	-	(1,087)	-	(1,361)
Additions	-	103,419	12,818	11,839	-	31,195	6,464	642	105,102	8,305	279,784
Disposals	-	-	(72)	(3,796)	(1,225)	(9,299)	(244)	(78)	(17,046)	(704)	(32,464)
Transfers and reclassifications	-	(17,968)	644	2,811	-	61	(58)	14	26,853	139	12,496
Depreciation	-	-	(15,942)	(3,381)	(1,216)	(5,239)	(3,058)	(1,242)	(86,626)	(4,425)	(121,129)
Net carrying value at 30 June 2017	**832**	**147,955**	**15,302**	**18,588**	**17,678**	**44,608**	**10,749**	**3,898**	**687,679**	**18,527**	**965,816**
Cost	**832**	**147,955**	**31,528**	**22,338**	**18,894**	**49,763**	**13,827**	**5,140**	**774,305**	**22,952**	**1,087,534**
Accumulated depreciation	**-**	**-**	**(16,226)**	**(3,750)**	**(1,216)**	**(5,155)**	**(3,078)**	**(1,242)**	**(86,626)**	**(4,425)**	**(121,718)**
Acquisition of subsidiaries/businesses	**-**	**-**	**67**	**-**	**-**	**577**	**239**	**-**	**4,038**	**723**	**5,644**
Additions	**-**	**64,242**	**13,322**	**2,696**	**-**	**14,329**	**3,098**	**1,049**	**27,746**	**4,357**	**130,839**
Disposals	**-**	**(541)**	**(911)**	**255**	**-**	**(285)**	**(139)**	**34**	**(6,720)**	**(203)**	**(8,510)**
Transfers and reclassifications	**-**	**(73,713)**	**13,277**	**240**	**-**	**307**	**106**	**(315)**	**75,100**	**(3,739)**	**11,263**
Depreciation	**-**	**-**	**(18,096)**	**(3,897)**	**(878)**	**(7,410)**	**(3,138)**	**(1,238)**	**(91,443)**	**(5,637)**	**(131,737)**
On translation of assets held by foreign operations	**-**	**6**	**46**	**-**	**-**	**-**	**(60)**	**-**	**(1,524)**	**159**	**(1,373)**
CSI disposal group	**-**	**(2,843)**	**(4,620)**	**-**	**-**	**-**	**(4,277)**	**-**	**(108,784)**	**(9,634)**	**(130,158)**
Loss of control in Robor (note 40)	**-**	**(133,347)**	**(2,723)**	**(2,674)**	**(9,047)**	**-**	**-**	**-**	**(317,838)**	**(8)**	**(465,637)**
Net carrying value at 30 June 2018	**832**	**1,759**	**15,664**	**15,208**	**7,753**	**52,126**	**6,578**	**3,428**	**268,254**	**4,545**	**376,147**
Cost	**832**	**1,759**	**26,958**	**22,553**	**8,920**	**62,843**	**9,635**	**7,890**	**358,891**	**6,646**	**506,927**
Accumulated depreciation	**-**	**-**	**(11,294)**	**(7,345)**	**(1,167)**	**(10,717)**	**(3,057)**	**(4,462)**	**(90,637)**	**(2,101)**	**(130,780)**

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

17. Property, plant and equipment (continued)

17.2 Pledged as security

17.2.1 Current year

Printing presses with a carrying value of R99.5 million (2017: R47.2 million) are pledged as security in terms of a finance lease with a carrying value of R96.8 million (2017: R47.8 million).

Office equipment with a carrying value of R631,000 (2017: R94,000) are pledged as security in terms of a finance lease with a carrying value of R722,000 (2017: R171,000).

Plant and equipment with a carrying value of R75.2 million (2017: R466.2 million) are pledged as security in terms of general notarial bonds in favour of a Security SPV, which is controlled by the bank, with a carrying value of R71.5 million (2017: R420.2 million).

Motor vehicles with a carrying value of R586,000 (2017: R22.0 million) are pledged as security in terms of its instalment sales agreements with a carrying value of R1.2 million (2017: R24.0 million), refer to note 33.

Any shortfall between the carrying value of the assets pledged as security and the required value, is covered by the Group's insurance.

17.2.2 Prior year

CSI's mobile mills with a carrying value of R33.9 million, included in plant and machinery, were pledged as security in terms of its finance leases with a carrying value of R36.0 million. CSI is classified and presented as a non-current asset held for sale as at 30 June 2018 (refer note 14).

17.3 Reversal of impairment loss recognised

During the prior year, management assessed, at a BHG head office level, that an impairment of property, plant and equipment amounting to R11.4 million should be raised as a result of the relocation of their offices. In 2017, each underlying entity within BHG that relocated as part of the office move, specifically identified assets that were to be written off as part of the relocation, and processed the write offs accordingly. The write offs were noted as disposals of leasehold improvements in note 17.1. The BHG impairment loss, which was assessed in 2016, was reversed as a result of the specific write offs raised by the respective BHG entities. The impairment reversal was included in profit and loss in Other (losses) gains (refer to note 9) in the prior year.

The impairment loss recognised in 2016 was included in the fair value gain or loss on the change in fair value of the investment in BHG, when the Group was an Investment Entity. As such, the Group had acknowledged the assets and impairment losses and was able to recognise the reversal of the impairment loss in the prior year.

18. Investment property

	30 June 2018 R'000	30 June 2017 R'000
Cost	**-**	15,359
Accumulated fair value adjustments and impairments	**-**	(2,685)
	-	12,674

	30 June 2018 R'000	30 June 2017 R'000
At the beginning of the year	**12,674**	-
Deemed Acquisitions	**-**	97,888
Additions	**-**	412
Disposals		(80,669)
Unrealised gains (losses)	**36**	(4,957)
Disposal of subsidiaries/businesses	**(12,710)**	-
At the end of the year	**-**	12,674

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

18. Investment property (continued)

Investment properties consisted of:

- Erf 1344 and Erf 1345, Shakas Head in Kwa-Zulu Natal owned by the subsidiary Fantastic. The construction on this property was completed in 2016 and 10 mini industrial units were built at a cost of R12.1 million. The shares held in Fantastic were sold in March 2018 (refer note 40) and the fair value of the property on the date of disposal of Fantastic, was R12.7 million;
- Erf 204 Randjespark Extension 36 Township acquired in 2011 for R58.0 million. The property was leased and subsequently disposed of in December 2016 for R85.0 million. The fair value of the property on date of sale was R76.7 million; and
- Erf 315 Nottingham Road in Kwa-Zulu Natal ("Gowrie Farm") was acquired in 2016 for R4.0 million. The property was leased and subsequently disposed of in December 2016 for R3.5 million. The fair value of the property on date of sale was R4.0 million.

The investment property was valued by the directors annually and independently every 3 to 5 years.

	30 June 2018 R'000	30 June 2017 R'000
Rental income#	**1,490**	5,544
Direct operating expenses	**(220)**	(924)
Indirect operating expenses	**(861)**	(554)

#Income arising on sub-letting per note 8 of R1.3 million, and R11.7 million (2017: R8.1 million) included in total rental income per note 6, relates to sub-leases in BHG and Tiso Blackstar SA, and does not form part of rental income generated from the investment property

19. Straight lining of lease 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.

	30 June 2018 R'000	30 June 2017 R'000
Straight lining of lease asset		
Non-current portion	**15**	169
Current portion	**2,462**	3,282
	2,477	3,451
Straight lining of lease liability		
Non-current portion	**(24,914)**	(83,907)
Current portion	**(2)**	-
	(24,916)	(83,907)

20. Goodwill

	30 June 2018 R'000	30 June 2017 R'000
Cost	**1,080,696**	1,224,936
Accumulated impairments	**-**	-
	1,080,696	1,224,936

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

20. Goodwill (continued)

20.1 Cost

	30 June 2018 R'000	30 June 2017 R'000
At the beginning of the year	1,224,936	-
Deemed Acquisitions	-	1,105,584
Acquisition of subsidiaries/businesses	36,653	119,352
CSI disposal group	(109,439)	-
Loss of control in Robor (note 40)	(71,454)	-
At the end of the year	1,080,696	1,224,936

20.2 Allocation of goodwill to CGUs

Goodwill has been allocated to the following CGUs:

- Media
- Hirt & Carter Group
- Broadcast and Content
- CSI
- Robor

The aggregate carrying amounts of goodwill as at year end allocated to each CGU are as follows:

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

20. Goodwill (continued)

20.3 Impairment testing

The Group has allocated goodwill to various CGUs. 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. The 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 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 discount rate and growth rate applied to each CGU are as follows:

Cash generating units	Basis of determination of recoverable amount	Discount rate applied to cash flows (%)	Terminal growth rate used to extrapolate cash flows (%)
Media	Value in use	17.7	5.0
Hirt & Carter Group	Value in use	17.4	5.0
Broadcast and Content	Value in use	18.1	4.0
CSI	#	#	#
Robor	#	#	#

#On disposal of a 3.4% interest in Robor, Robor became an associate of the Group. As at 30 June 2018, both CSI and Robor were classified and presented as non-current assets held for sale (refer note 14)

Pre-tax discount rates have been applied as the value in use was determined using pre-tax cash flow.

In assessing how external factors could impair goodwill, management have considered how a reduction in the forecasted revenue and gross profit growth in the discounted cash flows would cause an impairment in goodwill to arise. Management have also considered the respective terminal growth rate and discount rate that would cause the goodwill to be impaired. The following changes would result in goodwill being impaired in each CGU:

Cash generating units	Discount rate applied to cash flows (%)	Terminal growth rate used to extrapolate cash flows (%)	Reduction in forecasted revenue (%)	Reduction in forecasted gross profit (%)
Media	24.1	(7.7)	3.5	13.0
Hirt & Carter Group	26.0	(13.2)	3.4	13.1
Broadcast and Content	33.5	(46.5)	5.7	21.1

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

21. Intangible assets

21.1 Net carrying value

	Mastheads R'000	Advertiser relationships R'000	Subscriber relationships R'000	Customer relationships R'000	Brands R'000	Film rights R'000	RMS software R'000	Computer software R'000	Publishing rights and titles R'000	Total R'000
Net carrying value at 1 July 2016	-	-	-	-	-	-	-	-	-	-
Deemed Acquisitions	137,491	164,609	58,042	489,231	401,898	-	9,529	18,564	45,255	1,324,619
Additions	-	-	-	-	-	4,366	-	10,324	13,200	27,890
Disposals	-	-	-	-	-	(3,441)	-	(170)	-	(3,611)
Reclassifications and transfers	-	-	-	-	-	-	-	4,375	-	4,375
Amortisation	-	(24,863)	(9,904)	(25,795)	(410)	-	(1,906)	-	(462)	(63,340)
Net carrying value at 30 June 2017	**137,491**	**139,746**	**48,138**	**463,436**	**401,488**	**925**	**7,623**	**33,093**	**57,993**	**1,289,933**
Cost	**137,491**	**164,609**	**58,042**	**489,231**	**401,898**	**925**	**9,529**	**35,593**	**58,455**	**1,355,773**
Accumulated amortisation	**-**	**(24,863)**	**(9,904)**	**(25,795)**	**(410)**	**-**	**(1,906)**	**(2,500)**	**(462)**	**(65,840)**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,902**	**-**	**40,902**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**-**	**(3)**
Acquisition of subsidiaries /businesses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**4**
Reclassifications and transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,263)**	**-**	**(11,263)**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(761)**	**-**	**(761)**
Amortisation	**-**	**(24,863)**	**(9,904)**	**(25,795)**	**(410)**	**-**	**(1,906)**	**(230)**	**-**	**(63,108)**
CSI disposal group	**-**	**-**	**-**	**(39,424)**	**(41,006)**	**-**	**-**	**-**	**-**	**(80,430)**
Loss of control in Robor (note 40)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,916)**	**2,789**	**(127)**
Net carrying value at 30 June 2018	**137,491**	**114,883**	**38,234**	**398,217**	**360,072**	**925**	**5,717**	**58,826**	**60,782**	**1,175,147**
Cost	**137,491**	**164,609**	**58,042**	**443,297**	**360,072**	**925**	**9,529**	**96,744**	**60,782**	**1,331,491**
Accumulated amortisation	**-**	**(49,726)**	**(19,808)**	**(45,080)**	**-**	**-**	**(3,812)**	**(37,918)**	**-**	**(156,344)**

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

21. Intangible assets (continued)

21.2 Pledged as security

There were no intangible assets pledged as security during the current or prior year.

21.3 Impairment loss recognised

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 (losses) gains in the statement of profit and loss. Impairment losses recognised on goodwill are not reversed in subsequent periods.

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. The 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 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.

During the current year, an impairment loss of R761,000 (2017: nil) was recognised on intangible assets with indefinite useful lives, relating to computer licences in Hive.

21.4 Allocation of intangible assets to CGU's

Intangible assets have been allocated to the following CGUs:

- Media
- Hirt & Carter Group
- Broadcast and Content
- CSI
- Robor

The aggregate carrying amounts of intangible assets as at year end allocated to each CGU, are as follows:

	30 June 2018 R'000	30 June 2017 R'000
Media	**329,341**	362,765
Hirt & Carter Group	**728,850**	752,795
Broadcast and Content	**116,956**	89,421
CSI	**-**	84,595
Robor	**-**	357
	1,175,147	1,289,933

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

21. Intangible assets (continued)

21.4 Allocation of intangible assets to CGU's (continued)

The aggregate carrying amounts of intangible assets with indefinite useful lives as at year end allocated to each CGU, are as follows:

	30 June 2018 R'000	30 June 2017 R'000
Media	**165,610**	165,610
Hirt & Carter Group	**325,696**	325,696
Broadcast and Content	**71,359**	71,359
CSI	**-**	33,632
Robor	**-**	-
	562,665	596,297

21.5 Remaining useful lives

The remaining useful lives of the intangible assets at 30 June 2018 are as follows:

- Mastheads — Indefinite
- Advertiser relationships — 3 - 8 years
- Subscriber relationships — 2 - 8 years
- Customer relationships — 18 years
- Brands — Indefinite
- Film rights — Indefinite
- RMS software — 3 years
- Computer software — 3 - 5 years
- Publishing rights and titles — Indefinite

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

22. Investment in subsidiaries

The Group held the following shares in subsidiaries:

			Proportion of ownership interest	
Principal place of business	**Principal activity**	**Name of subsidiary (5)**	**30 June 2018**	30 June 2017
United Kingdom	Investment company	Tiso Blackstar Holdings SE ("Tiso Blackstar Holdings") (1,4)	**100.0%**	100.0%
United Kingdom	Administrative centre	Tiso Blackstar Holdings PLC ("TBHPLC") (1)	-	100.0%
United Kingdom	Administrative centre	Tiso Blackstar Limited ("TBL") (1,6)	**100.0%**	100.0%
South Africa	Investment advisory company	Tiso Blackstar SA Proprietary Limited ("Tiso Blackstar SA") (1)	**100.0%**	100.0%
South Africa	Media	Blackstar Holdings Group Proprietary Limited ("BHG") (2)	**100.0%**	100.0%
South Africa	Industrial steel company	Consolidated Steel Industries Proprietary Limited ("CSI") (2)	**100.0%**	100.0%
South Africa	Industrial steel company	Robor Proprietary Limited ("Robor") (2)	-	51.0%
South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited ("TBRE") (2)	**100.0%**	100.0%
South Africa	Investment property company	Fantastic Investments 379 Proprietary Limited ("Fantastic") (3)	-	100.0%
South Africa	Investment property company	Firefly Investments 223 Proprietary Limited ("Firefly") (3)	**70.0%**	70.0%

(1) Subsidiary of the Company

(2) Subsidiary of Tiso Blackstar Holdings

(3) Subsidiary of TBRE

(4) Tiso Blackstar Holdings migrated from Cyprus to the UK on 9 May 2017

(5) Refer to note 52 for a complete list of subsidiaries of the Group

(6) TBL (company registration number 09190604) qualifies under s479A of the Companies Act 2006 for exemption from audit

Significant changes in investment in subsidiaries

Robor - the Group disposed of a 3.4% interest in Robor during the current year for R16.5 million (refer note 40) reducing its interest in Robor from 51% to 47.6%, and thereby resulting in a loss of control and step down from a subsidiary to an associate. Subsequent to this, the investment in Robor was classified and presented as a non-current asset held for sale at 30 June 2018 (refer note 14).

Fantastic - the Group disposed of its entire shareholding in Fantastic during the current year for R2.0 million (refer note 40).

TBHPLC - the company was deregistered during the current year.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

23. Investment in associates

The Group held the following shares in associates:

Principal activity	Principal place of business/Registered address	Class of shares	Name of associate	Proportion of ownership interest 30 June 2018	Proportion of ownership interest 30 June 2017	Carrying value 30 June 2018 R'000	Carrying value 30 June 2017 R'000
Media	Delta Riverside, L.R. 4275/121, Riverside Drive, Nairobi, Kenya	Ordinary	Radio Africa Limited ("Radio Africa group") (1)	**49.0%**	49.0%	**193,900**	175,061
Media	355 Faanofa Street, Kokomlemle, Accra, Ghana	Ordinary	Multimedia Group Limited ("Multimedia group") (1,3)	**32.2%**	32.2%	**153,299**	151,369
Media	26 Keffi Street, South West Ikoyi, Lagos, Nigeria	Ordinary	Cooper Communications Limited ("Coopers") (1)	**24.5%**	24.5%	**7,673**	8,240
Media	122 St Georges Mall, Cape Town, Western Cape, South Africa	Ordinary	Allied Media Distributors Proprietary Limited (2)	**30.0%**	30.0%	**1,363**	2,019
Media	32 Wepener Street, Booysens, Gauteng, South Africa	Ordinary	Allied Publishing Proprietary Limited (2)	**50.0%**	50.0%	**-**	-
Media	47 Sauer Street, Johannesburg, Gauteng, South Africa	Ordinary	Banner News Agency Proprietary Limited (2)	**28.6%**	28.6%	**1,371**	749
Media	77 Bram Fischer Drive, Robindale, Gauteng, South Africa	Ordinary	Breakout Management Proprietary Limited (2)	**40.0%**	40.0%	**-**	44
Media	52 Corlett Drive, Illovo, Gauteng, South Africa	Ordinary	Next Entertainment Proprietary Limited (2)	**40.0%**	40.0%	**2,710**	4,717
Media	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Ordinary	Tha Tha Isithombe Proprietary Limited (2)	**38.0%**	38.0%	**-**	3,962
Investment in associates – equity accounted						**360,316**	346,161
Non-current assets held for sale							
Industrial steel company	233 Barbara Road, Elandsfontein, Gauteng, South Africa	Ordinary	Robor Proprietary Limited ("Robor") (1)	**47.6%**	-	**137,595**	-
Investment holding	100 West Street, Wierda Valley, Gauteng, South Africa	Ordinary	Kagiso Tiso Holdings Proprietary Limited ("KTH") (1)	**20.0%**	22.9%	**1,263,537**	1,500,000
						1,401,132	1,500,000
						1,761,448	1,846,161

(1) Associate of Tiso Blackstar Holdings

(2) Associate of BHG

(3) The financial year end of this company is 31 December. This was the reporting date established when the company was incorporated. For the purposes of applying the equity method of accounting, the company prepared financial information for a twelve month period from 1 July 2017 to 30 June 2018

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Significant changes in investment in associates

Robor - the Group disposed of a 3.4% interest in Robor during the current year for R16.5 million (refer note 40) reducing its interest in Robor from 51% to 47.6%, and thereby resulting in a loss of control and step down from a subsidiary to an associate. Subsequent to this, the investment in Robor was classified and presented as a non-current asset held for sale at 30 June 2018 (refer note 14).

KTH - During the current year, the Group disposed of a 3.61% interest in KTH for R197.9 million reducing its interest in KTH from 22.9% to 20.0%. The Group's interest in KTH is classified and presented as a non-current asset held for sale at 30 June 2018 and 30 June 2017 (refer note 14).

Restrictions

Tiso Blackstar receives income in the form of dividends and interest from its investments in associates, and there are no significant restrictions on the transfer of funds from these entities to Tiso Blackstar with the exception of the South African Reserve Bank regulations with respect to the transfer of funds off and onshore.

Bank collateral

All equity instruments in KTH are held as security by RMB and Standard Bank (refer note 31).

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

23. Investment in associates (continued)

23.1 Summarised financial information of associates

Summarised financial information in respect of each of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associates financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes). Summarised financial information is not required to be disclosed for KTH and Robor, as they have been classified and presented as non-current assets held for sale.

30 June 2018	**Radio Africa group R'000**	**Multimedia group R'000**	**Coopers R'000**	**Other^ R'000**	**Total R'000**
Non-current assets	**78,656**	**70,047**	**19,961**	**17,055**	**185,719**
Current assets	**160,353**	**129,216**	**2,071**	**93,315**	**384,955**
Non-current liabilities	**(85,119)**	**(1,932)**	**-**	**(2,429)**	**(89,480)**
Current liabilities	**(92,248)**	**(123,816)**	**(240)**	**(68,667)**	**(284,971)**
Revenue	**271,213**	**253,561**	**3,725**	**271,209**	**799,708**
Profit from continuing operations	**10,043**	**22,342**	**563**	**8,569**	**41,517**
Profit for the year	**10,043**	**22,342**	**563**	**8,569**	**41,517**
Total comprehensive income for the year	**10,043**	**22,342**	**563**	**4,218**	**37,166**
Share of profit of associates from continuing operations	**3,957**	**6,845**	**101**	**2,635**	**13,538**
Impairment loss of investment in associates	**-**	**-**	**-**	**(4,351)**	**(4,351)**
Share of profit of associates from discontinued operations	**-**	**-**	**-**	**1,449**	**1,449**

30 June 2017	Radio Africa group R'000	Multimedia group R'000	Coopers R'000	Other^ R'000	Total R'000
Non-current assets	69,310	38,060	22,092	22,331	151,793
Current assets	112,837	106,880	1,161	123,881	344,759
Non-current liabilities	(90,144)	-	-	(45,782)	(135,926)
Current liabilities	(48,653)	(91,417)	-	(99,960)	(240,030)
Revenue	309,297	236,235	1,023	309,411	855,966
(Loss) Profit from continuing operations	(6,433)	19,434	(1,708)	5,047	16,340
(Loss) Profit for the year	(6,433)	19,434	(1,708)	31	11,324
Total comprehensive (loss) income for the year	(6,433)	19,434	(1,708)	5,598	16,891
Share of (loss) profit of associate from continuing operations	(3,551)	5,766	(418)	(2,079)	(282)
Share of profit of associate from discontinued operations	-	-	-	7,677	7,677

^The associates included in Other are not material to the Group

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

23. Investment in associates (continued)

23.2 Reconciliation of investment in associates

Reconciliation of the above summarised financial information to the carrying amount of the investment in associates recognised in the consolidated financial statements is as follows:

	Radio Africa group R'000	Multimedia group R'000	Coopers R'000	Other R'000	Subtotal R'000	KTH^ R'000	Robor^ R'000	Total R'000
Original investment in associate	195,158	144,381	10,154	49,779	399,472	1,520,000	-	1,919,472
Net changes in fair value of associate designated at fair value through profit and loss	10,842	38,519	643	-	50,004	-	-	50,004
Value at Deemed Acquisition Date	206,000	182,900	10,797	49,779	449,476	1,520,000	-	1,969,476
Share of (loss) profit of associates from continuing operations	(3,551)	5,766	(418)	(2,079)	(282)	-	-	(282)
Share of profit of associates from discontinued operations	-	-	-	7,677	7,677	-	-	7,677
Additions	-	-	-	7,644	7,644	-	-	7,644
Disposals	-	-	-	(1,718)	(1,718)	-	-	(1,718)
Movement of equity loan	-	-	-	(1,422)	(1,422)	-	-	(1,422)
Loss on remeasurement to fair value less costs to sell	-	-	-	-	-	(20,000)	-	(20,000)
On step up from associate to subsidiary	-	-	-	(48,390)	(48,390)	-	-	(48,390)
Currency exchange losses during the year	(27,388)	(37,297)	(2,139)	-	(66,824)	-	-	(66,824)
Carrying amount of the Group's interest in associates at 30 June 2017	**175,061**	**151,369**	**8,240**	**11,491**	**346,161**	**1,500,000**	**-**	**1,846,161**
Loss of control in Robor (note 40)	**-**	**-**	**-**	**-**	**-**	**-**	**149,261**	**149,261**
Share of profit of associates from continuing operations	**3,957**	**6,845**	**101**	**2,635**	**13,538**	**-**	**-**	**13,538**
Share of profit (loss) of associates from discontinued operations*	**-**	**-**	**-**	**1,449**	**1,449**	**-**	**(11,666)**	**(10,217)**
Impairment loss of investment in associates	**-**	**-**	**-**	**(4,351)**	**(4,351)**	**-**	**-**	**(4,351)**
Additions	**-**	**-**	**-**	**3,108**	**3,108**	**-**	**-**	**3,108**
Disposals	**-**	**-**	**-**	**(3,779)**	**(3,779)**	**(236,463)**	**-**	**(240,242)**
Dividends received from associates	**-**	**-**	**-**	**(5,109)**	**(5,109)**	**-**	**-**	**(5,109)**
Currency exchange gains (loss) during the year	**14,882**	**(4,915)**	**(668)**	**-**	**9,299**	**-**	**-**	**9,299**
Carrying amount of the Group's interest in associates at 30 June 2018	**193,900**	**153,299**	**7,673**	**5,444**	**360,316**	**1,263,537**	**137,595**	**1,761,448**

^On disposal of a 3.4% interest in Robor, Robor became an associate of the Group. As at 30 June 2018, Robor was classified and presented as a non-current asset held for sale and a discontinued operation (refer note 14). KTH was disclosed as a discontinued operation, and classified and presented as a non-current asset held for sale in accordance with IFRS 5 at 30 June 2017. The investment in KTH remains classified and presented as a non-current asset held for sale

*The R1.4 million relates to the share of profits derived from associates held by Robor while Robor was classified as a subsidiary

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24. Other investments, loans and receivables

	30 June 2018 R'000	30 June 2017 R'000
Financial assets held for trading:	**1,112**	17,163
Listed equity security		
Ordinary shares in Shoprite Holdings Limited	**-**	17,005
Other investment		
Ordinary shares in Business Partners Proprietary Limited	**1,112**	158
Investments classified as loans and receivables carried at amortised cost:	**17,061**	12,541
Loans to related parties	**17,061**	17,616
Loans from other entities	**-**	(5,075)
	18,173	29,704

24.1 Loans to related parties

24.1.1 Current year

Tiso Blackstar Holdings disposed of a 3.4% interest in Robor for an amount of R16.5 million (refer note 40) in lieu of the assignment of a loan receivable from Tricom Properties Proprietary Limited ("Tricom"), a company owned by a shareholder of Robor. The loan is unsecured, bears interest at the First National Bank money market rate and is repayable at the earlier of: 30 June 2020; the date on which Tricom has available cash resources to settle the loan; or the date on which Robor enters into business rescue or liquidation should this event occur. On disposal of a 3.4% interest in Robor, Robor became an associate of the Group (refer note 23) and was subsequently classified and presented as a non-current asset held for sale (refer note 14).

24.1.2 Prior year

Robor provided a loan to PR Todd, a shareholder of Robor, for the amount of R7.7 million during the prior year. The loan bore interest at the South African Prime Rate and was repayable over 5 years. The loan was secured by cession of the loan and the shares held by Robor in Pro-Fix Robor Proprietary Limited. Robor is classified and presented as a non-current asset held for sale as at 30 June 2018 (refer note 14).

CSI provided an interest free loan to Stampede Equipment Proprietary Limited ("Stampede") for the amount of R9.9 million. The loan was subordinated in favour of the borrowers and other creditors and was unsecured. There were no fixed terms of repayment. Stampede was a subsidiary of Helm Engineering Proprietary Limited ("Helm Engineering"), and was sold by Helm Engineering effective 1 January 2016. Helm Engineering is a subsidiary of CSI. CSI is classified and presented as a non-current asset held for sale as at 30 June 2018 (refer note 14).

24.2 Loans to (from) other entities in the prior year

Loans to (from) other entities in the prior year were carried at amortised cost and consisted of the following:

- CSI provided two interest free loans amounting to R537,000, of which R250,000 was secured and the balance was unsecured.
- CSI obtained loans of R5.6 million, which included a loan from Tafadwa Chigumba in the amount of R4.1 million. All loans were unsecured, bore no interest and had no fixed terms of repayment.

CSI is classified and presented as a non-current asset held for sale as at 30 June 2018 (refer note 14).

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

25. Deferred taxation

25.1 Movement in net deferred taxation

	30 June 2018 R'000	30 June 2017 R'000
Net deferred tax (liability) asset at the beginning of the year	**(279,684)**	2,259
Deemed Acquisitions	**-**	(262,956)
Recognised in statement of profit and loss for continuing and discontinued operations	**24,698**	(7,946)
(Under) Over provision for prior years	**(17,947)**	6,530
Change in tax rates	**-**	(9,849)
Acquisition of subsidiaries/businesses	**(682)**	10
Disposal of subsidiaries/businesses	**(913)**	-
CSI disposal group	**(10,885)**	-
Other	**(98)**	(7,732)
Loss of control in Robor (note 40)	**22,842**	-
Net deferred tax liability at the end of the year	**(262,669)**	(279,684)

25.2 Deferred tax assets and liabilities

Deferred tax assets (liabilities) are attributable to the following:

	30 June 2018 R'000	30 June 2017 R'000
Property, plant and equipment	**(29,021)**	(111,589)
Investment property	**-**	(638)
Intangible assets	**(300,041)**	(155,295)
Investments	**23,961**	-
Trade and other receivables	**538**	(1,965)
Finance leases	**12,640**	-
Other financial liabilities	**6,283**	22,527
Provisions	**3,324**	(2,990)
Trade and other payables	**13,854**	85,170
Assessed losses	**5,793**	36,076
Other (1)	**-**	(150,980)
Net deferred tax liability at the end of the year	**(262,669)**	(279,684)
Deferred tax asset	**53,719**	95,073
Deferred tax liability	**(316,388)**	(374,757)
Net deferred tax liability at the end of the year	**(262,669)**	(279,684)

(1) Processes in the current year have specifically allocated balances in other to the specific line items in which the deferred tax is attributable to

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

25. Deferred taxation (continued)

25.3 Assessable tax losses

Assessable tax losses of the Group for which no deferred tax asset has been recognised amounts to R580.8 million (2017: R5.5 million) from continuing and discontinued operations. The related deferred tax asset on the assessable tax losses have not been raised, as it is not believed to be probable that it will be utilised. The Company was not able to utilise the assessed loss of R6.5 million, recognised in Malta, once it migrated to the UK in the prior year. Should a Group company cease trading, the assessable tax losses would not be able to be utilised.

In instances where management believe that there is future taxable income against which assessable tax losses can be utilised, a deferred tax asset has been raised.

26. Inventories

	30 June 2018 R'000	30 June 2017 R'000
Finished goods on hand	**142,330**	667,267
Work in progress	**25,881**	53,139
Raw materials and components	**83,574**	434,475
	251,785	1,154,881
Provision for impairment	**(10,055)**	(66,259)
	241,730	1,088,622

26.1 Allowance for impairments

	30 June 2018 R'000	30 June 2017 R'000
At the beginning of the year	**(66,259)**	-
Deemed Acquisitions	**-**	(64,753)
Provision raised during the year	**(6,344)**	(5,296)
Provision reversed during the year	**15,366**	-
Acquisition of subsidiaries/businesses	**-**	(1,707)
Disposal of subsidiaries/businesses	**-**	5,497
CSI disposal group	**16,426**	-
Loss of control in Robor (note 40)	**30,756**	-
At the end of the year	**(10,055)**	(66,259)

The cost of inventories recognised as an expense during the year in respect of continuing operations was R2,606.3 million (2017: R2,606.9 million), and from discontinued operations R3,150.4 million (2017: R4,361.5 million).

The cost of inventories recognised as an expense in respect of write-downs of inventory to net realisable value includes R12.1 million (2017: R6.7 million) from continuing operations, and nil (2017: R16.0 million) from discontinued operations.

Inventories held by CSI and Robor with a carrying value of R884.3 million were pledged as security during the prior year. In the current year, CSI and Robor have been classified and presented as non-current assets held for sale (refer note 14).

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

27. Trade and other receivables

	30 June 2018 R'000	30 June 2017 R'000
Trade receivables	**666,625**	1,400,412
Less: Allowance for credit notes	**(1,488)**	(12,275)
Less: Allowance for doubtful debts	**(14,834)**	(34,280)
	650,303	1,353,857
Fee income receivable	**76,210**	37,723
Dividend and interest receivable	**5,325**	-
Prepayments and supplier deposits	**38,277**	64,877
Accrued income	**61,496**	77,812
VAT receivable	**2,089**	14,166
Staff loans and advances	**114**	424
Other receivables	**13,546**	107,594
	847,360	1,656,453

CSI and Robor trade receivables with a carrying value of R774.1 million were pledged as security during the prior year. In the current year, CSI and Robor have been classified and presented as non-current assets held for sale (refer note 14).

The Group considers the carrying value of trade and other receivables to approximate its fair value.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Due to the diverse nature of the Group, credit terms range from current to 120 days depending on the specific entity. No interest is charged on trade receivables. Before accepting any new customers, the Group uses a credit bureau or performs a credit assessment to assess the potential customer's credit limit and credit quality. The Group only transacts with creditworthy customers.

27.1 Aging of trade receivables, net of allowance for doubtful debts

	30 June 2018 R'000	30 June 2017 R'000
Neither past due nor impaired	**431,016**	1,003,656
Past due but not impaired	**220,775**	362,476
0 - 30 days past due	**161,481**	221,002
31 - 60 days past due	**21,348**	73,851
61 - 90 days past due	**14,195**	34,060
91 - 120 days past due	**23,751**	33,563
Trade receivables, net of allowance for doubtful debts	**651,791**	1,366,132

Notes to the consolidated financial statements continued

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27. Trade and other receivables (continued)

27.2 Movement in allowances

Receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counter parties as well as disputes regarding price, delivery, quality and authorisation of work performed.

Refer note 41.3 for credit risk management.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good quality based on past history and reports from credit rating agencies.

27.2.1 Allowance for credit notes

	30 June 2018 R'000	30 June 2017 R'000
At the beginning of the year	**(12,275)**	-
Deemed Acquisitions	**-**	(6,502)
Provision raised during the year	**(1,907)**	(8,308)
Provision released during the year	**4,382**	2,906
Acquisition of subsidiaries/businesses	**-**	(371)
CSI disposal group	**5,564**	-
Loss of control in Robor (note 40)	**2,748**	-
At the end of the year	**(1,488)**	(12,275)

27.2.2 Allowance for doubtful debts

	30 June 2018 R'000	30 June 2017 R'000
At the beginning of the year	**(34,280)**	-
Deemed Acquisitions	**-**	(47,688)
Provision raised during the year	**(11,609)**	(15,662)
Provision released during the year	**4,617**	22,821
Acquisition of subsidiaries/businesses	**-**	(15,549)
Disposal of subsidiaries/businesses	**-**	15,743
Amounts written off during the year as uncollectible	**-**	6,055
CSI disposal group	**12,544**	-
Loss of control in Robor (note 40)	**13,894**	-
At the end of the year	**(14,834)**	(34,280)

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28. Net cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts and other short term borrowing facilities.

Net cash and cash equivalents consist of:

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

Cash and cash equivalents held by South African continuing operations of R315.5 million (2017: R114.4 million) are ring-fenced and are not available to other entities within the Group. Transfers of cash are subject to South African exchange control regulations. Cash and cash equivalents held at the centre (comprising Tiso Blackstar and Tiso Blackstar Holdings) amounted to R79.0 million (2017: R8.2 million) at year end.

Included in cash and cash equivalents of R108.9 million in the current year, is an amount of R50.0 million which was committed to CSI. The amount was transferred to CSI post year end as a short term interest free equity loan repayable on transfer of ownership of CSI. The Company was released from its guarantee of R50.0 million on transfer of these funds (refer note 45 and note 50).

BHG and CSI's cash and cash equivalents have been ceded as security for the term facility at 30 June 2018 and 30 June 2017 (refer note 31).

28.1 Facilities

28.1.1 Working capital facilities held by the rest of the Group

The Group, excluding CSI and Robor, had no working capital facilities in both the current and prior financial years that are secured by inventory and trade receivables. However, the Group has a GBF and bank overdraft facilities (refer note 41.4.2).

28.1.2 Working capital facilities held by CSI and Robor

Working capital facilities available to Group companies for utilisation consisted of:

	30 June 2018 R'000	30 June 2017 R'000
Consignment facility	**-**	300,000
Invoice discounting facility	**480,000**	580,000
Foreign exchange contract facility	**-**	15,000
Asset financing facility	**-**	62,230
Overdraft facility	**-**	138,000
	480,000	1,095,230

Notes to the consolidated financial statements continued

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28. Net cash and cash equivalents (continued)

28.1 Facilities (continued)

28.1.2 Working capital facilities held by CSI and Robor (continued)

On disposal of a 3.4% interest in Robor, Robor became an associate of the Group. As at 30 June 2018, both CSI and Robor were classified and presented as non-current assets held for sale (refer note 14).

Security provided for working capital facilities in place during the prior year were as follows:

Secured by inventories R150.0 million;
Secured by receivables R380.0 million;
Direct Working Capital short term R18.0 million; and
Direct Working Capital long term R70.0 million.

Refer notes 26 and 27 for further details.

Security

During the prior year, securities provided also included general notarial bonds over movables (inventory, plant and equipment), debtors and insurance policies amounting to R250.0 million registered in June 2011 in favour of a Security SPV, which was controlled by the bank, and R350.0 million registered in March 2014 in favour of RMB.

29. Share capital and reserves

29.1 Share capital and premium

	30 June 2018 R'000	30 June 2017 R'000
Share capital - Authorised		
400,000,000 ordinary shares of €0.76 each (converted to R10.71)	**4,282,418**	4,282,418
Share capital - Issued and fully paid		
268,291,260 ordinary shares of €0.76 each (converted to R9.52)	**2,554,036**	2,554,036
Share premium	**701,212**	701,212
	3,255,248	3,255,248

A reconciliation of the movement in ordinary shares of €0.76 each is provided below:

	Issued and fully paid Number of shares	Treasury shares Number of shares	Outstanding shares Number of shares
Balance as at 1 July 2016	268,291,260	(1,067,925)	267,223,335
Repurchase of own shares	-	(1,944,424)	(1,944,424)
Balance as at 30 June 2017	**268,291,260**	**(3,012,349)**	**265,278,911**
Repurchase of own shares	**-**	**(1,995,542)**	**(1,995,542)**
Balance as at 30 June 2018	**268,291,260**	**(5,007,891)**	**263,283,369**
Forfeitable Shares awarded as part of the long term Management Incentive Scheme	**4,015,973**	**(4,015,973)**	**-**
	272,307,233	**(9,023,864)**	**263,283,369**

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

29. Share capital and reserves (continued)

29.1 Share capital and premium (continued)

Share capital

The Group awarded 4,015,973 (2017: 3,012,349) Forfeitable Shares, subject to achievement of performance conditions, under the long term Management Incentive Scheme for the year ended 30 June 2018 (refer note 48). The prior year's award of 3,012,349 shares were issued from the Company's treasury shares and the current year's award of 4,015,973 shares was a fresh share issue, as there were no treasury shares available for issue. During the current year, 141,086 shares were forfeited under the long term Management Incentive Scheme. At 30 June 2018, Tiso Blackstar held 9,023,864 treasury shares, of which 6,887,236 shares (net of shares forfeited on resignation) have been awarded under the long term Management Incentive Scheme, and are not considered issued for IFRS purposes.

During the current year, the Company repurchased a total of 1,995,542 (2017: 1,944,424) Tiso Blackstar shares in the open market at an average price per share of R4.90 (2017: R9.41) and a total cost of R9.8 million (2017: R18.3 million).

Share premium

Share premium comprises the amount subscribed for share capital in excess of nominal value.

29.2 Reserves

The nature and purpose of each reserve within equity is described below:

Other reserves comprise of the following:

- Treasury shares comprises the cost of the Tiso Blackstar shares acquired and held as treasury shares by the Company;
- Capital redemption reserve which includes amounts transferred from share capital on redemption of issued shares;
- Share based payment reserve which includes amounts arising on the long term Management Incentive Scheme (refer note 48);
- Excess of cost of non-controlling interests over carrying value on acquisition which includes amounts arising on the step-up acquisition of subsidiaries;
- Actuarial gains (losses) on PRMA reserve which includes amounts arising on the valuation of the PRMA provision performed (refer note 34); and
- Equity loans from non-controlling interests were reclassified to non-controlling interests during the current year. The loans were unsecured, interest free and had no fixed terms of repayment.

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising on translation of assets and liabilities denominated in a foreign currency into the functional currency (Rands).

(Accumulated losses) Retained earnings

(Accumulated losses) Retained earnings comprise net gains and losses recognised in the statements of profit and loss and other comprehensive income.

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30. Non-controlling interests

During the current year, the Group disposed of a 3.4% interest in Robor reducing its interest in Robor from 51% to 47.6% and thereby resulting in a loss of control and step down from a subsidiary to an associate. Subsequent to this, the investment in Robor was classified and presented as a non-current asset held for sale at 30 June 2018 (refer note 14).

30.1 Financial information of the Group's material non-controlling interests in subsidiaries

Summarised financial information in respect of each of the Group's material non-controlling interests in subsidiaries consists of the following:

As at 30 June 2018	**Robor* 49% Interest R'000**	**STS 50% Interest R'000**
Non-current assets	**-**	**1,609**
Current assets	**-**	**98,418**
Current liabilities	**-**	**(93,332)**
Revenue	**1,002,715**	**35,920**
Profit before finance costs and taxation	**13,951**	**4,152**
(Loss) Profit for the year	**(8,953)**	**2,413**

As at 30 June 2017	Robor* 49% Interest R'000	STS 50% Interest R'000
Non-current assets	632,170	2,139
Current assets	1,029,331	124,135
Non-current liabilities	(148,449)	-
Current liabilities	(1,071,037)	(114,472)
Revenue	2,479,901	491,459
(Loss) Profit before finance costs and taxation	(42,709)	6,526
(Loss) Profit for the year	(70,202)	3,940

*On disposal of a 3.4% interest in Robor, Robor became an associate of the Group. As at 30 June 2018, Robor was classified and presented as non-current asset held for sale and a discontinued operation (refer note 14). The profit and loss information provided is for the period that Robor was a subsidiary of the Group

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

30. Non-controlling interests (continued)

30.2 Reconciliation of the Group's material non-controlling interests

Non-controlling interests consists of the following:

	Robor 49% Interest R'000	STS 50% Interest R'000	Other ^ R'000	Total R'000
Non-controlling interests at 1 July 2016	-	-	-	-
Deemed Acquisitions	202,576	-	1,719	204,295
Acquisition of subsidiaries/businesses	-	4,114	16,293	20,407
Total comprehensive (loss) income for the year	(34,191)	2,025	7,616	(24,550)
Dividends paid	(4,214)	-	(5,176)	(9,390)
Non-controlling interests at 30 June 2017	**164,171**	**6,139**	**20,452**	**190,762**
Acquisition of subsidiaries/businesses	**-**	**-**	**5,913**	**5,913**
Arising on change in holding in subsidiary	**-**	**-**	**8,542**	**8,542**
Equity loan from non-controlling interests	**16,486**	**-**	**-**	**16,486**
Interest accrued on equity loan from non-controlling interests	**363**	**-**	**-**	**363**
Total comprehensive (loss) income for the year	**(14,713)**	**987**	**14,603**	**876**
Dividends paid	**-**	**(3,760)**	**(6,108)**	**(9,868)**
Loss of control in Robor (note 40)	**(166,307)**	**-**	**(10,806) $**	**(177,113)**
Non-controlling interests at 30 June 2018	**-**	**3,366**	**32,596**	**35,962**

^ The non-controlling interests included in Other are not material to the Group
$ The R10.8 million relates to non-controlling interests held by Robor while Robor was classified as a subsidiary

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31. Borrowings

Borrowings comprise of:

	30 June 2018 R'000	30 June 2017 R'000
Unsecured		
Short term loan repayable by BBS. The loan bears interest at the South African Prime Rate plus 100 basis points and has no fixed terms of repayment	**500**	-
Non-controlling interests loan which bore interest at the South African Prime Rate and was repayable within five years	**-**	7,734
Secured		
Term facility which bears interest at the 3 month Johannesburg Interbank Accepted Rate (''Jibar'') plus 525 basis points. Interest is compounded quarterly and settled semi-annually. A final bullet payment of the remaining capital is repayable in December 2019 (1)	**167,373**	407,170
General Banking Facility (''GBF'') which bears interest at the South African Prime Rate plus 200 basis points. Settlement must be made with the term facility (1)	**-**	35,462
Term funding loans which bear interest at JIBAR plus 325 basis points and at JIBAR plus 375 basis points (2)	**825,000**	633,072
Asset financing which bears interest at 7,4% per annum and has no fixed terms of repayment (3)	**7,968**	11,642
Term loans which bore interest between 0% and the South African Prime Rate and was repayable within five years (4)	**-**	83,695
Mortgage loan taken out by a property company. The loan bore interest at the South African Prime Rate less 50 basis points, was repayable in fixed monthly instalments of R128,320 over five years, with the final instalment due in December 2021 (5)	**-**	11,370
	1,000,841	1,190,145

	30 June 2018 R'000	30 June 2017 R'000
Non-current portion	**909,874**	1,069,260
Current portion	**90,967**	120,885
	1,000,841	1,190,145

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31. Borrowings (continued)

31.1 Description of borrowings

(1) Term facility

On acquisition of a 22.9 % interest in KTH and buyout of the remaining shares in BHG in 2015, Tiso Blackstar raised a term facility of R500.0 million to settle the cash consideration of the purchase price of KTH, and a GBF of R65.0 million to fund the Group's working capital requirements. A total of R534.0 million was utilised from these facilities to settle the cash consideration and to repay the existing facility as full and final settlement.

During the current financial year, the term facility and GBF facilities were restructured. Tiso Blackstar Holdings received R203.1 million from BHG which was utilised to settle a portion of the term facility, and the term facility was reduced to R167.4 million (2017: R407.2 million) by 30 June 2018. The GBF was reduced to R50.0 million and the outstanding amount owing on the GBF facility was settled in full by 30 June 2018 (2017: R35.5 million was owing on the GBF). In terms of the RMB facility agreement, on disposal of BHG, KTH or CSI, the proceeds from the disposal must first be used to settle the outstanding debt. This will have a nil effect on the net asset value of the Group.

Securities provided

The term facility is secured in favour of RMB and Standard Bank, and the securities offered are as follows:

- Reversionary cession of all BHG shares and loan accounts (refer note 22);
- Cession of the shares of CSI shares and loan accounts (refer notes 14 and 22);
- Cession of the shares and loan accounts of KTH (subject to the provisions contained in the KTH MOI) (refer notes 14 and 23);
- Cession of all disposal proceeds of any assets of the Group after adjustment for applicable taxes on disposals and agreed upon head office costs;
- Cession of cash and certain Group's bank accounts (refer note 28);
- Negative pledge of all investments/assets; and
- Shares in security granted by BHG to its senior lenders.

No covenants were breached in both the current and prior financial years.

(2) Term funding loans

On the buyout of the remaining shares in BHG in 2015, 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 10).

Securities provided

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

No covenants were breached in both the current and prior financial years.

(3) Asset financing

Securities provided

Security is provided by the underlying assets.

(4) Term loans in Robor in the prior year

Securities provided

Was secured by a registered general notarial bond over fixed assets of Robor, cession of Robor's trade debtors, cession of all other assets of Robor, a second covering mortgage bond registered over some of Robor's properties, as well as suretyships by Robor and a non-controlling shareholder. On disposal of a 3.4% interest in Robor, Robor became an associate of the Group and as at 30 June 2018, Robor was classified and presented as a non current asset held for sale (refer note 14).

During the prior year, Robor breached their covenants, however the Group, along with RMB, restructured the debt facilities of Robor. The Group provided additional guarantees to RMB and these additional guarantees did not impede the Group's ability to service its own debt for the 2018 financial year (refer note 45).

During the current financial year, Robor breached their covenants, this was acknowledged by both RMB and Investec Private Bank and, due to the ongoing negotiation of the revised funding structures, the banks confirmed that there is no intention of withdrawing or calling the current term loans. This had no impact on Robor's ability to continue to trade.

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31. Borrowings (continued)

31.1 Description of borrowings (continued)

(5) Mortgage loan

Securities provided

Security was provided by the underlying asset. The Group's entire interest in Fantastic was disposed of during the current financial year (refer note 40).

31.2 Undiscounted contractual cash flows

	30 June 2018 R'000	30 June 2017 R'000
Due within one year	**103,023**	247,738
Due between two to five years	**919,279**	1,134,316
Due after more than five years	**-**	9,894
No fixed maturity	**7,967**	19,376
	1,030,269	1,411,324

The above cash flows in respect of the Group's borrowings are disclosed on the assumption that the term facility is held to maturity. The Group's investment in KTH and the CSI disposal group, are currently held for sale (refer note 14) and the proceeds from the disposal of these interests are required to be applied in the settlement of the amount outstanding under the term facility. In the event that the loan is repaid early, the total cash flows associated with the Group's borrowings as reported above would reduce by the amount of the loan interest no longer accruing.

The expected maturity of borrowings is not expected to differ from the contractual maturities as disclosed above.

32. Other financial liabilities

Other financial liabilities comprise of:

	30 June 2018 R'000	30 June 2017 R'000
Financial liabilities arising on grants received	**6,294**	4,118
Financial liabilities carried at amortised cost	**5,776**	5,452
Forward cover contracts	**-**	2,542
Financial liabilities carried at fair value through profit and loss	**-**	3,039
	12,070	15,151

	30 June 2018 R'000	30 June 2017 R'000
Non-current portion	**6,397**	8,491
Current portion	**5,673**	6,660
	12,070	15,151

The Group considers the carrying value of other financial liabilities to approximate its fair value.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

33. Finance lease and instalment sale obligations

33.1 Leasing arrangements

	30 June 2018 R'000	30 June 2017 R'000
Bearing interest at rates varying between 9% and 15% which are repayable within three to four years and are secured by the underlying assets	**173,869**	159,401
With Merchant West, which bore interest at 10.10% and was repayable in twelve quarterly instalments, secured by motor vehicles (2)	**-**	13,605
With FirstRand Bank Limited, which bore interest at the South African Prime Rate plus 50 basis points and was repayable in 36 monthly instalments, secured by motor vehicles (1,2)	**-**	5,906
With Sunlyn Investments Proprietary Limited, which bore interest at rates varying between the South African Prime Rate plus 250 basis points and 300 basis points and was repayable in 48 monthly instalments, secured by motor vehicles and office equipment (2)	**-**	16,539
	173,869	195,451

(1) Secured by the following in the prior year:

- Fixed floating charge over all movable assets;
- Unlimited letter of suretyship by CSI;
- Lease agreement for Zambian Kwacha 459,600 to finance Avis Forklifts for R561,000 and Lift and Shift Crane for R396,400;
- Lease agreement for Zambian Kwacha 2,000,000 to refinance equipment from the CSI group;
- Board resolution by the directors authorising the transaction; and
- Suretyship and cession of the CSI shareholder's loan.

(2) Finance lease obligations of CSI. CSI was classified and presented as a non-current asset held for sale at 30 June 2018 (refer note 14)

	30 June 2018 R'000	30 June 2017 R'000
Non-current portion	**123,610**	135,956
Current portion	**50,259**	59,495
	173,869	195,451

33.2 Finance lease liabilities

	30 June 2018 R'000	30 June 2017 R'000
Minimum lease payments due		
Due within one year	**52,706**	83,823
Due between two to five years	**129,503**	126,513
	182,209	210,336
Less: Future finance charges	**(8,340)**	(14,885)
Present value of minimum lease payments	**173,869**	195,451

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

34. Post-retirement benefits liabilities

Certain operations in the Group have unfunded obligations to provide PRMA benefits to certain pensioners and employees on retirement. An obligation in respect of PRMA benefits no longer forms part of the conditions of employment for new employees. The quantum of the PRMA obligation is valued annually by independent actuaries.

The primary risk faced by Tiso Blackstar 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 method used to value the liability is the Projected Unit Credit Method prescribed by 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.

	30 June 2018	30 June 2017
Principal actuarial assumptions		
Discount rate	**9.00% p.a.**	8.90% p.a.
Healthcare cost inflation rate	**7.60% p.a.**	7.90% p.a.
CPI inflation	**5.60% p.a.**	5.90% p.a.
Salary inflation	**7.10% p.a.**	7.40% p.a.
Expected retirement age	**60 or 62 or 65**	60 or 62 or 65
Number of members		
In-service	**19**	30
Pensioners	**286**	316
	305	346

	30 June 2018 R'000	30 June 2017 R'000
At the beginning of the year	**61,906**	81,355
Current service costs	**61**	107
Prior year service costs	**(15,232)**	-
Interest costs	**4,305**	6,733
Expected employer benefit payments	**(8,810)**	(9,893)
	42,230	78,302
Actuarial gains	**(2,252)**	(2,667)
Plan amendment	**(10,113)**	-
Settlement of liabilities (refer note 35)	**-**	(13,729)
At the end of the year	**29,865**	61,906

	30 June 2018 R'000	30 June 2017 R'000
Non-current portion	**25,359**	54,355
Current portion	**4,506**	7,551
	29,865	61,906

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

34. Post-retirement benefits liabilities (continued)

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.

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.

In the prior year, 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, which was paid during the current financial year.

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:

	30 June 2018 R'000	30 June 2017 R'000
1.0% increase in the rate of healthcare cost inflation	**29,518**	61,532
1.0% decrease in the rate of healthcare cost inflation	**29,517**	61,497
5.0% increase in the rate of healthcare cost inflation for the next five years	**29,520**	61,577
10.0% increase in the rate of healthcare cost inflation for the next five years	**25,521**	61,614
1.0% decrease in the discount rate	**31,237**	65,720
1.0% increase in the discount rate	**27,910**	57,816
One year decrease in the expected retirement age	**29,649**	61,816
One year increase in the expected retirement age	**29,398**	61,257
The Rand cap rate increases at CPI	**42,190**	99,601

Notes to the consolidated financial statements continued

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35. Provisions

	30 June 2018 R'000	30 June 2017 R'000
Provision for overage (1)	**20,712**	18,549
Export claims (2)	**-**	670
Onerous contracts (3)	**6,493**	9,063
PRMA settlement provision (4)	**-**	13,729
Commissions and rebates	**26,217**	27,226
Contingent liabilities raised on Deemed Acquisitions	**-**	31,403
Payroll related provisions	**8,396**	17,122
Other provisions	**4,436**	8,925
	66,254	126,687

(1) The provision represents royalties payable by Empire Entertainment (previously Times Media Films) to studio houses. The provision is calculated based on royalty percentages and the expected performance of the films

(2) Export claims related to expected claims on exports *

(3) Provision for lease agreement commitments arising on the cancellation of a lease

(4) Refer note 34

*The Group disposed of a 3.4% interest in Robor during the current year reducing its interest in Robor from 51% to 47.6% and thereby resulting in a loss of control and step down from a subsidiary to an associate. Subsequent to this, the investment in Robor and the CSI disposal group, were classified and presented as a non-current assets held for sale at 30 June 2018 (refer note 14)

	30 June 2018 R'000	30 June 2017 R'000
Non-current portion	**5,734**	11,246
Current portion	**60,520**	115,441
	66,254	126,687

Notes to the consolidated financial statements continued

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35. Provisions (continued)

35.1 Reconciliation of provisions

30 June 2018	Provision for overage R'000	Product warranties R'000	Rectification R'000	Export claims R'000	Onerous contracts R'000	PRMA settlement provision R'000	Commissions and rebates R'000	Contingent liabilities raised on Deemed Acquisitions R'000	Payroll related provisions R'000	Other provisions R'000	Total R'000
At the beginning of the year	18,549	-	-	670	9,063	13,729	27,226	31,403	17,122	8,925	126,687
Provisions raised during the year	14,580	-	-	7,047	-	-	107,516	-	46,110	2,955	178,208
Provisions utilised during the year	(12,417)	-	-	-	(2,570)	(13,729)	(108,525)	(18,275)	(49,059)	(6,821)	(211,396)
CSI disposal group	-	-	-	-	-	-	-	(10,878)	(4,792)	-	(15,670)
Loss of control in Robor (note 40)	-	-	-	(7,717)	-	-	-	(2,250)	(985)	(623)	(11,575)
At the end of the year	20,712	-	-	-	6,493	-	26,217	-	8,396	4,436	66,254

30 June 2017	Provision for overage R'000	Product warranties R'000	Rectification R'000	Export claims R'000	Onerous contracts R'000	PRMA settlement provision R'000	Commissions and rebates R'000	Contingent liabilities raised on Deemed Acquisitions R'000	Payroll related provisions R'000	Other provisions R'000	Total R'000
At the beginning of the year	-	-	-	-	-	-	-	-	-	-	-
Deemed Acquisitions	13,940	1,053	2,092	2,350	-	-	27,429	42,601	31,719	(11,871)	109,313
Provisions raised during the year	27,115	-	-	-	9,063	13,729	-	-	171	35,343	85,421
Provisions utilised during the year	(22,506)	(1,053)	(2,092)	(1,680)	-	-	(203)	(1,098)	(14,768)	(14,547)	(57,947)
Transferred to inventories	-	-	-	-	-	-	-	(10,100)	-	-	(10,100)
At the end of the year	18,549	-	-	670	9,063	13,729	27,226	31,403	17,122	8,925	126,687

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

36. Trade and other payables

	30 June 2018 R'000	30 June 2017 R'000
Trade payables	**375,652**	1,137,355
Amount owing on acquisition of BBS	**26,510**	-
Amounts received in advance	**58,295**	142,542
Shareholders for dividends	**1,373**	945
Tenant deposits	**26**	205
VAT payable	**24,389**	28,084
Salary related accruals	**85,628**	37,676
Accruals	**208,265**	314,083
Other payables	**142,212**	221,233
	922,350	1,882,123

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The average credit period on purchases of certain goods ranges between 30 to 120 days.

The Group considers the carrying value of trade and other payables to approximate its fair value.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

37. Cash generated by operations

	30 June 2018 R'000	Reclassified* 30 June 2017 R'000
Loss for the year	**(275,659)**	(15,447)
Taxation		
Continuing operations	**77,254**	64,212
Discontinued operations	**(16,467)**	(3,767)
(Loss) Profit before taxation	**(214,872)**	44,998
Adjustments for non-cash items:		
Depreciation	**131,737**	121,129
Reversal of impairment of property, plant and equipment	**-**	(11,379)
Profit on disposal of property, plant and equipment	**(2,218)**	(22,133)
(Gains) Loss on disposal of associates	**(187)**	718
Amortisation on intangible assets	**63,108**	63,340
Profit on disposal of intangible assets	**(25,000)**	(49)
Impairment of intangible assets	**761**	-
Gains arising on investment properties	**(36)**	(2,858)
Losses on disposal of subsidiaries/business	**2,099**	1,695
Gain on loss of control in Robor	**(5,821)**	-
Loss on part disposal of KTH	**38,523**	-
Gains recognised on step up acquisitions	**-**	(41,697)
Impairment of investments	**-**	25,270
Unrealised gains arising on equity investments (listed and unlisted)	**(954)**	(256)
Realised loss arising on disposal of a listed equity investments	**2,715**	-
Loss on remeasurement to fair value less costs to sell	**178,771**	20,000
Gain on bargain purchase	**-**	(1,745)
Dividends and interest accrued from loans and investments	**(1,783)**	(17,927)
Share of profit of associates	**(3,321)**	(7,395)
Impairment of associates	**4,351**	-
Net finance costs	**220,653**	240,700
Net movement in provisions and other financial assets/liabilities	**(100,958)**	(37,593)
Unrealised/realised foreign exchange losses on assets and liabilities not denominated in Rands	**-**	2,293
Acquisition of subsidiaries/businesses	**-**	(55,842)
Other non cash items	**(2,144)**	(21,749)
Interest accrued on equity loan from non-controlling interests	**363**	-
FSP share based payment expense	**9,456**	-
Share based payment expense of subsidiary for discontinued incentive scheme exercised during the year	**-**	4,836
Changes in working capital:		
Decrease (Increase) in trade and other receivables	**29,539**	(102,910)
Decrease in inventory	**43,314**	78,940
(Decrease) Increase in trade and other payables	**(8,530)**	183,061
Decrease (Increase) in lease accruals	**6,989**	(5,656)
Cash generated by operations	**366,555**	457,791

*Refer note 14

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

38. Net taxation paid

	30 June 2018 R'000	30 June 2017 R'000
Taxation (payable) receivable at the beginning of the year	(1,861)	38
Deemed Acquisitions	-	19,447
Acquisition of subsidiaries/businesses	(1,015)	(3,998)
Disposal of subsidiaries/businesses	(19)	-
Total tax charge for the year from continuing operations	(67,814)	(47,668)
Total tax credit for the year from discontinued operations	276	(11,361)
Total tax charge for the year recognised directly in equity	2,558	-
Other	2,224	850
CSI disposal group	398	-
Loss of control in Robor (note 40)	(3,847)	-
Taxation payable at the end of the year	7,305	1,861
Net taxation paid during the year	(61,795)	(40,831)

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39. Business combinations

39.1 Deemed Acquisitions recognised in the prior year

Effective 1 July 2016, there was a change in the Group's status as an Investment Entity as defined in IFRS 10 and from that date, the Group applied IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss. The fair value of the subsidiary as at 1 July 2016 (''Deemed Acquisition Date'') represents the transferred ''Deemed Consideration'' when measuring any goodwill or gain on bargain purchase that arises from the Deemed Acquisition. All subsidiaries were consolidated in accordance with IFRS 10 from the date of change of status.

Subsidiaries which were no longer carried at fair value but rather consolidated (the "Deemed Acquisitions'') effective from 1 July 2016 comprised of:

Principal place of business	Principal activity	Name of subsidiary	Proportion of ownership interest acquired on Deemed Acquisition date
South Africa	Media	Blackstar Holdings Group Proprietary Limited ("BHG")	100.0%
South Africa	Industrial steel company	Consolidated Steel Industries Proprietary Limited ("CSI")	100.0%
South Africa	Industrial steel company	Robor Proprietary Limited ("Robor")	51.0%
South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited ("TBRE")	100.0%
South Africa	Investment property company	Fantastic Investments 379 Proprietary Limited ("Fantastic")	100.0%
South Africa	Investment property company	Firefly Investments 223 Proprietary Limited ("Firefly")	70.0%

39.2 Other subsidiaries and businesses acquired

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

Other acquisitions of subsidiaries and businesses (''Other Business Acquisitions'') comprise of:

Principal place of business	**Principal activity**	**Name of subsidiary/business**	**Proportion of ownership interest acquired on acquisition date**
30 June 2018			
South Africa	Store branding solutions	Bothma Branding Solutions Proprietary Limited ("BBS")	**51.0%**
30 June 2017			
South Africa	Web Applications	Smartcall Technology Solutions Proprietary Limited ("STS")	0.0%^
South Africa	Printing and Packaging	Triumph Printing and Packaging Proprietary Limited ("Triumph")	100.0%
South Africa	Manufacturing	Mine Support Products Proprietary Limited ("MSP")	50.0%

^The Group held a 50.0% interest in STS and the investment was previously accounted for as an associate. During the 2017 financial year, the Group acquired one share option thereby giving it a controlling interest in STS, however the percentage holding remained unchanged

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

39. Business combinations (continued)

39.3 Assets acquired and liabilities recognised at the date of acquisition

The carrying values of the assets and liabilities acquired approximate the fair value on acquisition/Deemed Acquisition Date.

39.3.1 Current year

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

	30 June 2018 R'000
Property, plant and equipment	5,644
Intangible assets	4
Inventories	2,687
Trade and other receivables	7,553
Cash and cash equivalents	1,971
Net deferred taxation	(682)
Borrowings and other financial liabilities	(1,361)
Current tax payable	(1,015)
Trade and other payables	(3,173)
Identifiable assets and liabilities at fair value at acquisition date	11,628
Non-controlling interests (1)	(5,913)
Goodwill	36,653
Purchase consideration	42,368
Less: Purchase consideration included in trade and other payables	(26,510)
Purchase consideration paid in cash	15,858
Cash flow	
Purchase consideration paid in cash	(15,858)
Add: Cash and cash equivalents acquired	1,971
Net cash flow on acquisition of subsidiaries/businesses	(13,887)
Cash flows utilised by BBS	
Cash generated by operating activities	2,435
Cash utilised by investing activities	(1,219)
Cash utilised by financing activities	(2,534)
Net cash outflows	(1,318)

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

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for the year ended 30 June 2018

39. Business combinations (continued)

39.3 Assets acquired and liabilities recognised at the date of acquisition (continued)

39.3.2 Prior year

	BHG R'000	CSI R'000	Robor R'000	TBRE and the property subsidiaries R'000	Other Business Acquisitions R'000	Total R'000
Property, plant and equipment	262,230	116,827	386,571	293	46,859	812,780
Investment property	-	-	-	97,888	-	97,888
Intangible assets	1,235,199	88,760	660	-	-	1,324,619
Investments in associates, joint ventures, other investments, loan and receivables	35,054	6,164	23,115	-	-	64,333
Inventories	215,100	410,258	521,920	-	37,460	1,184,738
Trade and other receivables	678,009	364,733	408,603	665	136,371	1,588,381
Cash and cash equivalents	86,154	16,783	23,176	3,746	47,636	177,495
Non-controlling interests	10,674	(5,803)	(4,486)	-	-	385
Net deferred taxation	(223,017)	(4,928)	(30,352)	(4,659)	10	(262,946)
Borrowings and other liabilities	(977,210)	(49,108)	(133,728)	(57,242)	(27,655)	(1,244,943)
Contingent liabilities	(11,873)	(28,478)	(2,250)	-	-	(42,601)
Trade and other payables	(760,895)	(505,539)	(417,400)	(555)	(134,830)	(1,819,219)
Bank overdrafts and other short term borrowing facilities	(95,570)	(261,108)	(362,408)	-	(12,478)	(731,564)
Identifiable assets and liabilities at fair value at acquisition/Deemed Acquisition Date	453,855	148,561	413,421	40,136	93,373	1,149,346
Non-controlling interests	-	-	(202,576)	(2,103)	4,199	(200,480)
Goodwill	996,145	109,439	-	-	119,352	1,224,936
Gain on bargain purchase	-	-	(1,745)	-	-	(1,745)
	1,450,000	258,000	209,100	38,033	216,924	2,172,057
Less: Deemed Consideration on change in status as an Investment Entity and fair value of existing shareholding on step up acquisitions	(1,450,000)	(258,000)	(209,100)	(38,033)	(57,021)	(2,012,154)
Purchase consideration paid in cash	-	-	-	-	159,903	159,903
Cash flow						
Cash consideration paid for Other Business Acquisitions	-	-	-	-	(159,903)	(159,903)
Add: Cash and cash equivalents acquired	(9,416)	(244,325)	(339,232)	3,746	35,158	(554,069)
Cash flow on acquisition	(9,416)	(244,325)	(339,232)	3,746	(124,745)	(713,972)

Notes to the consolidated financial statements continued

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39. Business combinations (continued)

39.4 Goodwill arising on acquisition

	30 June 2018 R'000
Consideration transferred	**42,368**
Plus: Non-controlling interests	**5,913**
Less: Fair value of net identifiable assets acquired	**(11,628)**
Goodwill arising on acquisition	**36,653**

30 June 2017	BHG R'000	CSI R'000	Robor R'000	TBRE and the property subsidiaries R'000	Other Business Acquisitions R'000	Total R'000
Deemed Consideration/Consideration transferred	1,450,000	258,000	209,100	38,033	216,924	2,172,057
Plus: Non-controlling interests	-	-	202,576	2,103	(4,199)	200,480
Less: Fair value of net identifiable assets acquired	(453,855)	(148,561)	(413,421)	(40,136)	(93,373)	(1,149,346)
Goodwill arising on acquisition (Gain on bargain purchase)	996,145	109,439	(1,745)	-	119,352	1,223,191

The goodwill arising on the acquisition has been tested for impairment, refer note 20.

39.5 Impact of acquisitions on the results of the Group

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

Included in the profit for the prior year, was R78.8 million generated by the Deemed Acquisitions and Other Business Acquisitions. Revenue for the prior year included R9.4 million in respect of the Deemed Acquisitions and Other Business Acquisitions.

39.6 Gain on step up acquisition included in Other Business Acquisitions

On the step up acquisition of STS and MSP, the Group remeasured its previously held equity interest in STS and MSP at their fair value on the date of the step up acquisition and recognised the resulting gain of R41,697 in profit or loss.

TBG, a wholly owned subsidiary of BHG, held a 50.0% interest in STS and the investment was previously accounted for as an associate. During the 2017 financial year, TBG acquired one share option in STS which gave TBG control over STS, and STS was therefore accounted for as a subsidiary and consolidated within the Group.

MSP was a joint venture in which Robor held 50.0%. Robor acquired the remaining 50.0% during 2017, resulting in MSP becoming a wholly owned subsidiary of the Group. MSP was accounted for as a subsidiary and consolidated within the Group.

30 June 2017	STS R'000	MSP R'000	Total R'000
Fair value of existing shareholding on step up acquisition	38,013	46,574	84,587
Less: Carrying value on acquisition date	(25,830)	(17,060)	(42,890)
Gain on step up acquisition	12,183	29,514	41,697

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

40. Disposal of subsidiaries/businesses and changes in holdings

40.1 Disposals during the current year

40.1.1 Loss of control in Robor

The Group disposed of a 3.4% interest in Robor during the current year for R16.5 million reducing its interest in Robor from 51% to 47.6%, and thereby resulting in a loss of control and step down from a subsidiary to an associate. Subsequent to this, the investment in Robor was classified and presented as a non-current asset held for sale at 30 June 2018 (refer note 14).

40.1.2 Other disposals of subsidiaries and businesses

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

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

40.2 Disposals during the prior year

The Group disposed of Times Media Home Entertainment, a division of TBG. A decision was taken to merge two entities within TBG who conducted the same line of business.

40.3 Reconciliation of disposals

40.3.1 Current year

30 June 2018	Robor R'000	Other Disposals R'000	Total R'000
Property, plant and equipment	465,637	-	465,637
Investment property	-	12,710	12,710
Intangible assets	127	-	127
Goodwill	71,454	-	71,454
Investments in associates, joint ventures, other investments, loans and receivables	11,800	-	11,800
Other financial assets	687	133	820
Inventories	358,466	-	358,466
Trade and other receivables	406,143	185	406,328
Current tax receivable	3,847	19	3,866
Cash and cash equivalents	63,544	297	63,841
Net deferred taxation	(22,842)	913	(21,929)
Borrowings and other financial liabilities	(141,314)	(9,644)	(150,958)
Provisions	(11,575)	-	(11,575)
Trade and other payables	(374,246)	(489)	(374,735)
Bank overdrafts and other short term borrowing facilities	(494,689)	-	(494,689)
Identifiable assets and liabilities disposed of	337,039	4,124	341,163
Less: Fair value of remaining shareholding on loss of control	(149,261)	-	(149,261)
Less: Consideration received	(16,486)	(2,025)	(18,511)
Less: Non-controlling interests	(177,113)	-	(177,113)
(Gain) Loss on disposal	(5,821)	2,099	(3,722)
Consideration received			
Cash consideration received	-	2,025	2,025
Deferred sales proceeds (refer note 24)	16,486	-	16,486
Total consideration received	16,486	2,025	18,511
Cash flow			
Consideration received in cash and cash equivalents	-	2,025	2,025
Less: Cash and cash equivalents disposed of	431,145	(297)	430,848
Net cash flow on disposal of subsidiaries/businesses	431,145	1,728	432,873

The gain (loss) on disposal is included in Other (losses) gains, refer note 9.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

40. Disposal of subsidiaries/businesses and changes in holdings (continued)

40.3 Reconciliation of disposals (continued)

40.3.2 Prior year

30 June 2017	Other Disposals R'000
Property, plant and equipment	34
Inventories	7,076
Trade and other receivables	19,183
Trade and other payables	(16,955)
Identifiable assets and liabilities disposed of	9,338
Less: Consideration received	(7,643)
Less: Non-controlling interests	-
Gain on disposal	1,695
Consideration received	
Cash consideration received	(7,643)
Deferred sales proceeds	-
Total consideration received	(7,643)
Cash flow	
Consideration received in cash and cash equivalents	(7,643)
Less: Cash and cash equivalents balances disposed of	-
Net cash flow on disposal of subsidiaries/businesses	(7,643)

The gain (loss) on disposal is included in Other (losses) gains, refer note 9.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management

41.1 Categories of financial assets and liabilities

41.1.1 Relating to the Group (excluding the CSI disposal group)

	30 June 2018 R'000	30 June 2017 R'000
Financial assets		
Financial assets at fair value through profit and loss	**1,402,244**	1,529,837
Investment property (refer note 18)	-	12,674
Financial assets held for trading (refer note 24)	**1,112**	17,163
Non-current assets held for sale (refer note 14)	**1,401,132**	1,500,000
Loans and receivables	**1,218,551**	1,764,852
Investments classified as loans and receivables (refer note 24)	**17,061**	12,541
Trade and other receivables (refer note 27)	**806,994**	1,577,410
Cash and cash equivalents (refer note 28)	**394,496**	174,901
	2,620,795	3,294,689
Financial liabilities		
Financial liabilities measured at amortised cost		
Borrowings (refer note 31)	**(1,000,841)**	(1,190,145)
Other financial liabilities (refer note 32)	**(12,070)**	(15,151)
Finance lease and instalment sale obligations (refer note 33)	**(173,869)**	(195,451)
Trade and other payables (refer note 36)	**(897,961)**	(1,854,039)
Bank overdrafts and other short term borrowing facilities (refer note 28)	**(285,562)**	(886,842)
	(2,370,303)	(4,141,628)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.1 Categories of financial assets and liabilities (continued)

41.1.2 CSI disposal group

	30 June 2018 R'000
Financial assets	
Financial assets at fair value through profit and loss	
Non-current assets held for sale (refer note 14)	
Investments classified as loans and receivables	4,034
Trade and other receivables	373,389
Cash and cash equivalents	41,633
	419,056
Financial liabilities	
Financial liabilities measured at amortised cost	
Non-current liabilities associated with non-current assets held for sale (refer note 14)	
Finance lease and instalment sale obligations	(33,534)
Bank overdrafts and other short term borrowing facilities	(400,301)
Trade and other payables	(565,976)
	(999,811)

41.2 Financial risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; and market risk (which comprise currency risk, interest rate risk and market price risk).

The Group's major financial risks are mitigated through industry diversification and decentralisation. Thus the impact on the Group of any one particular risk within any of these industries is limited. Group companies are run on a decentralised manner with management of the underlying business maintaining an entrepreneurial focus. The risks within the underlying businesses are managed by their local management teams who are responsible for their own operations.

With respect to companies where Tiso Blackstar holds a controlling, or a significant interest, the Tiso Blackstar Board ensure that the Group companies are well staffed with strong, experienced management teams who are responsible for designing and implementing a risk management strategy and monitoring the process of risk management. These management teams are remunerated based on operational performance and are incentivised appropriately. The managing directors, financial directors and divisional heads of the companies are involved in the day-to-day management of the business, thereby identifying any financial risks. The subsidiary companies have monthly executive management meetings, where areas of concern and risks, and management thereof, are discussed. Any significant issues are further escalated to the Tiso Blackstar Board where appropriate. In addition to this, Tiso Blackstar is represented on each of these company's board of directors.

The information provided below for each financial risk has been collated for disclosure based on the way in which the business is managed and what is believed to be useful information for shareholders. For this reason the information provided within the note is analysed by segment as referred to in the segmental report (refer note 51). This note presents information about the Group's exposure to each of the afore-mentioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments, cash and cash equivalents and guarantees.

The carrying amount of financial assets recorded in the consolidated financial statements represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained. The carrying values for trade receivables and cash and cash equivalents are provided in notes 27 and 28, respectively.

41.3.1 Trade and other receivables

Refer note 27 for Trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position relating to the Group (excluding the CSI disposal group), are net of allowances for doubtful debts of R14.8 million (2017: R34.3 million) and allowance for credit notes of R1.5 million (2017: R12.3 million). Relating to the CSI disposal group, allowances for doubtful debts of R13.9 million and allowance for credit notes of R5.6 million. These are estimated by the investee company's management based on the current economic environment and individual debtor circumstances. The method of calculating the provisions varies from close contact with customer, CGIC and other credit rating offices, nature and credit quality of counter parties as well as disputes regarding price, delivery, quality and authorisation of work done.

41.3.2 Investments

Refer note 24 for Other investments, loans and receivables.

An integral part of the Group's credit risk management process is the approval of all investments and financing transactions by the Tiso Blackstar Board. The Group manages its credit risk by setting acceptable exposure limits for investee companies in the respective segments. The Group provides financing to companies in which it has a controlling or significant interest. This financing is provided on the strength of the underlying investee companies.

The Tiso Blackstar Board meets on a quarterly basis to review the investee companies, in particular the underlying performance of each company in which it has invested and consequently monitors credit risk on an ongoing basis.

A segmental analysis of the investment portfolios are set out in the tables below. No single industry is considered to be materially more risky in nature than another.

	30 June 2018 R'000	30 June 2017 R'000
Loans and receivables carried at amortised cost		
CSI (1)	**4,034**	4,807
Robor (1)	**-**	7,734
Other	**17,061**	-
Total loans exposed to credit risk	**21,095**	12,541

Credit risk exposure on loans and receivables carried at amortised cost

	2018		2017	
	Exposure %	**Exposure R'000**	Exposure %	Exposure R'000
CSI (1)	**19%**	**4,034**	38%	4,807
Robor (1)	**0%**	**-**	62%	7,734
Other	**81%**	**17,061**	0%	-
	100%	**21,095**	100%	12,541

(1) CSI and Robor were classified and presented as non-current assets held for sale at 30 June 2018 (refer note 14)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.3 Credit risk (continued)

41.3.3 Cash and cash equivalents

Any excess cash and cash equivalents are held in current accounts, money market funds, and term deposits. At year end, cash and cash equivalents relating to the Group (excluding the CSI disposal group) amounted to R394.5 million (2017: R174.9 million) and bank overdrafts and other short term borrowing facilities amounted to R285.6 million (2017: R886.8 million). Cash and cash equivalents relating to the CSI disposal group amounted to R41.6 million and bank overdrafts and other short term borrowing facilities amounted to R400.3 million. In 2018 and 2017, all cash and cash equivalents were held in financial institutions with a BBB+ or lower rating.

41.3.4 Guarantees

Refer note 45 for further details of guarantees issued by the Group. The Group's maximum exposure to credit risk, without taking into account collateral or any other credit enhancements held, in respect of guarantees would be equal to the borrowings disclosed in note 31.

41.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management maintains relationships with the Group's bankers and monitor cash reserves on an ongoing basis to ensure there are sufficient cash resources to meet liabilities in the short term.

Management of each investee company are responsible for ensuring they have sufficient funds to meet their operational requirements. The Group has access to cash on hand of R79.0 million (2017: R8.2 million) at the centre. All surplus cash held at the centre is deposited as voluntary payments into the term debt facility. Cash available to cover operational expenses is kept by the Group companies as liquid cash with reputable banks.

The management of each of the Group companies are responsible for managing their business' liquidity risk.

41.4.1 Contractual maturities of non-derivative financial liabilities

The table below details the 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 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 Group may be required to pay.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.4 Liquidity risk (continued)

41.4.1 Contractual maturities of non-derivative financial liabilities (continued)

41.4.1.1 Relating to the Group (excluding the CSI disposal group)

		Undiscounted contractual cash flows					
As at 30 June 2018	**Carrying amount R'000**	**Total R'000**	**6 months or less R'000**	**6-12 months R'000**	**1-5 years R'000**	**More than 5 years R'000**	**No fixed maturity R'000**
Borrowings (refer note 31) ^	**(1,000,841)**	**(1,030,269)**	**(51,684)**	**(51,339)**	**(919,279)**	**-**	**(7,967)**
Other financial liabilities (refer note 32)	**(12,070)**	**(12,069)**	**(40)**	**(40)**	**(6,181)**	**(216)**	**(5,592)**
Finance lease and instalment sale obligations (refer note 33)	**(173,869)**	**(182,210)**	**(29,712)**	**(22,995)**	**(129,503)**	**-**	**-**
Trade and other payables (refer note 36)	**(897,961)**	**(897,961)**	**(897,961)**	**-**	**-**	**-**	**-**
Total financial liabilities	**(2,084,741)**	**(2,122,509)**	**(979,397)**	**(74,374)**	**(1,054,963)**	**(216)**	**(13,559)**

		Undiscounted contractual cash flows					
As at 30 June 2017	Carrying amount R'000	Total R'000	6 months or less R'000	6-12 months R'000	1-5 years R'000	More than 5 years R'000	No fixed maturity R'000
Borrowings (refer note 31) ^	(1,190,145)	(1,411,324)	(144,942)	(102,796)	(1,134,316)	(9,894)	(19,376)
Other financial liabilities (refer note 32)	(15,151)	(15,151)	(9,699)	-	(5,452)	-	-
Finance lease and instalment sale obligations (refer note 33)	(195,451)	(210,510)	(45,503)	(38,319)	(121,580)	(4,933)	(175)
Trade and other payables (refer note 36)	(1,854,039)	(1,854,039)	(1,854,039)	-	-	-	-
Total financial liabilities	(3,254,786)	(3,491,024)	(2,054,183)	(141,115)	(1,261,348)	(14,827)	(19,551)

^ The above cash flows in respect of the Group's borrowings are disclosed on the assumption that the term facility is held to maturity. The Group's investments in KTH and the CSI disposal group, are classified as non-current assets held for sale at 30 June 2018 (refer note 14), and the proceeds from the disposal of these investments are required to be applied in the settlement of the amount outstanding under the term facility. In the event that the loan is repaid early, the total cash flows associated with the Group's borrowings, as reported above, would reduce by the capital repayments and the amount of the loan interest no longer accruing

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.4 Liquidity risk (continued)

41.4.1 Contractual maturities of non-derivative financial liabilities (continued)

41.4.1.2 CSI disposal group

		Undiscounted contractual cash flows					
As at 30 June 2018	Carrying amount R'000	Total R'000	6 months or less R'000	6-12 months R'000	1-5 years R'000	More than 5 years R'000	No fixed maturity R'000
Finance lease and instalment sale obligations	(33,534)	-	-	-	-	-	-
Trade and other payables	(565,976)	(565,976)	(565,976)	-	-	-	-
	(599,510)	(565,976)	(565,976)	-	-	-	-

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.4 Liquidity risk (continued)

41.4.2 Undrawn facilities and securities provided

	30 June 2018 R'000	30 June 2017 R'000
Unsecured facilities		
Bank overdraft facility, reviewed annually and payable on call		
Utilised	**285,552**	148,259
Unutilised	**195,448**	241,391
	481,000	389,650
Secured facilities		
Term facility taken out to finance the acquisition of KTH (refer note 31 for securities provided)		
Utilised	**167,374**	407,170
Unutilised	**-**	92,830
GBF to fund working capital requirements (refer note 31 for securities provided)		
Utilised	**-**	35,462
Unutilised	**50,000**	29,538
Term funding loans of BHG (refer note 31 for securities provided)		
Utilised	**825,000**	633,072
Unutilised	**-**	166,928
Bank overdraft facility, reviewed annually and payable on call (refer note 28 for securities provided)		
Utilised	**-**	-
Unutilised	**-**	50,000
Working capital facilities		
Utilised	**-**	792,648
Unutilised	**-**	252,582
	1,042,374	2,460,230

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk has been broken down into currency risk, interest rate risk and market price risk.

41.5.1 Currency risk

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

The Group's activities expose it to financial risks of changes in foreign currency.

Currency risk arises because the Group holds interests in companies whose currencies differ from its functional and presentational currency (Rands). The financial results of these operations are exposed to currency risk on translation into Rands. Currency risk also arises because operations incur costs from service providers in various parts of the world whose currency is not the same as the Group's functional and presentational currency (Rands). The Tiso Blackstar Board meet on a quarterly basis to review the performance of all businesses and consequently monitors currency risk on an ongoing basis. To mitigate this risk, the Group may hedge its currency exposure from time to time.

Previously, Tiso Blackstar had two presentational currencies being Rands and Pounds Sterling. During the current year, Tiso Blackstar determined that only one presentational currency, being Rands, was necessary as this is more reflective of the Group's activities and operations. In terms of IAS 21 and IAS 8, there is no impact on the Rands information previously presented and therefore there are no retrospective adjustments required.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

41.5.1.1 Relating to the Group (excluding the CSI disposal group)

Exposure to currency risk

As at 30 June 2018 Functional and presentational currency exposure	South African Rand R'000	Pounds Sterling R'000	US Dollar R'000	Euro R'000	Zambian Kwacha R'000	Total R'000
Financial assets						
Non-current assets held for sale (refer note 14)	1,401,132	-	-	-	-	1,401,132
Investments classified as loans and receivables (refer note 24)	17,061	-	-	-	-	17,061
Financial assets held for trading (refer note 24)	1,112	-	-	-	-	1,112
Trade and other receivables (refer note 27)	801,669	-	-	-	5,325	806,994
Cash and cash equivalents (refer note 28)	389,137	273	5,073	13	-	394,496
Total financial assets	2,610,111	273	5,073	13	5,325	2,620,795
Financial liabilities						
Borrowings (refer note 31)	(1,000,841)	-	-	-	-	(1,000,841)
Other financial liabilities (refer note 32)	(12,070)	-	-	-	-	(12,070)
Finance lease and instalment sale obligations (refer note 33)	(173,869)	-	-	-	-	(173,869)
Trade and other payables (refer note 36)	(893,054)	(4,312)	-	(595)	-	(897,961)
Bank overdrafts and other short term borrowing facilities (refer note 28)	(285,562)	-	-	-	-	(285,562)
Total financial liabilities	(2,365,396)	(4,312)	-	(595)	-	(2,370,303)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

41.5.1.1 Relating to the Group (excluding the CSI disposal group) (continued)

Exposure to currency risk (continued)

As at 30 June 2017 Functional and presentational currency exposure	South African Rand R'000	Pounds Sterling R'000	US Dollar R'000	Euro R'000	Swiss Franc R'000	Zambian Kwacha R'000	Total R'000
Financial assets							
Non-current assets held for sale (refer note 14)	1,500,000	-	-	-	-	-	1,500,000
Investment property (refer note 18)	12,674	-	-	-	-	-	12,674
Investments classified as loans and receivables (refer note 24)	12,541	-	-	-	-	-	12,541
Financial assets held for trading (refer note 24)	158	-	-	-	-	17,005	17,163
Trade and other receivables (refer note 27)	1,576,168	1,232	-	10	-	-	1,577,410
Cash and cash equivalents (refer note 28)	169,840	441	4,174	446	-	-	174,901
Total financial assets	3,271,381	1,673	4,174	456	-	17,005	3,294,689
Financial liabilities							
Borrowings (refer note 31)	(1,190,145)	-	-	-	-	-	(1,190,145)
Other financial liabilities (refer note 32)	(15,151)	-	-	-	-	-	(15,151)
Finance lease and instalment sale obligations (refer note 33)	(195,451)	-	-	-	-	-	(195,451)
Trade and other payables (refer note 36)	(1,833,140)	(4,986)	(6,873)	(8,152)	(888)	-	(1,854,039)
Bank overdrafts and other short term borrowing facilities (refer note 28)	(886,842)	-	-	-	-	-	(886,842)
Total financial liabilities	(4,120,729)	(4,986)	(6,873)	(8,152)	(888)	-	(4,141,628)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

41.5.1.2 CSI disposal group

Exposure to currency risk

As at 30 June 2018 Functional and presentational currency exposure	South African Rand R'000
Financial assets	
Non-current assets held for sale (refer note 14)	
Investments classified as loans and receivables	4,034
Trade and other receivables	373,389
Cash and cash equivalents	41,633
	419,056
Financial liabilities	
Non-current liabilities associated with non-current assets held for sale (refer note 14)	
Finance lease and instalment sale obligations	(33,534)
Bank overdrafts and other short term borrowing facilities	(400,301)
Trade and other payables	(565,976)
	(999,811)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

41.5.1.3 Sensitivity analysis for exposure to foreign currency risk

The following table demonstrates, in Rands, what the impact on equity and profit and loss would be if the Rand strengthened (weakened) by 10%, being a change considered reasonably possible given historic fluctuations, and all other variables remained constant:

	10% weakening in the Rand	
Currency exposed to:	**30 June 2018 R'000**	30 June 2017 R'000
Pounds Sterling	**(404)**	(331)
US Dollar	**507**	(270)
Euro	**(58)**	(770)
Swiss Franc	**-**	(89)
Zambian Kwacha	**533**	1,701

	10% strengthening in the Rand	
Currency exposed to:	**30 June 2018 R'000**	30 June 2017 R'000
Pounds Sterling	**404**	331
US Dollar	**(507)**	270
Euro	**58**	770
Swiss Franc	**-**	89
Zambian Kwacha	**(533)**	(1,701)

The following significant exchange rates applied during the year:

	30 June 2018	30 June 2017
South African Rands/Pounds Sterling		
Average rate	**17.284**	17.265
Closing rate	**18.152**	16.983

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.2 Interest rate risk

Fair value interest rate risk is the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that future cash flows associated with financial instruments will fluctuate because of changes in market interest rates. The following financial instruments are exposed to interest rate risk: investments, borrowings, other financial liabilities and cash and cash equivalents.

Investments

Interest rate risk in respect of investments falling within the various segments is managed by the respective investee company's board. The Tiso Blackstar Board meets on a quarterly basis to review the entire investment portfolio and consequently monitor interest rate risk on an ongoing basis.

Borrowings

The Group adopts a policy of ensuring that its borrowings are at market-related rates. Operational management in each segment is responsible for monitoring borrowing levels and exposure to interest rate risk on an ongoing basis. The variable rates are influenced by movements in the South African Prime Rate.

Cash and cash equivalents

Any excess cash and cash equivalents are invested with banks at short term market interest rates. Overdrafts which arise are linked to the South African Prime Rate.

41.5.2.1 Relating to the Group (excluding the CSI disposal group)

	30 June 2018 R'000	30 June 2017 R'000
Variable rate instruments		
Financial assets		
Investments classified as loans and receivables (refer note 24)	**17,061**	26,887
Cash and cash equivalents (refer note 28)	**394,496**	174,901
Financial liabilities		
Borrowings (refer note 31)	**(1,000,841)**	(1,190,145)
Other financial liabilities (refer note 32)	**(5,776)**	(5,452)
Finance lease and instalment sale obligations (refer note 33)	**(173,869)**	(195,451)
Bank overdrafts and other short term borrowing facilities (refer note 28)	**(285,562)**	(886,842)
	(1,054,491)	(2,076,102)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.2 Interest rate risk (continued)

41.5.2.2 CSI disposal group

	30 June 2018 R'000
Variable rate instruments	
Financial assets	
Non-current assets held for sale (refer note 14)	
Investments classified as loans and receivables	11,263
Cash and cash equivalents	41,633
Financial liabilities	
Non-current liabilities associated with non-current assets held for sale (refer note 14)	
Finance lease and instalment sale obligations	(33,534)
Bank overdrafts and other short term borrowing facilities	(400,301)
	(380,939)

41.5.2.3 Sensitivity analyses

The sensitivity analyses below is determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting year. A 1% change has been used as this is what could reasonably be expected as a change in interest rates based on historical movements in interest rates within South Africa.

A 1% decrease in the South African Prime Rate effective from the beginning of the year, all other variables held constant, would have resulted in a increase of R10.5 million (2017: R20.8 million) in the reported profit and equity of the Group. A 1% increase in the South African Prime Rate effective from the beginning of the year, on the same basis, would have resulted in a decrease of R10.5 million (2017: R20.8 million) in the reported profit and equity of the Group.

41.5.3 Market price risk

Market price risk, or equity price risk, is the risk of unfavourable changes in the fair values of the equities as a result of changes in the levels of equity indices and the value of individual shares. The Group is exposed to market price risk in its listed and unlisted investments. Listed and unlisted investments are susceptible to market price risk arising from the performance of the underlying companies and uncertainties about future prices in the case of listed investments. The Tiso Blackstar Board meets on a quarterly basis to review the investment portfolio, in particular the underlying performance of the companies in which it has invested and consequently monitors the value of its investments on an ongoing basis.

Investments exposed to market price risk

	30 June 2018 R'000	30 June 2017 R'000
Financial assets with exposure to listed equities		
Financial assets held for trading (refer note 24)	-	17,005

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.3 Market price risk (continued)

Sensitivity analysis

The Group invested in equities whose underlying value was derived from investments on listed exchanges. No sensitivity analysis has been performed for the current year, as the Group disposed of its equity investments during the current year.

In the prior year, should global equity indices have increased by 10%, being a change considered reasonably possible given historic fluctuations, the Group's reported profit and equity, if all other input factors remained constant, would have increased by R1.7 million. Should global equity indices have decreased by 10%, being a change considered reasonably possible given historic fluctuations, the Group's reported profit and equity, if all other input factors remained constant, would have decreased by R1.7 million.

41.6 Fair value

The fair values of financial instruments that are accounted for at amortised cost have been determined for both the current and prior years and approximate the carrying amounts at the respective period ends due to either the short term nature of the instrument or because it attracts a market related rate of interest. Information regarding the fair value of financial assets carried at fair value through profit and loss is provided in note 42.

42. Fair value of assets

42.1 Fair value hierarchy

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Recurring fair value measurement of assets and liabilities

As at 30 June 2018	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Total R'000**
Financial assets				
Financial assets held for trading	**-**	**-**	**1,112**	**1,112**
Non-current assets and liabilities held for sale	**-**	**1,401,132**	**-**	**1,401,132**
Total	**-**	**1,401,132**	**1,112**	**1,402,244**

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

Transfers between levels

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

42. Fair value of assets (continued)

42.2 Valuation techniques

42.2.1 Level 1

Listed investment in subsidiaries, associates and equity securities

When fair values of publicly traded equity securities and managed funds are based on quoted market prices, or binding dealer quotations, in an active market for identical assets without any adjustments, the instruments are included in Level 1 of the hierarchy. The Group values these investments at the bid price of the investment at the end of the reporting year.

42.2.2 Level 2

Non-current assets and liabilities held for sale

The investments in KTH and Robor, and the CSI disposal group, are classified and presented as non-current assets held for sale at 30 June 2018, and are carried at the lower of carrying value and fair value less costs to sell (refer note 14).

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

42.2.3 Level 3

Investment property

The fair value of the investment property in the prior year was based on the directors' valuation of R12.7 million, which included the straight lining of leases amounting to R0.2 million. The valuation was performed annually by the directors and was based on available market information of similar properties in the same condition and location.

Other investments

Other investments are not material and the valuation is based on directors' valuation.

Valuation process for Level 3 valuations

Valuations are the responsibility of the Tiso Blackstar Board.

The Level 3 valuations are performed annually by Tiso Blackstar SA (the investment manager) and reviewed by the Tiso Blackstar Board. This is presented in the form of the net asset value. The valuation of the underlying investment property was performed every 3 to 5 years by an independent valuator. On an annual basis, the investment manager reviews the respective valuations and inputs for significant changes, and would consult with external sources where relevant.

The valuations are subject to quality assurance procedures performed by the Tiso Blackstar Board. The Tiso Blackstar Board verifies the major inputs applied by agreeing the information in the latest valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared to the valuation of the preceding year.

Quantitative information of significant unobservable inputs - Level 3

	Fair value			
Description	**2018 R'000**	2017 R'000	**Valuation technique**	**Unobservable input**
Investment property $	-	12,674	Yield of market related rentals	Occupancy rate
Other investments	**1,112**	158	#	#
Total	**1,112**	12,832		

$TBRE and the property subsidiaries have been identified as a non-core asset. The shares held in Fantastic were sold in March 2018 (refer note 40) and the investment property was included in the disposal

#Other investments are not material and the valuation is based on directors' valuation

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

No sensitivity analysis was performed as the investment property was included in the disposal of Fantastic and other investments is not material.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

42. Fair value of assets (continued)

42.2 Valuation techniques (continued)

42.2.3 Level 3 (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3:

30 June 2018	Investment property R'000	Other investments R'000
At the beginning of the year	12,674	158
Fair value adjustments	36	954
Disposal of subsidiaries/businesses	(12,710)	-
At the end of the year	-	1,112

30 June 2017	Investment in BHG R'000	Investment in Radio Africa group R'000	Investment in Multimedia group R'000	Investment in CSI R'000	Investment in Robor R'000	Investment in TBRE and the property subsidiaries R'000	Investment property R'000	Other investments R'000
At the beginning of the year	1,450,000	206,000	182,900	258,000	209,100	38,033	-	-
Deemed Acquisitions ^	(1,450,000)	(206,000)	(182,900)	(258,000)	(209,100)	(38,033)	97,888	158
Fair value adjustments	-	-	-	-	-	-	(4,957)	-
Additions	-	-	-	-	-	-	412	-
Disposals	-	-	-	-	-	-	(80,669)	-
At the end of the year	-	-	-	-	-	-	12,674	158

^Due to the change in the Group's status from an Investment Entity effective 1 July 2016, the investment in subsidiaries were consolidated and the investment in associates were equity-accounted during the prior year and were no longer fair valued

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43. Capital management

Through two capital raisings the Company raised £80.0 million (£75.4 million after capital raising expenses) in 2006. In 2011, the Company raised a further R100.0 million. The capital includes share capital, share premium and all distributable and non-distributable reserves, and is managed in accordance with the Group's investment strategy.

The Company is focused on owning and growing diversified revenues streams from media businesses with leading market positions, strong cash flows, historic earnings growth and ability to continue as a going concern.

The Tiso Blackstar Board meets on a quarterly basis and is responsible for reviewing the capital structure of the Group. The Tiso Blackstar Board seeks to maintain a balance between return on capital, gearing within the Group and usage of the Group's equity capital. The key performance indicator for the Group is return on capital employed.

The Group finances its operations out of its own capital resources and utilises third-party debt funding as appropriate on a limited basis. In addition, Group companies may themselves have gearing, which is ring-fenced within the companies and is based on the levels of gearing that the companies can sustain. The Tiso Blackstar Board reviews the level of gearing in the Group on a regular basis.

From time to time, the Company acquires its own ordinary shares in the market to hold as treasury shares. Such buy-backs depend on market prices and available cash resources and reserves. During the current year, the Company repurchased a total of 1,995,542 (2017: 1,944,424) Tiso Blackstar shares in the open market at an average price per share of R4.90 (2017: R9.41) and a total cost of R9.8 million (2017: R18.3 million). The Group awarded 4,015,973 (2017: 3,012,349) Forfeitable Shares, subject to achievement of performance conditions, under the long term Management Incentive Scheme for the year ended 30 June 2018 (refer note 48). The prior year's award of 3,012,349 shares was issued from the Company's treasury shares and the current year's award of 4,015,973 shares was a fresh share issue, as there were no treasury shares available for issue. During the current year, 141,086 shares were forfeited under the long term Management Incentive Scheme. The Forfeitable Shares are not considered issued for IFRS purposes. Refer to note 29 for further details on the movement in share capital.

The Company looks to maintain a flexible policy regarding the payment of dividends. The Company is of the view that the Group requires a balance between the retention of earnings to invest in existing trading operations, for investment opportunities within the media segment and the establishment of consistent dividend declarations as they form an important part of shareholder wealth creation. There are accordingly no fixed dates for declaration and payment of dividends by the Company.

The Group has contractually imposed requirements to apply surplus cash to make voluntary payments against the term facility as set out in note 31, which took effect during 2015, and has been complied with since their introduction. There have been no other changes in the capital that it manages.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

43. Capital management (continued)

43.1 Gearing ratio

The gearing ratio at the end of the reporting year was as follows:

	30 June 2018 R'000	30 June 2017 R'000
Debt	**(1,174,710)**	(1,385,596)
Cash and cash equivalents	**394,496**	174,901
Net debt	**(780,214)**	(1,210,695)
Equity	**3,076,011**	3,378,132
Net debt to equity ratio	**25.4%**	35.8%

44. Commitments

44.1 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	30 June 2018 R'000	30 June 2017 R'000
Land and buildings	**(1,050,387)**	(549,029)
Less than one year	**(94,443)**	(90,996)
Due between one and five years	**(462,825)**	(228,988)
More than five years	**(493,119)**	(229,045)
Equipment	**-**	(966)
Less than one year	**-**	(390)
Due between one and five years	**-**	(576)
More than five years	**-**	-
Motor vehicles	**(1,139)**	(15,888)
Less than one year	**(721)**	(7,164)
Due between one and five years	**(418)**	(8,724)
More than five years	**-**	-
	(1,051,526)	(565,883)

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

44. Commitments (continued)

44.2 Other

	30 June 2018 R'000	30 June 2017 R'000
Authorised capital expenditure		
- Already contracted but not provided for*	**(50,392)**	(38,177)
- Not yet contracted for and authorised by directors	**(33,879)**	(17,089)
	(84,271)	(55,266)

*The capital expenditure will be partly financed by funds generated from operations and partly financed by an asset facility (medium term) loan

Authorised capital expenditure includes amounts in respect of CSI and Robor, which have been classified and presented as non-current assets held for sale at 30 June 2018 (refer note 14).

Included in cash and cash equivalents of R108.9 million in the current year, is an amount of R50.0 million which was committed to CSI. The amount was transferred to CSI post year end as a short term interest free equity loan repayable on transfer of ownership of CSI. The Company was released from its guarantee of R50.0 million on transfer of these funds (refer note 45 and note 50).

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

45. Contingencies and guarantees

45.1 Guarantees

Tiso Blackstar together with one of its subsidiaries has a written cession in securitatem debiti and pledge agreement with RMB and Standard Bank which operates as a security cession in respect of the facility held (refer note 31).

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

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

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

During the year, the Group sold a 3.61% interest in KTH for R197.9 million. These sale proceeds were funded from an investment KTH held in a company. As part of this sale, RMB issued a guarantee for R225.4 million to the company which has recourse to Tiso Blackstar.

During the prior year, Tiso Blackstar provided a guarantee to a bank in respect of a mortgage bond taken out by one of its property subsidiaries to acquire a property for the amount of R11.6 million. The shares held in Fantastic were sold in March 2018 (refer note 40) and Tiso Blackstar was released from the guarantee.

45.2 Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets to report as at 30 June 2018 (2017: nil).

45.3 Contingent liabilities, contingent assets and guarantees of CSI and Robor in the prior year

The investment in Robor and the CSI disposal group are classified and presented as a non-current assets held for sale at 30 June 2018.

Other contingent liabilities, contingent assets and guarantees consisted of the following:

- Contingent short term of R19.0 million;
- Contingent long term of R1.0 million;
- Trading Settlement of R250.0 million;
- Trading Pre Settlement of R15.0 million;
- Fleet Management of R1.2 million;
- Consignment Finance facility of R100.0 million;
- Forward Exchange Contracts facility of R5.0 million;
- Import Solutions facility of R100.0 million; and
- Guarantees facility of R200.0 million.

46. Going concern

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

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

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

47. Directors' remuneration

	David Adomakoh R'000	Nkululeko Sowazi R'000	John Mills (1) R'000	Marcel Ernzer (2) R'000	Harish Mehta R'000	Richard Wight (3) R'000	Andrew Bonamour (4,12) R'000	Total R'000
30 June 2018								
Non-executive directors' remuneration								
Non-executive directors' fees (5)	**769**	**694**	**735**	**665**	**685**	**-**	**-**	**3,548**
Consulting fee paid to TIH (6)	**1,341**	**1,341**	**-**	**-**	**-**	**-**	**-**	**2,682**
Consulting fee paid to SAI (7)	**3,181**	**3,181**	**-**	**-**	**-**	**-**	**-**	**6,362**
Executive director's remuneration								
Total guaranteed pay (8)	**-**	**-**	**-**	**-**	**-**	**-**	**6,442**	**6,442**
Short term incentive award based on KPIs set by the Remuneration Committee (9a)	**-**	**-**	**-**	**-**	**-**	**-**	**9,538**	**9,538**
Regulatory contributions (11)	**-**	**-**	**-**	**-**	**-**	**-**	**349**	**349**
	5,291	**5,216**	**735**	**665**	**685**	**-**	**16,329**	**28,921**
30 June 2017								
Non-executive directors' remuneration								
Non-executive directors' fees (5)	-	-	727	607	369	251	482	2,436
Consulting fee paid to TIH (6)	1,341	1,341	-	-	-	-	-	2,682
Consulting fee paid to SAI (7)	4,167	4,167	-	-	-	-	-	8,334
Executive director's remuneration								
Total guaranteed pay (8)	-	-	-	-	-	-	6,262	6,262
Short term incentive award based on KPIs set by the Remuneration Committee (9b)	-	-	-	-	-	-	1,900	1,900
Cash based settlement of subsidiary 's obligations under discontinued share scheme (10)	-	-	-	-	-	-	2,742	2,742
Regulatory contributions (11)	-	-	-	-	-	-	87	87
	5,508	5,508	727	607	369	251	11,473	24,443

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

47. Directors' remuneration (continued)

(1) All director fees paid to John Mills are payable to Maitland.

(2) All director fees payable to Marcel Ernzer with effect from 1 July 2018 are payable to Taxirent S.A. Societe Anonyme.

(3) Richard Wight resigned effective 20 July 2017.

(4) With effect from 17 July 2017 Andrew Bonamour's capacity changed from non-executive director to executive director (CEO) of the Company. Andrew Bonamour is the chief executive officer of the wholly owned subsidiaries Tiso Blackstar SA and BHG for both the current and prior reporting periods. Includes amounts paid by the Company and its subsidiaries. There was no increase in guaranteed pay from 2017 to 2018. Guaranteed pay paid by the Company is fixed in Pounds Sterling and the fluctuations in guaranteed pay from 2017 to 2018 arise on translation into Rands.

(5) Non-executive directors' fees includes fees paid for the non-executive directors services on the board and board committees and are fixed in Pounds Sterling.

(6) In terms of the agreement between Tiso Investment Holdings Proprietary Limited ("TIH") and Tiso Blackstar SA, consulting services are provided to Tiso Blackstar SA for assistance in origination of transactions and the ongoing management of KTH, for a fee of R223,500 per month, excluding Value Added Tax. This fee will cease once the disposal of KTH has been finalised. Tiso Blackstar directors David Adomakoh and Nkululeko Sowazi are beneficially interested in this shareholding as each of them indirectly owns 50% of TIH.

(7) In terms of the agreement between SAI Holdings Limited ("SAI") and the Company, consulting services are provided to the Company for assistance in origination of transactions within the African continent for a fee of $500,000 (2017: $600,000) per annum, payable in quarterly instalments. Tiso Blackstar directors David Adomakoh and Nkululeko Sowazi are beneficially interested in this shareholding as each of them directly owns 50% of SAI.

(8) Includes gross remuneration and benefits paid by the Company and its subsidiaries BHG and Tiso Blackstar SA.

(9a) Short term incentive award - discretionary annual cash incentive bonus awarded by the Remuneration Committee based on achievement of KPIs set by the committee, in respect of performance for the financial year ended 30 June 2017, paid in the 2018 year.

(9b) Short term incentive award - discretionary annual cash incentive bonus awarded by the Remuneration Committee based on achievement of KPIs set by the committee, in respect of performance for the financial year ended 30 June 2016, paid in the 2017 year.

(10) BHG had a share option scheme which was created during the time that BHG was a JSE listed entity, prior to it becoming a wholly owned subsidiary of the Tiso Blackstar Group. Pursuant to the Tiso Blackstar/BHG scheme of arrangement which included the delisting of BHG, the BHG share incentive plan was settled on an accelerated basis in May 2015. The settlement per share incentive was calculated as the difference between the scheme of arrangement cash price per BHG share and the exercise price of each share incentive, less the accumulated dividends paid on each BHG share up to the date of the scheme of arrangement. The payment of the gain took place over a period of three years ending in May 2017.

(11) Regulatory contributions include payments made by the employer in respect of Skills Development Levy (SDL), Unemployment Insurance Fund (UIF) and Compensation for Occupational Injuries and Diseases (COIDA) in South Africa, and National Insurance in the UK.

(12) As CEO of the Company and its subsidiaries BHG and Tiso Blackstar SA, Andrew Bonamour participates in the Company's long term Management Incentive Scheme, a FSP. During the current financial year, the Company's Remuneration Committee awarded Andrew Bonamour 556,480 (2017:443,468) Forfeitable Shares which may only vest to the extent that the performance and employment conditions are achieved over the performance and employment period which ends in October 2020 (2017: October 2019). Refer note 48 for further details on the FSP.

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48. Tiso Blackstar long term Management Incentive Scheme

48.1 Forfeitable Share Plan (''FSP'') of the Company

The Tiso Blackstar Board continue to believe that the success of Tiso Blackstar will be dependent upon the retention and incentivisation of its management and employees. The Company is constantly in competition with other companies who vie for the talent it has. Therefore, the Tiso Blackstar Board believe that it is imperative that the Tiso Blackstar share incentive scheme is an attractive proposition while incentivising and aligning management's interests with those of the sustained growth of the Tiso Blackstar's net asset value per share over the medium to long term.

During the prior year, the Company adopted a new management incentive scheme in the form of a FSP that is limited to executives, senior management and other key employees selected by the Tiso Blackstar Board. The amount of shares awarded is determined by the 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 Forfeitable Shares granted will be either of the following:

- Performance shares in the form of regular annual awards, the vesting of which is subject to the satisfaction of performance conditions and continued employment with the Group in line with the Group's approach to performance related incentives. The Remuneration Committee sets appropriate performance conditions; or
- Retention shares are only awarded in instances where the Remuneration Committee recognise key talent instrumental in delivering the Group's business strategy and vesting of which is only subject to continued employment with the Group.

The FSP provides participants with the opportunity to be awarded Forfeitable Shares in the Company. Through the delivery of real Tiso Blackstar shares, participants will become shareholders in the Company and will have all rights enjoyed by shareholders (including the rights to dividends when declared). The FSP will only vest to the extent that the performance and employment conditions are achieved over the performance period and employment period (as applicable). Performance conditions are linked to key drivers of share price including earnings growth, return on invested capital and total shareholders returns. Further details on performance conditions can be found in the Remuneration report (refer page 68).

48.2 Shares awarded under the FSP

The following Forfeitable Shares were awarded to date:

	First Tranche	Second Tranche
Grant date	30 June 2017	29 November 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

	Number of Forfeitable Shares	
	30 June 2018	30 June 2017
At the beginning of the year	**3,012,349**	-
Granted during the year	**4,015,973**	3,012,349
Forfeited during the year	**(141,086)**	-
Vested during the year	**-**	-
At the end of the year	**6,887,236**	3,012,349

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48. Tiso Blackstar long term Management Incentive Scheme (continued)

48.2 Shares awarded under the FSP (continued)

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 Tiso Blackstar quoted share price on the date the Forfeitable Shares were granted.

The first tranche of 3,012,349 shares were issued in June 2017 out of treasury shares. The second tranche of 4,015,973 shares was a fresh share issue in November 2017, as there were no treasury shares available.

All Forfeitable Shares awarded 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 the prior year and the first tranche of shares issued on 30 June 2017, there was no equity-settled share based payment expense recognised in the prior financial year in respect of the FSP.

48.3 Fair value of Forfeitable Share awards granted in the year

The weighted average fair value of the Forfeitable Share awards granted was R12.9 million for the first tranche and R19.6 million for the second tranche on grant date. 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. Based on this, the fair value was determined to be R11.5 million for the first tranche and R21.9 million for the second tranche at 30 June 2018, after taking into account the shares forfeited during the current year and the number of months 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.

The estimated fair value of the Tiso Blackstar shares on grant date was 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	50.9%	77.2%
Annual attrition	6.0%	7.5%
Market conditions:		
Number of shares granted	174,632	199,884
Share price at grant date	R9.31	R8.99
Expected volatility	35.0%	30.0%
Expected dividend yield	0.5%	0.7%
Risk-Free Rate	7.1%	6.6%
Annual attrition	6.0%	7.5%

In terms of IFRS 2, 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.

	30 June 2018 R'000	30 June 2017 R'000
FSP share based payment expense	**9,456**	-
First tranche	**5,138**	-
Second tranche	**4,318**	-
Share based payment expense of subsidiary for discontinued incentive scheme exercised during the year	**455**	-
Total share based payment expense included in operating expenses (note 7)	**9,911**	-

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for the year ended 30 June 2018

49. Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company and Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

David Adomakoh and Nkululeko Sowazi are deemed to be related parties as, in addition to being directors, both directors are beneficially interested in TIH, as each of them indirectly owns 50.0% in TIH. TIH holds a 19.8% interest in the Company. Both of these directors have a beneficial interest in SAI as each of them directly owns 50.0% of SAI. As disclosed in total directors remuneration (refer note 47), total consulting fees paid by the Group to SAI was R6.4 million (2017: R8.3 million) and to TIH was R2.7 million (2017: R2.7 million).

KTH is deemed to be a related party as the company is an associate of the Group, and David Adomakoh and Nkululeko Sowazi are directors of KTH. KTH directors fees relating to these directors are paid to Tiso Blackstar SA, and total fees received during the year were R1.5 million (2017: R1.1 million). The Group received a dividend from KTH in the prior year of R13.2 million.

Robor was a subsidiary of the Group for the first six months of the year, and any intercompany transactions during this period were eliminated on consolidation. In January 2018, the Group disposed of a 3.4% interest in Robor for an amount of R16.5 million (refer note 40) in lieu of the assignment of a loan receivable from Tricom, a company owned by a shareholder of Robor. The loan is unsecured, bears interest at the First National Bank money market rate and is repayable at the earlier of: 30 June 2020; the date on which Tricom has available cash resources to settle the loan; or the date on which Robor enters into business rescue or liquidation should this event occur. The carrying value of the loan at year end was R17.1 million (refer note 24) which includes accrued interest of R0.6 million.

On disposal of a 3.4% interest in Robor, Robor became an associate of the Group and was subsequently classified and presented as a non-current asset held for sale. During the six months to 30 June 2018, Robor paid support fees of R1.6 million to Tiso Blackstar SA. Revenue between Robor and CSI amounted to R0.7 million, and costs of sales amounted to R1.1 million, during the six months to 30 June 2018.

Allied Media Distributors Proprietary Limited and Allied Publishing Proprietary Limited ("Allied") are deemed to be related parties, as the companies are associates of the Group. Publishing and distribution costs paid to Allied amounted to R87.1 million (2017: R94.2 million).

Andrew Bonamour is deemed to be a related party as, in addition to being a director, funds associated with Andrew Bonamour are invested in 3.3% (2017: 3.3%) of the issued share capital of the Company as at 30 June 2018.

Andrew Bonamour has an interest in 56 Church Street Proprietary Limited (''56 Church Street''). Tiso Blackstar SA rents office space from 56 Church Street and paid a market related rental of R168,000 (2017: R147,000) during the year. Effective 1 September 2018, the lease was cancelled and Tiso Blackstar SA no longer rents this property.

Andrew Bonamour has an interest in Main Street 505 Proprietary Limited (''Main Street''). TBRE disposed of a property to Main Street for R3.5 million during the prior year. Hirt & Carter rents the property from Main Street and paid a market related rental of R482,000 (2017: R253,000) during the year.

Harish Mehta is deemed to be a related party as, in addition to being a director, funds associated with Harish Mehta are invested in 2.4% (2017: 2.4%) of the issued share capital of the Company as at 30 June 2018.

John Mills is deemed to be a related party as, in addition to being a director, funds associated with John Mills are invested in 0.28% (2017: 0.28%) of the issued share capital of the Company as at 30 June 2018.

John Mills is a Director of Maitland Group Limited (''Maitland''). Maitland Malta Limited (''Maitland Malta''), an entity related to Maitland, has provided services to the Company, on a commercial, arm's length basis including sub-letting of office space, while the Company was in Malta. Total fees paid to Maitland Malta amounted to R37,000 (2017: R131,000). As at 30 June 2017, amounts owing to Maitland Malta amounted to R30,000 and nil at 30 June 2018.

Argus Voting Trust (''Argus'') is deemed to be a related party to BHG and the Company. During the prior year, Argus contributed R60.8 million to the building and move costs of BHG in respect of its new premises, Hill on Empire.

The Blackstar Foundation is deemed to be a related party as the trustees are also directors of a subsidiary within the Group. During the prior year, R563,000 was donated by the Group to the Blackstar Foundation. There were no donations in the current year.

Stampede is deemed to be a related party of CSI as two of the CSI directors are also main shareholders of Stampede. During the prior year, CSI provided Stampede with an unsecured interest free loan, which was subordinated, amounting to R9.4 million at 30 June 2017, and an amount owing by Stampede of R400,000. CSI is classified and presented as a non-current asset held for sale as at 30 June 2018 (refer note 14).

Details of Directors' remuneration are provided in note 47.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

50. Subsequent events

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

51. Segmental information

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

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

Core operations:

- Media: the division houses the Group's interest in the distribution of knowledge and content via print, online assets and other platforms;
- Hirt & Carter Group: the division includes the activities on retail advertising production systems and related database management and development, and retail print via H&C and Uniprint;
- Broadcast and Content: the division includes the television and radio platforms, radio assets, Empire Entertainment which is the leading all-rights distributor of local and international films business, and Gallo the music business;
- Africa (excluding South Africa): includes the Group's interests in the associates Radio Africa group in Kenya, Multimedia group in Ghana and Coopers in Nigeria (all the African interest are equity accounted as associates and the share of profits from these interests are therefore not shown in the tables below); and
- Other: comprising of investments that are not deemed to be material to the Group (including the property subsidiaries) and other consolidated Group companies, including head office, holding companies and the investment advisor Tiso Blackstar SA.

Non-core operations:

The investments in KTH and Robor, and the CSI disposal group, are classified and presented as discontinued operations and non-current assets held for sale (refer note 14):

- CSI: a wholly owned subsidiary comprising of Stalcor which is a processor, distributor and stockist of carbon steel, stainless steel and aluminium in the form of high quality sheet, plate and coil as well as structural and other long product profiles, and GRS which is a steel roofing and cladding company;
- Robor: in which the Group holds a 47.6% interest is a manufacturer and supplier of welded steel tube and pipe and cold formed steel profiles; and
- KTH: in which the Group holds a 20.01% interest is an investment holding company established in July 2011. Its investments include market leaders in key sectors such as media, resources, infrastructure, power and financial services, and comprise a mix of listed and private investments. Its major investments are Kagiso Media, MMI and Servest.

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

51.1 Segmental revenues

	30 June 2018 R'000	30 June 2017 R'000
Media	**1,523,035**	1,592,542
Hirt & Carter Group	**1,911,297**	1,733,554
Broadcast and Content	**377,496**	441,186
Other	**1,490**	13,857
Total revenue for continuing operations	**3,813,318**	3,781,139

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

51. Segmental information (continued)

51.2 Segmental operating profit

	30 June 2018 R'000	30 June 2017 R'000
Media	**126,869**	131,237
Hirt & Carter Group	**277,110**	244,968
Broadcast and Content	**40,608**	35,669
Other	**(39,992)**	(84,114)
	404,595	327,760
Depreciation, amortisation and straight lining of leases	**(159,593)**	(110,353)
Operating profit	**245,002**	217,407
Other (losses) gains	**(11,386)**	42,651
Net finance costs	**(145,565)**	(150,515)
Share of profit (loss) of associates - equity accounted	**13,538**	(282)
Impairment loss of investment in associates - equity accounted	**(4,351)**	-
Profit before taxation for continuing operations	**97,238**	109,261

51.3 Segmental depreciation, amortisation and impairment losses

	30 June 2018 R'000	30 June 2017 R'000
Media	**(24,938)**	(17,920)
Hirt & Carter Group	**(63,064)**	(54,560)
Broadcast and Content	**(3,928)**	(4,606)
Other	**(300)**	(2,986)
Total depreciation	**(92,230)**	(80,072)
Media	**(33,091)**	(33,090)
Hirt & Carter	**(23,946)**	(23,946)
Broadcast and Content	**(1,676)**	(1,676)
Total amortisation	**(58,713)**	(58,712)
Media	**(1,532)**	(2,899)
Hirt & Carter Group	**(1,533)**	14,815
Broadcast and Content	**(337)**	(25,297)
Other	**-**	15,824
Total impairment losses	**(3,402)**	2,443

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

51. Segmental information (continued)

51.4 Segmental additions to property, plant and equipment

	30 June 2018 R'000	30 June 2017 R'000
Media	**15,094**	44,190
Hirt & Carter Group	**75,428**	85,654
Broadcast and Content	**1,458**	9,720
CSI	**27,352**	47,412
Robor	**11,354**	92,303
Other	**153**	505
Total additions to property, plant and equipment	**130,839**	279,784

51.5 Geographical information

The Group's revenue from continuing operations from external customers by location of operations is detailed below.

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

51. Segmental information (continued)

51.6 Reconciliation of net profit to Tiso Blackstar Trading Performance - Core EBITDA

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

51. Segmental information (continued)

51.6 Reconciliation of net profit to Tiso Blackstar Trading Performance - Core EBITDA (continued)

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

*Refer notes 5 and 14

51.7 Major customers

When considering the total revenue derived by the Group from continued and discontinued operations, no one customer exceeds more than 10.0% of the total Group revenue.

51.8 Accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

52. Subsidiaries of the Group

Note 22 makes reference to the principal subsidiaries of the Company. All shareholdings consist of interests in the ordinary shares of the subsidiary. Below is a list of all the underlying subsidiaries within the Group:

				Proportion of ownership rights	
Name of subsidiary	**Principal place of business/Registered Address**	**Principal activity**	**Direct parent company**	**30 June 2018**	30 June 2017
Compact Disc Technologies Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**100.0%**	100.0%
Fox Street Properties Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Gallo Investment Holdings Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**100.0%**	100.0%
Gallo Licensing Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Gallo Music Publishers Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Gallo Properties Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Gallo Record Company Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Mavuthela Music Company Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Moviecom Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**100.0%**	100.0%
RPM Record Company Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Tusk Music Enterprises Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Tusk Music Publishing Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**-**	100.0%
Big News For Small Business Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BDFM Publishers Proprietary Limited	**100.0%**	100.0%
Blackstar TV Proprietary Limited (previously One Africa Television Proprietary Limited)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Television production	BDFM Publishers Proprietary Limited	**100.0%**	100.0%
Tiso Blackstar Group Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Media, broadcasting, content and retail solutions	Blackstar Holdings Group Proprietary Limited	**100.0%**	100.0%
BlackstarTiso Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding	Blackstar Holdings Group Proprietary Limited	**100.0%**	100.0%
Advowson Investments Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
At Velocity Logistics Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
Avusa Africa Mediatainment Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
Avusa Management Services Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
Hirt & Carter Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Investment holding	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
New Holland Publishing Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Book distribution	BlackstarTiso Proprietary Limited	**100.0%**	100.0%

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

52. Subsidiaries of the Group (continued)

Name of subsidiary	Principal place of business/Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2018	30 June 2017
TB Retail Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
TBG Entertainment Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
TBG Media Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
Universal Print Group Proprietary Limited	59 Intersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
CDT Export Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Compact Disc Technologies Proprietary Limited	**-**	100.0%
Country Roofing Proprietary Limited	61 Bismark Street, Windhoek, Namibia	Investment property company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Global Roofing Solutions Proprietary Limited	Cnr Barlow and Quality Road, Isando, Kempton Park, 1600, South Africa	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Global Roofing Solutions Zambia Limited	Shop Area A, Karibu Business Park, Kitwe Ndola Dual Carriage Way, Kitw, Copperbelt Province, Zambia	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
GRS Botswana Proprietary Limited	Plot 113, Unit 28 Kgale Mews, Gaborone International Finance Park, Gaborone Botswana	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**70.0%**	70.0%
GRS Mozambique Limited	Maputo Cidade, Distrito Urbano 1, Bairro Central, Av 25 de Setembro, Mozambique	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**95.0%**	95.0%
Helm Engineering Proprietary Limited	Cnr Barlow and Quality Road, Isando, Kempton Park, 1600, South Africa	Dormant	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Tepzmurt Proprietary Limited	Plot 2644 Phuti Crescent, Extension 9, Gaborone, Botswana	Steel trading company	Consolidated Steel Industries Proprietary Limited	**51.0%**	51.0%
GRS Express Proprietary Limited	Room B11, Mountain Estates, Lesotho	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100.0%**	100.0%
Capacity Holdings Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Hirt & Carter (South Africa) Proprietary Limited	**100.0%**	100.0%
FMCG Direct Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Hirt & Carter (South Africa) Proprietary Limited	**100.0%**	100.0%
SA Functions and Events Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Hirt & Carter (South Africa) Proprietary Limited	**100.0%**	100.0%
185C Solutions Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Retail Solutions	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Bates Printing Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Bothma Branding Solutions Proprietary Limited	90 Escom Road, New Germany, Durban, 3608, South Africa	Printing	Hirt & Carter Proprietary Limited	**51.0%**	-
Hirt & Carter (Cape) Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Hirt & Carter (South Africa) Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Printing	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Omnigraphics Express Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Hirt & Carter Proprietary Limited	**100.0%**	100.0%

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52. Subsidiaries of the Group (continued)

Name of subsidiary	Principal place of business/Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2018	30 June 2017
Paton Tupper Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Advertising agency	Hirt & Carter Proprietary Limited	**51.8%**	51.8%
Quickcut Pre Press Network SA Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Retail solutions	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Skuworks Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
New Holland Publishers (UK) Limited	Unit 704, The Chandlery, 50 Westminster Bridge Road, London, SE1 7QY, UK	Dormant	Macquarie Corporation SA Limited	**100.0%**	100.0%
Booksite Proprietary Limited (previously New Holland Publishing (South Africa) Proprietary Limited)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Book distribution	New Holland Publishing Proprietary Limited	**85.0%**	85.0%
Macquarie Corporation SA Limited	Palm Grove House, Road Town, Tortola, British Virgin Islands	Investment holding	New Holland Publishing Proprietary Limited	**100.0%**	100.0%
Nu Metro Distribution Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Entertainment Proprietary Limited	**100.0%**	100.0%
Nu Metro Home Entertainment Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Entertainment Proprietary Limited	**100.0%**	100.0%
Nu Metro Sell Thru Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Entertainment Proprietary Limited	**100.0%**	100.0%
Dyckx Court Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Filmed Entertainment Proprietary Limited	**-**	100.0%
Entertainment and Leisure Marketing Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Filmed Entertainment Proprietary Limited	**100.0%**	100.0%
Nu Metro Blackroom Movie Services Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Filmed Entertainment Proprietary Limited	**100.0%**	100.0%
Nu Metro Entertainment Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Filmed Entertainment Proprietary Limited	**100.0%**	100.0%
Radio and Household Appliances Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Nu Metro Filmed Entertainment Proprietary Limited	**100.0%**	100.0%
Material 2 Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Productions	Ochre Media Proprietary Limited	**100.0%**	100.0%
The Effect Media Company Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Productions	Ochre Media Proprietary Limited	**100.0%**	100.0%
Hirt & Carter Software Solutions Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Software solutions	Quickcut Pre Press Network SA Proprietary Limited	**100.0%**	100.0%
Hive Connect Proprietary Limited	22 Tottum Road, Ottawa South, Durban, 4439, South Africa	Dormant	Quickcut Pre Press Network SA Proprietary Limited	**100.0%**	100.0%
Robor Pipe Systems Proprietary Limited (1)	233 Barbara Road, Elandsfontein, Gauteng, 1428, South Africa	Suppliers of complete pipe systems and manufacturers of steel piping systems and related products	Robor Proprietary Limited	**-**	100.0%

Notes to the consolidated financial statements continued

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52. Subsidiaries of the Group (continued)

Name of subsidiary	Principal place of business/Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2018	Proportion of ownership rights 30 June 2017
Mine Support Products Proprietary Limited (1)	233 Barbara Road, Elandsfontein, Gauteng, 1428, South Africa	Manufactures innovative support systems for the mining industry	Robor Proprietary Limited	-	100.0%
Profix Robor Scaffolding Proprietary Limited (1)	233 Barbara Road, Elandsfontein, Gauteng, 1428, South Africa	Access scaffolding material and management of the erection, inspection, handover and dismantling	Robor Proprietary Limited	-	75.00%
Tricom Structures Proprietary Limited (1)	233 Barbara Road, Elandsfontein, Gauteng, 1428, South Africa	Comprehensive solutions provider for engineering and manufacturing services in the telecommunications, power and solar industries	Robor Proprietary Limited	-	100.0%
CNA Properties (Elandsfontein) Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Entertainment Proprietary Limited	-	100.0%
CNA Properties (Rossburgh) Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Entertainment Proprietary Limited	-	100.0%
Commissioner Insurance Brokers Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Entertainment Proprietary Limited	-	100.0%
Nu Metro Filmed Entertainment Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Entertainment Proprietary Limited	**100.0%**	100.0%
Symmetrical Investments Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Entertainment Proprietary Limited	-	100.0%
Mega International Limited (Guernsey)	La Plaiderie House, St. Peter Port, Guernsey	Dormant	TBG Entertainment Proprietary Limited	**100.0%**	100.0%
Times Media Books Legacy Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Entertainment Proprietary Limited	**100.0%**	100.0%
TBG Publishing Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding	TBG Media Investments Proprietary Limited	**100.0%**	100.0%
Airport Media Proprietary Limited	Rochester Place, 1st Floor, 173 Rivonia Road, Morningside, 2193 South Africa	Dormant	TBG Media Proprietary Limited	**100.0%**	100.0%
Avusa Coastal Distribution Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Media Proprietary Limited	**100.0%**	100.0%
Collage Litho Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Media Proprietary Limited	**100.0%**	100.0%
Happy Machine Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Media Proprietary Limited	**100.0%**	100.0%
Learning Channel Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Educational material production and sales	TBG Media Proprietary Limited	**100.0%**	100.0%
Ochre Media Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Film production	TBG Media Proprietary Limited	**100.0%**	100.0%
Picasso Headline Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Publishing	TBG Media Proprietary Limited	**100.0%**	100.0%
TBG Media Investments Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding	TBG Media Proprietary Limited	**100.0%**	100.0%
Avusa Mediatainment Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	-	100.0%
Avusa Publishing Eastern Cape Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	100.0%

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

52. Subsidiaries of the Group (continued)

Name of subsidiary	Principal place of business/Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2018	Proportion of ownership rights 30 June 2017
BDFM Publishers Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	100.0%
Burg Street Properties Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**-**	100.0%
Dispatch Media Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	100.0%
Library Network Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	100.0%
National Circulation Services Proprietary Limited (4)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**-**	100.0%
New Africa Publications Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	100.0%
The News Printing Company Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	100.0%
Backbone Studios Proprietary Limited (5)	3rd floor, Fairweather House, 176 Sir Lowry Road, Woodstock, Cape Town, 7925, South Africa	Digital media	Tiso Blackstar Group Proprietary Limited	**-**	51.0%
Blackstar Property Publishing Proprietary Limited	The Old Castle Brewery Building, G04, 6 Beach Road, Woodstock, Western Cape, 7925, South Africa	Property publishing	Tiso Blackstar Group Proprietary Limited	**50.8%**	50.8%
Colosan Trading Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding	Tiso Blackstar Group Proprietary Limited	**100.0%**	100.0%
Indigenous Film Distribution Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Film distribution	Tiso Blackstar Group Proprietary Limited	**100.0%**	100.0%
Rise Broadcast Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Radio station	Tiso Blackstar Group Proprietary Limited	**100.0%**	100.0%
Smartcall Technology Solutions Proprietary Limited	65 5th Avenue, Highlands North, Gauteng, 2192, South Africa	Mobile technology solutions	Tiso Blackstar Group Proprietary Limited	**50.0%**	50.0%
Triumph Printing and Packaging Proprietary Limited	40 Stapleton Road, Pinetown, Kwa-Zulu Natal, 3610	Packaging	Tiso Blackstar Group Proprietary Limited	**100.0%**	100.0%
Vuma 103 FM Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Radio station	Tiso Blackstar Group Proprietary Limited	**100.0%**	100.0%
Blackstar GP Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	General Partner	Tiso Blackstar Group SE	**100.0%**	100.0%
Blackstar Holdings Group Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding company	Tiso Blackstar Holdings SE	**100.0%**	100.0%
Consolidated Steel Industries Proprietary Limited	Cnr Barlow and Quality Road, Isando, Kempton Park, 1600, South Africa	Industrial steel company	Tiso Blackstar Holdings SE	**100.0%**	100.0%
Mvelaphanda Treasury and Financial Services Propri-etary Limited	4 Biermann Avenue, Rosebank, Gauteng, 2196, South Africa	Treasury and financial services company	Tiso Blackstar Holdings SE	**100.0%**	100.0%
New Bond Capital Limited (2)	4 Biermann Avenue, Rosebank, Gauteng, 2196, South Africa	Investment company	Tiso Blackstar Holdings SE	**-**	100.0%
Robor Proprietary Limited (1)	233 Barbara Road, Elandsfontein, Gauteng, 1429, South Africa	Engineering steel, tube and pipe company	Tiso Blackstar Holdings SE	**-**	51.0%
Tiso Blackstar Real Estate Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment property company	Tiso Blackstar Holdings SE	**100.0%**	100.0%

Notes to the consolidated financial statements continued

for the year ended 30 June 2018

52. Subsidiaries of the Group (continued)

Name of subsidiary	Principal place of business/Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2018	Proportion of ownership rights 30 June 2017
Fantastic Investments 379 Proprietary Limited (5)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited	**-**	100.0%
Firefly Investments 223 Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited	**70.0%**	70.0%
Universal Web Proprietary Limited	59 Intersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Dormant	Universal Print Group Proprietary Limited	**100.0%**	100.0%

(1) Tiso Blackstar Holdings disposed of a 3.4% interest in Robor in January 2018, Robor is now an associate of the Group

(2) New Bond Capital was liquidated in March 2018

(3) The company is considered a subsidiary as CSI has control and manage the company's board

(4) These companies were deregistered during the current year

(5) The company was sold during the year

Company statements of profit and loss and other comprehensive income

for the year ended 30 June 2018

	Notes	30 June 2018 R'000	30 June 2017 R'000
Revenue	2	**1,114**	-
Operating expenses	3	**(39,325)**	(35,239)
Depreciation and straight lining of leases	7	**(29)**	1,004
Other income	4	**-**	6,018
Operating loss		**(38,240)**	(28,217)
Other losses	5	**(215,489)**	(1,849)
Net loss		**(253,729)**	(30,066)
Finance income	6	**230**	215
Loss before taxation		**(253,499)**	(29,851)
Taxation	8	**(36)**	-
Loss for the year		**(253,535)**	(29,851)
Other comprehensive loss, net of taxation		**-**	-
Total comprehensive loss for the year		**(253,535)**	(29,851)

Company statement of financial position

as at 30 June 2018

Company registration number: SE 000110

	Notes	30 June 2018 R'000	30 June 2017 R'000
ASSETS			
Non-current assets		**2,847,651**	3,062,346
Equipment	9	**86**	115
Investment in subsidiaries	10	**2,847,565**	3,062,231
Current assets		**384,436**	392,677
Trade and other receivables	11	**382,604**	390,383
Current tax assets		**-**	36
Cash and cash equivalents	12	**1,832**	2,258
TOTAL ASSETS		**3,232,087**	3,455,023
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	**2,602,031**	2,554,036
Share premium	13	**701,212**	701,212
Other reserves	13	**40,296**	51,051
(Accumulated losses) Retained earnings	13	**(125,510)**	140,570
TOTAL EQUITY		**3,218,029**	3,446,869
LIABILITIES			
Current liability			
Trade and other payables	14	**14,058**	8,154
TOTAL LIABILITIES		**14,058**	8,154
TOTAL EQUITY AND LIABILITIES		**3,232,087**	3,455,023

The Company financial statements were approved by the Tiso Blackstar Board and authorised for issue on 26 September 2018.

AD Bonamour
Chief Executive Officer

DKT Adomakoh
Non-executive Chairman

Company statement of changes in equity

for the year ended 30 June 2018

	Share capital R'000	Share premium R'000	Other reserves R'000	(Accumulated losses) Retained earnings R'000	Total equity R'000
Balance as at 1 July 2016	**2,554,036**	**701,212**	**42,376**	**194,224**	**3,491,848**
Total comprehensive loss for the year:	-	-	-	(29,851)	(29,851)
Loss for the year	-	-	-	(29,851)	(29,851)
Other comprehensive loss for the year	-	-	-	-	-
Transactions with owners:	-	-	8,675	(23,803)	(15,128)
Treasury shares issued in terms of the long term Management Incentive Scheme	-	-	27,001	-	27,001
Purchase of treasury shares	-	-	(18,326)	-	(18,326)
Dividends paid	-	-	-	(23,803)	(23,803)
Balance as at 30 June 2017	**2,554,036**	**701,212**	**51,051**	**140,570**	**3,446,869**
Total comprehensive loss for the year:	-	-	-	(253,535)	(253,535)
Loss for the year	-	-	-	(253,535)	(253,535)
Other comprehensive loss for the year	-	-	-	-	-
Transactions with owners:	47,995	-	(10,755)	(12,545)	24,695
New shares issued in terms of the long term Management Incentive Scheme	47,995	-	-	-	47,995
FSP share based payment expense	-	-	330	-	330
FSP shares forfeited during the current year	-	-	(1,313)	-	(1,313)
Purchase of treasury shares	-	-	(9,772)	-	(9,772)
Dividends paid	-	-	-	(12,545)	(12,545)
Balance as at 30 June 2018	**2,602,031**	**701,212**	**40,296**	**(125,510)**	**3,218,029**

A 2016 final dividend of 4.47 South Africa cents per ordinary share was paid on 15 December 2016.

A 2017 interim dividend of 4.47 South Africa cents per ordinary share was paid on 20 March 2017.

A 2017 final dividend of 4.65912 South Africa cents per ordinary share was paid on 21 November 2017.

Company statement of cash flows

for the year ended 30 June 2018

	Notes	30 June 2018 R'000	30 June 2017 R'000
Cash flow from operating activities			
Cash (utilised) generated by operations	15	**(26,087)**	223,596
Finance income		**230**	215
Net cash (utilised) generated by operating activities		**(25,857)**	223,811
Cash flow from investing activities			
Proceeds on disposal of equipment		**-**	1,496
Net cash flow from investments	15	**(269)**	(217,631)
Net cash utilised by investing activities		**(269)**	(216,135)
Cash flow from financing activities			
New shares issued to employees in subsidiaries		**47,995**	-
Treasury shares issued to employees in subsidiaries		**-**	27,001
Purchase of treasury shares		**(9,772)**	(18,326)
Dividends paid		**(12,545)**	(23,803)
Net cash generated (utilised) by financing activities		**25,678**	(15,128)
Net decrease in cash and cash equivalents		**(448)**	(7,452)
Cash and cash equivalents at the beginning of the year		**2,258**	9,710
Exchange gains on cash and cash equivalents		**22**	-
Cash and cash equivalents at the end of the year	12	**1,832**	2,258

Notes to the Company financial statements

for the year ended 30 June 2018

1. Accounting policies

The principal accounting policies adopted in the preparation of the Company financial statements have been consistently applied across all periods presented in the Company financial statements, except as noted in the paragraphs below which address instances where there has been a revision to an existing standard or a new standard has been issued and adopted by the Company during the current reporting period. The Company financial statements are presented in Rands and all financial information has been rounded to the nearest thousand unless stated otherwise.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards published by the International Accounting Standards Board and as endorsed for use by the European Union ("EU IFRS") and IFRS as issued by the International Accounting Standards Board ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and comply with the Companies Act 2006 and the Listings Requirements of the JSE Limited. The financial statements of the Company have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit and loss, that have been measured at fair value.

Effective 1 July 2016, there was a change in the Group's status as an Investment Entity as defined in IFRS 10 and from this date, the Group applied IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss. The fair value of the subsidiary as at 1 July 2016 ("Deemed Acquisition Date") represents the transferred "Deemed Consideration" when measuring any goodwill or gain on bargain purchase that arises from the Deemed Acquisition. All subsidiaries were consolidated in accordance with IFRS 10 from the date of change of status. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Where the Company has the power to participate in the financial and operating policy decisions of an entity, it is classified as an associate.

The principal accounting policies which are relevant in the preparation of the Company financial statements are listed below and can be found on pages 106 to 119 of the consolidated financial statements:

Note 1.12 - Cash and cash equivalents

Note 1.15 - Financial instruments

Note 1.16 - Offsetting of financial instruments

Note 1.18 - Dividend distributions

Note 1.19 - Equity instruments and treasury shares

Note 1.21 - Other income

Note 1.23 - Net gains or losses on financial assets and liabilities at fair value through profit and loss

Note 1.24 - Finance income and finance costs

Note 1.25 - Share-based payments

Note 1.26 - Tax

Note 1.27 - Foreign currencies

Note 1.29 - Significant judgements and areas of estimation

Note 2 - Determination of fair values

Notes to the Company financial statements continued

for the year ended 30 June 2018

2. Revenue

	30 June 2018 R'000	30 June 2017 R'000
Fee income	**1,114**	-

3. Operating expenses

	30 June 2018 R'000	30 June 2017 R'000
FSP share based payment expense	**(330)**	-
Transaction related and non-recurring costs	**(894)**	(5,291)
Directors' remuneration	**(13,699)**	(13,310)
Remuneration paid by the Company	**(7,337)**	(4,976)
Consulting fees paid to SAI	**(6,362)**	(8,334)
Operational expenses incurred by the Company	**(24,402)**	(16,638)
	(39,325)	(35,239)

4. Other income

	30 June 2018 R'000	30 June 2017 R'000
Other income	**-**	1,268
Bad debts recovered	**-**	4,750
	-	6,018

5. Other losses

	30 June 2018 R'000	30 June 2017 R'000
Net foreign exchange losses	**(554)**	(215)
Impairment of subsidiary	**(214,858)**	-
Loss on disposal of subsidiary	**(77)**	-
Loss on disposal of equipment	**-**	(1,634)
	(215,489)	(1,849)

6. Finance income

	30 June 2018 R'000	30 June 2017 R'000
Interest income on bank balances	**230**	215

Notes to the Company financial statements continued

for the year ended 30 June 2018

7. Operating loss for the year

Operating loss for the year has been arrived at after (charging) crediting the following:

	30 June 2018 R'000	30 June 2017 R'000
Depreciation and straight lining of leases		
Depreciation	**(29)**	(160)
Straight lining of leases	**-**	1,164
	(29)	1,004
Auditor's remuneration - Deloitte (current and prior year's auditors)		
Audit fees of the Group and Company annual accounts	**(3,382)**	(1,945)
Other services	**(853)**	-
Auditor's remuneration - BDO (auditors prior to migration)		
Audit fees of the Group and Company annual accounts	**-**	(384)
Other services	**-**	(181)
Auditor's remuneration - Other		
Prior years over provision	**75**	-
	(4,160)	(2,510)
Employee benefits expense (excluding amounts paid to Tiso Blackstar Directors)		
Staff salary costs	**(473)**	(876)

8. Taxation

The Company migrated its operations to the UK during the prior year. On the date of migration, the Company ceased to be taxed by authorities in Malta, and became subject to UK Corporation tax. The rate of Corporation tax in the UK was 20% and was reduced to 19% with effect from 1 April 2017, and will be reduced further to 17% with effect from 1 April 2020.

	30 June 2018 R'000	30 June 2017 R'000
Foreign tax		
Prior years over provision for tax incurred in Malta	**(36)**	-

The reason for the difference between the actual tax charge for the year and the standard rate of corporate tax in the UK of 19%, are as follows:

	30 June 2018 R'000	30 June 2017 R'000
Loss before taxation	**(253,499)**	(29,851)
Tax at standard rate of corporate tax in the UK of 19%	**48,165**	(5,672)
Disallowable expenditure	**(504)**	-
Exempt income	**(40,823)**	-
Prior years over provision for tax incurred in Malta	**36**	-
Tax losses unutilised	**(6,838)**	5,672
Total tax charge for the year	**36**	-

Assessable tax losses of the Company for which no deferred tax asset has been recognised amounts to R36.0 million. The Company was not able to utilise the assessed loss of R6.5 million, recognised in Malta, once it migrated to the UK in the prior year.

Notes to the Company financial statements continued

for the year ended 30 June 2018

9. Equipment

	30 June 2018 R'000	30 June 2017 R'000
Cost	**188**	188
Accumulated depreciation	**(102)**	(73)
Carrying amount	**86**	115
At the beginning of the year	**115**	3,404
Disposals	**-**	(3,129)
Depreciation	**(29)**	(160)
At the end of the year	**86**	115

Notes to the Company financial statements continued

for the year ended 30 June 2018

10. Investment in subsidiaries

The Company held the following shares in subsidiaries:

			Proportion of ownership rights		Cost of investment	
Principal place of business	**Principal activity**	**Name of subsidiary (3)**	**30 June 2018**	30 June 2017	**30 June 2018 R'000**	30 June 2017 R'000
United Kingdom	Investment company	Tiso Blackstar Holdings SE ("Tiso Blackstar Holdings") (1)	**100.0%**	100.0%	**2,844,357**	2,844,357
United Kingdom	Administrative centre	Tiso Blackstar Holdings PLC ("TBHPLC") (2)	**-**	100.0%	**-**	243
United Kingdom	Administrative centre	Tiso Blackstar Limited ("TBL")	**100.0%**	100.0%	**-**	-
South Africa	Investment advisory company	Tiso Blackstar SA Proprietary Limited ("Tiso Blackstar SA")	**100.0%**	100.0%	**3,208**	217,631
					2,847,565	3,062,231

(1) Tiso Blackstar Holdings migrated from Cyprus to the UK on 9 May 2017

(2) TBHPLC was deregistered in August 2017

(3) Refer to note 52 of the consolidated financial statements for a complete list of subsidiaries of the Group

Reconciliation of investment in subsidiaries

	Tiso Blackstar Holdings R'000	**Tiso Blackstar SA R'000**	**TBHPLC R'000**	**Total R'000**
Balance as at 1 July 2016	2,844,357	-	243	2,844,600
Additions	-	217,631	-	217,631
Balance as at 30 June 2017	**2,844,357**	**217,631**	**243**	**3,062,231**
Additions	**-**	**435**	**-**	**435**
Disposals	**-**	**-**	**(243)**	**(243)**
Impairment loss	**-**	**(214,858)**	**-**	**(214,858)**
Balance as at 30 June 2018	**2,844,357**	**3,208**	**-**	**2,847,565**

Notes to the Company financial statements continued

for the year ended 30 June 2018

10. Investment in subsidiaries (continued)

Significant changes in investment in subsidiaries

Tiso Blackstar SA – the investment in Tiso Blackstar SA was impaired by R214.9 million as a result of the impairment loss recognised by Tiso Blackstar SA on the underlying loan to CSI.

TBHPLC - the entity was deregistered in August 2017 and the Company recognised a loss of R77,000.

Loans receivable by subsidiaries

Shareholder loans to subsidiaries which are considered to be equity loans are accounted for as loans and receivables. There are no loans and receivables for the current year.

Restrictions

Tiso Blackstar receives income in the form of dividends and interest from its investments in subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to Tiso Blackstar with the exception of the South African Reserve Bank regulations with respect to the transfer of funds off and onshore.

Support

Tiso Blackstar has no contractual commitments and may provide further financial or any other support to its subsidiaries should they require it and the Company has funds available to do so.

11. Trade and other receivables

	30 June 2018 R'000	30 June 2017 R'000
Other receivables due by subsidiary companies	**382,110**	387,962
Prepayments, deposits and accrued income	**494**	2,421
	382,604	390,383

The Company considers the carrying value of trade and other receivables to approximate its fair value.

12. Cash and cash equivalents

	30 June 2018 R'000	30 June 2017 R'000
Deposits and cash at bank	**1,832**	2,258
Cash and cash equivalents per the statement of cash flows	**1,832**	2,258

Cash and cash equivalents include cash in current accounts and term deposits. The Company considers the carrying value of cash and cash equivalents to approximate its fair value.

The Company's cash and cash equivalents have been ceded to the banks which provided the term facility to Tiso Blackstar Holdings for investment acquisitions (refer note 31 of the consolidated financial statements).

13. Share capital and reserves

Details of share capital and reserves are set out in note 29 to the consolidated financial statements.

Notes to the Company financial statements continued

for the year ended 30 June 2018

14. Trade and other payables

	30 June 2018 R'000	30 June 2017 R'000
Trade payables due to external parties	**4,600**	3,313
Other payables due to subsidiary companies	**5,216**	644
Accrued expenses	**4,242**	4,197
	14,058	8,154

The Company considers the carrying value of trade and other payables to approximate its fair value.

15. Cash (utilised) generated by operations

	30 June 2018 R'000	30 June 2017 R'000
Loss for the year	**(253,535)**	(29,851)
Taxation	**36**	-
Loss before taxation	**(253,499)**	(29,851)
Adjustments for non-cash items:		
Depreciation	**29**	160
FSP share based payment expense	**330**	-
Impairment of subsidiary	**214,858**	-
Loss on disposal of subsidiary	**77**	-
Loss on disposal of equipment	**-**	1,634
Finance income	**(230)**	(215)
Unrealised foreign exchange losses on assets and liabilities not denominated in Rands	**(554)**	5
Changes in working capital:		
Decrease in trade and other receivables	**6,389**	248,330
Increase in trade and other payables	**6,513**	4,761
Decrease in lease accrual	**-**	(1,228)
Cash (utilised) generated by operations	**(26,087)**	223,596
Changes in investments:		
Additions to investments	**(435)**	(217,631)
Proceeds arising on disposal of a subsidiary	**166**	-
Net cash flow from investments	**(269)**	(217,631)

16. Employees

	30 June 2018	30 June 2017
Managerial	**2**	1
Operational	**-**	1
	2	2

Notes to the Company financial statements continued

for the year ended 30 June 2018

17. Financial instruments

The Company is exposed to one or more of 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).

Information related to financial instruments and management of these risks is set out in note 41 to the consolidated financial statements. The following information relates specifically to the Company.

17.1 Financial instruments by category

	30 June 2018 R'000	30 June 2017 R'000
Financial assets		
Loans and receivables		
Trade and other receivables	**382,110**	387,962
Cash and cash equivalents	**1,832**	2,258
	383,942	390,220
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	**(9,816)**	(3,957)

17.2 Credit risk

At the reporting date, the Company had no financial assets that were past due or impaired. The Company's maximum exposure to credit risk on loans and receivables is equal to the carrying amount of the financial assets recorded in the financial statements (as detailed in note 17.1). The credit quality of financial instruments that are not past due or impaired is considered to be good.

17.3 Liquidity risk

All financial liabilities have a contractual maturity of less than six months and the expected maturity is not believed to differ from the contractual maturity.

17.4 Market risk

17.4.1 Currency risk

A 10% strengthening of the Rands against Pounds Sterling at the reporting date, all other variables held constant, would have resulted in an estimated increase of R420,000 (2017: R244,000) in the reported equity and profit and loss of the Company. A 10% weakening of the Rands against Pounds Sterling at the reporting date, on the same basis, would have resulted in an estimated decrease of R420,000 (2017: R244,000) in the reported equity and profit and loss of the Company. Refer note 41.5.1 of the consolidated financial statements.

17.4.2 Interest rate risk

The Company has no interest bearing investments nor liabilities during the current and prior years.

17.4.3 Market price risk

The Company has no listed investments during the current and prior years.

17.5 Fair value

The Company has no financial assets at fair value during the current and prior years.

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

Notes to the Company financial statements continued

for the year ended 30 June 2018

18. Related parties

Details of related parties are set out in note 49 to the consolidated financial statements. In addition to this, the subsidiaries and associates (set out in note 22 and 23 respectively to the consolidated financial statements) are related parties to the Company.

The Company pays an advisory fee, payable annually, to Tiso Blackstar SA. The advisory fee for the year amounted to R10.5 million (2017: R1.7 million).

19. Long term Management Incentive Scheme

Information relating to the long term Management Incentive Scheme is set out in note 48 to the consolidated financial statements.

20. Capital management

Information relating to capital management is set out in note 43 to the consolidated financial statements.

21. Contingencies and guarantees

Information relating to contingencies and guarantees is set out in note 45 to the consolidated financial statements.

22. Subsequent events

Information relating to events subsequent to 30 June 2018 are set out in note 50 to the consolidated financial statements.

Shareholders' analysis:

Register date: **30 June 2018**
Issued share capital **272,307,233**
No of Shareholders **1,809**

Shareholder spread

	Number of shareholders	%	Number of shares	%
1 – 1,000 shares	931	51.5%	197,922	0.1%
1,001 – 10,000 shares	538	29.7%	2,220,905	0.8%
10,001 – 100,000 shares	230	12.7%	7,187,926	2.6%
100,001 – 1,000,000 shares	76	4.2%	28,197,301	10.4%
1,000,001 shares and over	34	1.9%	234,503,179	86.1%
Total	**1,809**	**100%**	**272,307,233**	**100%**

Distribution of shareholders

	Number of shares	%
Directors and management	30,073,896	11.0%
Tiso Investment Holdings Proprietary Limited	53,787,536	19.8%
Tiso Foundation Charitable Trust	38,984,567	14.3%
Pensions	64,845,195	23.8%
Retail	60,159,996	22.1%
Mutual Funds	11,816,809	4.3%
Corporate	4,013,684	1.5%
Trading	3,519,920	1.3%
Investment Trusts	4,358,000	1.6%
Insurance	719,630	0.3%
Namibian Central Government Fund	16,500	0%
Company Related	11,500	0%
Total	**272,307,233**	**100%**

Public/non-public shareholders

	Number of shareholders	%	Number of shares	%
Non-public shareholders	16	0.9%	193,359,608	71.0%
Directors and management	12	0.7%	83,861,432	30.8%
Strategic holders (more than 10%)	4	0.2%	109,498,176	40.2%
Public shareholders	1,793	99.1%	78,947,625	29.0%
Total	**1,809**	**100%**	**272,307,233**	**100%**

Beneficial shareholders holding 3% or more

	Number of shares	%
Tiso Investment Holdings Proprietary Limited (1)	53,787,536	19.8%
Kagiso Asset Management Proprietary Limited (2)	42,797,466	15.7%
Tiso Foundation Charitable Trust (3)	38,984,567	14.3%
Public Investment Corporation SOC Limited	27,716,143	10.2%
Other directors and management holding less than 3% (4)	14,621,762	5.4%
Pershing Nominees Limited	15,685,467	5.8%
Andrew Bonamour (5)	8,881,928	3.3%
Credit Suisse Private Banking	6,852,197	2.5%
HKM Family Trust (6)	6,570,206	2.4%
Total	**215,897,272**	**79.4%**

Notes:

1. Tiso Blackstar Directors David Adomakoh and Nkululeko Sowazi are beneficially interested in this shareholding as each of them indirectly owns 50% of Tiso Investment Holdings Proprietary Limited.
2. Includes shares held by these shareholders on behalf of their clients.
3. Tiso Blackstar Directors, David Adomakoh and Nkululeko Sowazi are non-beneficially interested in this shareholding. Their interest is non-beneficial and only arises as a result of them being two of the seven trustees on the Tiso Foundation Charitable Trust.
4. This includes forfeitable shares awarded under the Tiso Blackstar shareholder approved long term incentive scheme. To date none of these shares have vested.
5. This includes shares held by funds associated with Andrew Bonamour as well as forfeitable shares issued under the Tiso Blackstar shareholder approved long term incentive scheme. This is a forfeitable share plan and to date none of the shares awarded have vested.
6. This includes shares held by Trusts associated with Harish Mehta.

Notice of Annual General Meeting

tiso blackstar group.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) as soon as possible.

If you have sold or otherwise transferred all of your shares in Tiso Blackstar Group SE (the **"Company"**), please pass this document to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass this document to the person who now holds the shares.

To the holders of ordinary shares of €0.76 each in the Company (**"Ordinary Shares"**).

Registered Office:
Berkeley Square House,
Berkeley Square,
Mayfair, London
W1J 6BD

(registered in England and Wales under number SE000110)

31 October 2018

Dear Shareholder,

Annual General Meeting 2018
I am pleased to enclose the notice for the annual general meeting (the **"AGM"**) of the Company. The AGM will be held at 10:00a.m. GMT (12:00p.m. SAST) on Monday, 3 December 2018 at the registered office of the Company at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom.

The notice convening the AGM (the **"Notice"**) is set out on pages 229 to 233 of this document. The explanatory notes for the business to be transacted at the AGM are set out on pages 234 to 235 of this document. The business of the meeting will include, amongst other matters, the following items:

Receive and consider the Integrated Annual Report for the year ended 30 June 2018
The Integrated Annual Report and Annual Financial Statements (**"Accounts"**) for the year ended 30 June 2018 are also enclosed. A resolution to receive and consider the auditor's report, the strategic report, the directors' report, and the Accounts for the year ended 30 June 2018 is included in the business of the AGM.

Re-election of Directors
Our Articles of Association require that any director appointed by the board of directors of the Company (the **"Board"**) must retire at the first annual general meeting following their appointment and certain of the current directors must retire at each annual general meeting dependent on the length of their service and the period that has elapsed since their last re-election.

I therefore ask you to support the re-election of the directors, who have confirmed their intention to offer themselves for re-election at the AGM. Biographical details for the directors can be found on pages 55 and 56 of the 2018 Integrated Annual Report.

Donations to EU Political Organisations and EU Political Expenditure

Section 366 of the UK Companies Act 2006 (the **"Act"**) requires companies to seek shareholder approval for donations to organisations within the European Union (''EU''), which are, or could be, categorised as EU political organisations. Although the Company does not make, and does not intend to make any donations to political parties or any election candidates within the normal meaning of these expressions, the concept of a political organization under the Act is very broad. Therefore, in accordance with corporate governance best practice, the Board has decided to seek shareholders' authority for any donations or expenditure that could, under the broad interpretation of the Act, be considered to be political donations and political expenditure. The Company has decided upon a cap on the aggregate amount of political donations and expenditure at £90,000, in case any of the Company's normal activities are caught by the legislation.

Rule 9 Waiver

Following the cancellation of the Company's primary listing of its shares on the Alternative Investment Market on 17 April 2018, the Company no longer falls under the jurisdiction of the UK Panel on Takeovers and Mergers and as such no Rule 9 waiver is required.

Notice of Annual General Meeting continued

Attendance at the AGM and Appointment of Proxies

If you wish to attend the AGM in person, please bring the attendance card accompanying the Notice with you. This will authenticate your right to attend, speak and vote at the AGM and assist us to register your attendance immediately. If you are unable to attend, you may wish to appoint a proxy (or proxies) to attend and vote on your behalf by following the notes in the Notice and the instructions in the enclosed Form of Proxy and returning such form so as to be received by the registrar or the Company's transfer secretary no later than 10:00a.m. (GMT) and 12:00p.m. (SAST) Thursday, 29 November 2018. Full details are set out in the notes to the Notice on pages 232 and 233 of this document.

Voting at the AGM

Voting on each of the resolutions to be put to the forthcoming AGM will, once again, be taken by a poll, rather than on a show of hands.

The Company continues to believe that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of Ordinary Shares held and all votes tendered are taken into account. The results of the poll will be announced through the JSE's Stock Exchange News Service (**"SENS"**) and will be available on the Company's website as soon as practicable following the conclusion of the AGM.

Recommendation

The Board considers that the proposals set out in the Notice are in the best interests of shareholders and the Company as a whole.

Yours faithfully,

David Adomakoh
Non-executive Chairman

Notice of Annual General Meeting continued

PART 1 – NOTICE OF ANNUAL GENERAL MEETING

TISO BLACKSTAR GROUP SE

(registered in England and Wales under number SE000110)

Berkeley Square House, Berkeley Square, Mayfair, London W1J 6BD

Notice is hereby given that the annual general meeting (the **"AGM"**) of Tiso Blackstar Group SE (the **"Company"**) will be held at the registered office of the Company at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD, United Kingdom on Monday, 3 December 2018 at 10:00a.m. GMT (12:00p.m. SAST) for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive and consider the auditor's report, the strategic report, the directors' report and the Accounts for the financial year ended 30 June 2018.
2. To approve the Directors' Remuneration Report set out on pages 68 to 81 of the Integrated Annual Report for the financial year ended 30 June 2018.
3. To re-elect the following director retiring in accordance with the Company's Articles of Association and the JSE Listings Requirements: John Broadhurst Mills.
4. To re-elect the following director retiring in accordance with the Company's Articles of Association and the JSE Listings Requirements: Harishkumar Kantilal Mehta
5. To re-appoint Deloitte LLP and Deloitte & Touche (JSE purposes only) as the auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting at which Accounts are laid before the Company.
6. To authorise the Audit Committee to determine the remuneration of the auditors.
7. That, in accordance with section 366 of the UK Companies Act 2006 (the **"Act"**), the Company, and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect, be and are hereby authorised:

   (a) to make political donations (as defined in section 364 of the Act) to political parties (as defined in section 363 of the Act), not exceeding £30,000 in total;

   (b) to make political donations (as defined in section 364 of the Act) to political organisations other than political parties (as defined in section 363 of the Act), not exceeding £30,000 in total; and

   (c) to incur political expenditure (as defined in section 365 of the Act), not exceeding £30,000 in total

   in each case during the period beginning with the date of the passing of this resolution and ending at the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020. In any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this resolution shall not, in aggregate, exceed £90,000.
8. That the Board be and is hereby given power, by way of a general authority to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company, to such person/s on such terms and conditions and at such times as the directors may, from time to time, in their discretion deem fit, up to a nominal amount of €20,695,349 being one-tenth of the nominal value of the existing issued share capital, such authority to apply until the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020, but so that the Company may enter into binding agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such binding agreement as if the authority had not ended, provided that (i) any issue of shares pursuant to the authority granted under this resolution, shall be required to comply with the Listings Requirements of the JSE Limited (**"JSE Listings Requirements"**) and (ii) any issue of shares for cash is undertaken either in accordance with section 561 of the Act or pursuant to any authority granted by Resolution 12.
9. That the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out on pages 70 to 81 of this Integrated Annual Report.
10. That the shareholders endorse, by way of a non-binding advisory vote, the Company's implementation report in regard to the remuneration policy, as set out in the remuneration report on pages 68 to 81 of the Integrated Annual Report.

Notice of Annual General Meeting continued

PART 1 – NOTICE OF ANNUAL GENERAL MEETING (continued)

Shareholders are reminded that in terms of the JSE Listings Requirements and the King IV Report on Corporate Governance for South Africa, 2016 (**"King IV"**), should 25% or more of the votes cast be against one or both of the non-binding ordinary resolutions 9 and 10, the Company undertakes to engage with shareholders as to the reasons therefor and undertakes to appropriately address legitimate and reasonable objections and concerns raised.

To consider and, if thought fit, pass the following resolutions as special resolutions:

11. That, if Resolution 8 is passed, then subject to that resolution, the Board be and is hereby given the power to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash, as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

    (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities to existing ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and, in addition to any allotment or sale pursuant to this paragraph; and

    (b) to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares (whether to existing ordinary shareholders or otherwise) up to a nominal amount of €10,347,675.

    such power to apply until the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020 but, in each case, during this period the Company may enter into binding agreements, which would, or might, require equity securities to be allotted (and/or treasury shares to be sold) after the power ends and the Board may allot equity securities (and/or sell treasury shares) under any such binding agreement as if the power had not ended, provided that any issue of shares pursuant to the authority granted under this resolution, shall be required to comply with the JSE Listings Requirements. In particular, but without derogating from the generality of the foregoing, the JSE Listings Requirements currently impose, inter alia, the following limitations in respect of issues of shares for cash:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- the number of shares issued for cash in terms of this authority shall not, in aggregate, exceed 10% of the number of the Company's issued shares of that class. The number of shares which may be issued shall be based on the number of shares in issue as at the date of this Notice. As at the Latest Practicable Date, 10% of the number of issued shares amounts to 27,230,723 Ordinary Shares;
- after the Company has issued shares under this general authority representing, on a cumulative basis within the period of this approval, 5% or more of the number of shares in issue prior to the issue, the Company shall publish an announcement containing full details of the issue, including:
    - the number of shares issued;
    - the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares; and
    - in respect of the issue of options and convertible securities pursuant to paragraph 5.53 of the JSE Listings Requirements, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share; or
    - in respect of an issue of shares pursuant to paragraph 5.52 of the JSE Listings Requirements, an explanation, including supporting information (if any), of the intended use of the funds;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price on the JSE Limited (**"JSE"**) of the shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares; and
- this authority includes the authority to issue any options/convertible securities that are convertible into an existing class of equity securities, where applicable.

In terms of the JSE Listings Requirements, should the Company wish to dispose of any treasury shares, such disposal must comply with the JSE Listings Requirements as if such disposal was a fresh issue of securities and will, accordingly, need to comply with Resolution 8 and this Resolution.

Notice of Annual General Meeting continued

PART 1 – NOTICE OF ANNUAL GENERAL MEETING (continued)

12. That the Company be and is hereby given authority for the purposes of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of its Ordinary Shares, such power to be exercised in accordance with the provisions of the Act, the Company's Articles of Association and the JSE Listings Requirements, and to be limited:

    (a) to 10% of the number of issued shares which amounts to a maximum of 27,230,723 Ordinary Shares;

    (b) by the condition that the maximum price, exclusive of expenses, which may be paid for an Ordinary Share contracted to be purchased on any day shall be the highest of: (i) an amount equal to 5% above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out at the relevant time (provided that this price can never be greater than 10% above the weighted average of the market value of an Ordinary Share for the five business days immediately preceding the date on which that Ordinary Share is contracted to be purchased);

    (c) by the condition that the minimum price, exclusive of expenses, which may be paid for an Ordinary Share is €0.01, such power to apply, unless renewed prior to such time, until the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020 but so that the Company may enter into a binding contract under which a purchase of Ordinary Shares may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares in pursuance of such binding contract as if the power had not ended, provided further that:

    (d) to the extent that such repurchase occurs in respect of shares listed on the JSE, such repurchase of the shares may only be implemented through the order book operated by the JSE trading system;

    (e) such repurchase shall be done without any prior understanding or arrangement between the Company and the counterparty;

    (f) a resolution has been passed by the board of directors approving the purchase, that the Company and its subsidiary/ies have passed solvency and liquidity tests required by the JSE Listing Requirements and that, since the tests were performed, there have been no material changes to the financial position of the group;

    (g) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;

    (h) no shares will be repurchased during a prohibited period, as defined in paragraph 3.67 of the JSE Listings Requirements, unless the Company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and

    (i) an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter.

By Order of the Board

Company Secretary

31 October 2018

Notice of Annual General Meeting continued

Notes:

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the Company (the "Share Register") for purposes of being entitled to receive this notice is 26 October 2018.

2. Members registered on the Share Register as of 23 November 2018 (the "Record Date") shall have the right to participate and vote at the AGM. Accordingly, the last day to trade for shareholders on the Share Register in order to be able to participate and vote at the AGM is 20 November 2018. Any change to an entry on the Share Register after the Record Date shall be disregarded in determining the right of any person to attend and vote at the AGM.

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 AGM 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 the Notice.

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 registered office at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD or be emailed to: info@tisoblackstar.com, in either case, by no later than 29 November 2018 at 10 am (GMT). In order to assist shareholders, certificated shareholders and own-name registered dematerialised shareholders on the Share Register may send their signed Form of Proxy to South African Transfer Secretary, 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 29 November 2018 at 12:00p.m. (SAST).

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 Share Register, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant (**"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 AGM 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 29 November 2018 at 12:00p.m. (SAST).

8. The return of a completed Form of Proxy, other such instrument or a Proxy Instruction will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

9. Any person to whom the Notice is sent who is a person nominated under section 146 of the 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 AGM. 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 Share Register as at close of business on 23 November 2018 or, in the event that this AGM is adjourned, in the Share Register 48 hours before the time of the adjourned AGM, 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 AGM (or any adjourned AGM) in respect of the numbers of shares registered in their names at that time. Changes to the Share Register after close of business on 23 November 2018 or, in the event that the AGM is adjourned, in the Share Register 48 hours before the time of the adjourned AGM 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 AGM (or any adjourned AGM).

Notice of Annual General Meeting continued

Notes (continued):

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 AGM 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 AGM.

15. Under section 527 of the 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 AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous AGM at which annual Accounts and reports were laid in accordance with section 437 of the 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 Act.

    Where the Company is required to place a statement on a website under section 527 of the 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 AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

16. Any shareholder attending the AGM 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 AGM 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, and other information required by section 311A of the 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 or any related documents (including the Chairman's Letter and Form of Proxy) to communicate for any purposes other than those expressly stated.

Notice of Annual General Meeting continued

PART 2 – EXPLANATORY NOTES ON THE RESOLUTIONS

The notes on the following pages explain the proposed resolutions.

Resolutions 1 to 10 are proposed as ordinary resolutions which require the approval of more than 50% of the votes cast on each resolution by shareholders present or represented by proxy at the AGM.

Resolution 1 – To receive and consider the auditor's report, the strategic report, the directors' report and the Accounts for 2018

For each financial year, the directors must present an independent auditor's report on the annual financial statements, a strategic report, a directors' report and accounts to shareholders at an annual general meeting. Those to be presented at the AGM are in respect of the year ended 30 June 2018.

Resolution 2 – To approve the Directors' Remuneration Report

Resolution 2 seeks approval for the Directors' Remuneration Report (including the Remuneration Review to shareholders by the Chairman of the Remuneration Committee), which together comprise the Directors' Remuneration Report. The Directors' Remuneration Report can be found on pages 68 to 81 of the 2018 Integrated Annual Report. The Directors' Remuneration Report sets out the remuneration outcomes for the financial year ended 30 June 2018. This report will be subject to an advisory vote, (as further detailed below).

Resolutions 3 and 4 – Election and Re-Election of Directors

The Company's Articles of Association currently require directors to submit themselves for election by shareholders at the first annual general meeting following their initial appointment to the Board and for re-election thereafter at subsequent annual general meetings at intervals of no more than three years. Also in accordance with the JSE Listings Requirements one third of the non-executive directors are also to seek re-election.

The non-executive directors, John Broadhurst Mills and Harishkumar Kantilal Mehta, have been subject to a performance evaluation process and it is believed that they will continue to be effective in, to demonstrate commitment to, and to have sufficient time available to perform the duties required of their roles.

The biographical details of the directors are given in the 2018 Integrated Annual Report in support of the Board's recommendation to re-elect John Broadhurst Mills and Harishkumar Kantilal Mehta as directors of the Company.

Resolutions 5 and 6 – To authorise the Board to re-appoint Deloitte LLP and Deloitte & Touche (JSE Purpose only) as the auditors to the Company and to authorise the Audit Committee to determine their remuneration

At every general meeting at which Accounts are presented to shareholders, the Company is required to appoint an auditor to serve until the next such meeting. You are asked to approve the re-appointment and, following normal practice, to authorise the Audit Committee to determine their remuneration.

Resolution 7 – Donations to EU Political Organisations and EU Political Expenditure

Section 366 of the Act requires companies to seek shareholder approval for donations to organisations within the European Union, which are, or could be, categorised as EU political organisations. Although the Company does not make, and does not intend to make, donations to political parties within the normal meaning of that expression or to independent election candidates, the legislation is very broadly drafted, in that, it may extend activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform and matching employees' donations to certain charities. Therefore, in accordance with corporate governance best practice, the Board has decided to seek shareholders' authority for political donations and political expenditure. The Company has decided upon a cap on the aggregate amount of political donations and expenditure at £90,000, in case any of the Company's normal activities are subject to the legislation.

Resolution 8 – Authority to Allot Shares

This resolution seeks to renew for a further year the directors' general authority to allot shares and to grant rights to subscribe for or to convert any security into shares in the Company given by shareholders at the last annual general meeting. The renewed authority would give the directors authority to allot shares and to grant rights to subscribe for or to convert any security into shares in the Company with an aggregate nominal value of up to €20,695,349 which, represents approximately one-tenth of the issued share capital of the Company.

The authority sought under resolution 8 will expire at the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020. The Board intends to seek renewal of this authority again at the next annual general meeting. The directors consider that the Company should maintain an adequate margin of shares for use, for example, in connection with a future acquisition or an equity issue. The directors do not, however, have any present intention to issue new Ordinary Shares except in order to satisfy share options under the Company's share option schemes.

Notice of Annual General Meeting continued

PART 2 – EXPLANATORY NOTES ON THE RESOLUTIONS (continued)

Resolution 9 – Non Binding Advisory Vote on the Remuneration Policy of the Company

The reason for Resolution 9 is that the JSE Listings Requirements requires, and King IV recommends, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy adopted. Resolution 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

Resolution 10 – Non Binding Advisory Vote on the Implementation of the Remuneration Policy of the Company

The reason for Resolution 10 is that the JSE Listings Requirements requires, and King IV recommends, that the implementation of a company's remuneration policy be tabled for a non-binding vote by shareholders at each AGM. This enables shareholders to express their views on the implementation of the Company's remuneration policies. Resolution 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

Resolutions 11 and 12 are proposed as special resolutions which require at least 75% of the total votes cast on each resolution by shareholders present or represented by proxy at the AGM.

Resolution 11 – Disapplication of pre-emption rights

This resolution gives the Board authority to allot Ordinary Shares (or sell any Ordinary Shares which the Company may purchase and elect to hold as treasury shares) for cash without first offering them to existing shareholders in accordance with statutory pre-emption rights.

Part (a) of the resolution provides authority to the Board to allot Ordinary Shares for cash to existing shareholders in proportion to their existing shareholdings, but with greater flexibility than is required under the UK's statutory pre-emption right.

Part (b) of the resolution provides authority to allot to third parties without first offering the shares to existing shareholders. This authority renews a corresponding authority granted at the last annual general meeting and would, as in previous years, be limited to allotments or sales in connection with pre-emptive offers or otherwise up to an aggregate nominal amount of €10,347,675 This aggregate nominal amount represents approximately 5% of the issued share capital of the Company.

This authority will expire on the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020. This authority is granted under section 570 of the Act.

To the extent that the authority granted under this resolution may amount to a general authority to issue shares for cash, such authority will be subject to the applicable provisions of the JSE Listings Requirements. Shareholders are referred to these restrictions, as detailed in Resolution 11.

Resolution 12 – Purchase of own shares by the Company

This resolution seeks to renew the authority for the Company to make market purchases of its own Ordinary Shares. The directors do not currently have any intention of exercising the authority granted by this resolution.

Nevertheless, in certain circumstances, it may be advantageous for the Company to purchase its own shares and this resolution seeks authority from shareholders to make such purchases in the market. The directors consider it to be desirable for this general authority to be available to provide flexibility in the management of the Company's capital resources. The authority will be exercised only if, in the opinion of the directors, this will result in an increase in earnings per share and would be in the best interests of the Company and its shareholders generally, given the market conditions and the price prevailing at the time. You are asked to consent to the purchase by the Company of up to a maximum aggregate of 27,230,723 Ordinary Shares, which represents 10% of the Company's issued share capital.

This authority will expire at the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2020.

The Company may either retain any of its own shares which it has purchased as treasury shares with a view to a possible re-issue at a future date, or cancel them. The Company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base.

Notice of Annual General Meeting continued

PART 3 – ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1. The directors, collectively and individually, accept responsibility for the information contained in the Notice and to the best of their knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information, and that all reasonable enquiries to ascertain such facts have been made and that the Notice contains all information required by law and the JSE Listings Requirements.

2. MATERIAL CHANGE

2.1. There has been no material change in the financial or trading position of the applicant and its subsidiaries subsequent to the Company's financial year end, being 30 June 2018.

3. ISSUED SHARE CAPITAL

	30 June 2018 R'000	30 June 2017 R'000
Share capital - Authorised		
400,000,000 ordinary shares of €0.76 each (converted to R10.71)	**4,282,418**	4,282,418
Share capital - Issued and fully paid		
268,291,260 ordinary shares of €0.76 each (converted to R9.52)	**2,554,036**	2,554,036
Share premium	**701,212**	701,212
	3,255,248	3,255,248

A reconciliation of the movement in ordinary shares of €0.76 each is provided below:

	Issued and fully paid Number of shares	**Treasury shares Number of shares**	**Outstanding shares Number of shares**
Balance as at 1 July 2016	268,291,260	(1,067,925)	267,223,335
Repurchase of own shares	-	(1,944,424)	(1,944,424)
Balance as at 30 June 2017	268,291,260	(3,012,349)	265,278,911
Repurchase of own shares	-	(1,995,542)	(1,995,542)
Balance as at 30 June 2018	**268,291,260**	**(5,007,891)**	**263,283,369**
Forteitable shares awarded as part of the long term Management Incentive Scheme	4,015,973	(4,015,973)	-
	272,307,233	**(9,023,864)**	**263,283,369**

4. DIRECTORS

4.1. The directors of the Company and their functions are as follows:

Director	*Function*
David Kwame Tandoh Adomakoh	Non-executive Group Chairman
John Broadhurst Mills	Non-executive Deputy Chairman and Lead Independent Director
Nkululeko Leonard Sowazi	Non-executive Director
Andrew David Bonamour	Chief Executive Officer
Marcel Ernzer	Independent Non-executive Director
Harishkumar Kantilal Mehta	Independent Non-executive Director

Notice of Annual General Meeting continued

PART 3 – ADDITIONAL INFORMATION (continued)

5. DIRECTORS' LETTERS OF APPOINTMENT

All directors have entered into a service agreement or letter of appointment with the Company. Each Director has been appointed pursuant to the Company's Articles of Association.

Director		Start date	Term
David Adomakoh	Non-executive Group Chairman	30 June 2018	one year
John Mills (Maitland Luxembourg S.A.)	Independent Non-executive Group Deputy Chairman	30 June 2018	one year
Nkululeko Sowazi	Non-executive Director	30 June 2018	one year
Marcel Ernzer	Independent Non-executive Director	30 June 2018	one year
Harish Mehta	Independent Non-executive Director	30 June 2018	one year

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the Company's website at
http://www.tisoblackstar.com/publications/ and will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of the Notice at the registered office of the Company and at the place of the AGM for 15 minutes prior to the AGM and during the AGM:

i. the Memorandum and Articles of the Company;

ii. the audited financial statements for the year ended 30 June 2018;

iii. the interim financial statements for the six months ended 31 December 2017; and

iv. the Notice.

6.1. Copies of the following documents will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of the Notice at the registered office of the Company and at the place of the AGM for 15 minutes prior to the AGM and during the AGM:

6.2. All directors service agreements and non-executive director engagement letters.

A person who has received the Notice may request a copy of any documents or information incorporated by reference into the Notice. A copy of any such documents or information incorporated by reference into the Notice will not be provided unless requested from the Company Secretary, Leanna Isaac, at Berkeley Square House, Berkeley Square, London W1J 6BD, England or by telephone on +44 (0) 20 78876018.

Save as set out above in the Notice, neither the contents of the Company's website, nor the contents of any website accessible from hyperlinks on the Company's website, is incorporated into, or forms part of, the Notice.

Dated: 31 October 2018

Form of Proxy

TISO BLACKSTAR GROUP SE

(registered in England and Wales under number SE000110)

Berkeley Square House, Berkeley Square, Mayfair, London W1J 6BD

FORM OF PROXY

For use by registered Shareholders at the annual general meeting (the **"AGM"**) of Tiso Blackstar Group SE (the **"Company"**) will be held at Berkeley Square House, Berkeley Square, Mayfair, London W1J 6BD on Monday, 3 December 2018 at 10:00a.m. GMT (12:00p.m. SAST).

Capitalised terms which are used in this Form of Proxy but which are not defined shall have the meaning attributed thereto in the Notice of AGM dated 31 October 2018.

Please read the Notice of AGM and the explanatory notes below before completing this form.

I/We...

(Please insert full name in block capitals)

Of ....

(Please insert address in block capitals)

being (a) member(s) of Tiso Blackstar Group SE, hereby appoint the Chairman of the AGM,

or .... (see Note 1)

as my/our proxy in relation to all/.. of my/our shares, to attend and vote for me/us at the AGM to be held on Monday, 3 December 2018 at 10:00a.m. GMT (12:00p.m. SAST) and at any adjournment of that meeting.

I/We direct the proxy to vote in relation to the Resolutions referred to below as follows:

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made. ☐
For the appointment of one or more proxy, see Note 1.

Resolutions

Ordinary Resolutions	For	Against	Abstain
1. To receive and consider the auditor's report, the strategic report, the directors' report and the Accounts for the financial year ended 30 June 2018.			
2. To approve the Directors' Remuneration Report set out on pages 68 to 81 of the Integrated Annual Report for the financial year ended 30 June 2018.			
3. To re-elect John Broadburst Mills as a non-executive director.			
4. To re-elect Harish Kantilal Mehta as a non-executive director.			
5. To re-appoint Deloitte LLP and Deloitte & Touche (JSE purposes only) as the auditors of the Company.			
6. To authorise the Audit Committee to determine the remuneration of the auditors.			
7. To authorise the Company and all companies that are subsidiaries of the Company to make political donations or incur political expenditure up to £90,000 in aggregate.			
8. To give the Board power to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company, up to a nominal amount of €20,695,349 being one-tenth of the existing issued share capital.			
9. To endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out on pages 70 to 81 of this Integrated Annual Report.			
10. To endorse by way of a non-binding advisory vote the Company's implementation report in regard to the remuneration policy, as set out in the remuneration report on pages 68 to 81 of the Integrated Annual Report.			

Form of Proxy continued

Special Resolutions	For	Against	Abstain
11. That, if resolution 8 is passed, to dis-apply pre-emption right in respect of: (a) the allotment of equity securities to existing ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and, in addition to any allotment or sale pursuant to this paragraph; and (b) to the allotment (otherwise than under paragraph (a) above) of equity securities or sale of treasury shares (whether to existing ordinary shareholders or otherwise) up to a nominal amount of €10,195,068.			
12. To authorise the Company to make market purchases of its Ordinary Shares, to a maximum number of 27,230,723 Ordinary Shares.			

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 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 the AGM ☐ I will not be attending the AGM ☐

Signature .... Date 2018

Notes:

1. To appoint as a proxy a person other than the Chairman of the AGM, 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:

(i) 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.

(ii) 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 AGM (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.

(iii) 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 AGM'. All forms must be signed and should be returned together in the same envelope.

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 registered office at Berkeley Square House, Berkeley Square, Mayfair, London, W1J 6BD or be emailed to: info@tisoblackstar.com, in either case, by no later than 29 November 2018 at 10:00a.m. (GMT) or 12:00p.m. (SAST). In order to assist shareholders, certificated shareholders and own-name registered dematerialised shareholders on the Share Register may send their signed Form of Proxy to South African Transfer Secretary, Link Market Services South Africa Proprietary Limited, either:

   (i) In hard copy form by post to PO Box 4844, Johannesburg, 2000; or

   (ii) in hard copy form by courier or by hand to 13th Floor, 19 Ameshoff Street, Braamfontein, 2001; or

   (iii) in electronic form by email or fax to meetfax@linkmarketservices.co.za,

   so as to be received by no later than 29 November 2018 at 12:00p.m. (SAST).

4. Dematerialised shareholders on the Share Register, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant (**"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 AGM 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 29 November 2018 at 10:00a.m. (GMT) or 12:00p.m. (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 AGM should you subsequently decide to do so.

Glossary

Africa	Africa (excluding South Africa)
AGM	Annual General Meeting
AI	Artificial Intelligence
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller growing companies
AM	ArcelorMittal
AMSA	ArcelorMittal SA Limited
ASA	Advertising Standards Authority
ATR	Annual Training Report
B2C	Business to consumer
Balance sheet	Statement of financial position
BCCSA	Broadcasting Complaints Commission of South Africa
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
the B-BBEE Act	Section 13G (2) of the Broad-Based Black Economic Empowerment Act No. 46 of 2013
BBS	Bothma Branding Solutions Proprietary Limited
BHG	Blackstar Holdings Group Proprietary Limited
Blackstar Investors PLC	''Blackstar" today Tiso Blackstar Group SE
the board or the Tiso Blackstar Board	The board of directors of Tiso Blackstar Group SE, as set out on pages 55 and 56
board committees	Sub committees of the board, mandated to carry out specified functions, programs, or projects assigned by the board
CAGR	Compounded average growth rate
CAPEX	Capital expenditure
CEO	Chief Executive Officer of Tiso Blackstar Group' - Andrew Bonamour (appointed 17 July 2017)
CGU or CGUs	Cash generating unit/units
COO	Chief Operating Officer
Coopers	Cooper Communications Limited
CODM	Chief Operating Decision Maker
CFO	Chief Financial Officer
CGIC	Credit Guarantee Insurance Corporation
CPI	The consumer price index of South Africa, a primary indicator of South Africa's inflation
CPIX	Consumer price index excluding mortgage costs
CSI	Consolidated Steel Industries Proprietary Limited
the current year	The year ended 30 June 2018
DBs	Direct broadcast satellite
Deemed Acquisitions	Subsidiaries and associates which were no longer carried at fair value but rather consolidated and equity accounted, respectively, effective 1 July 2016, as a result of a change in the Group's status as an Investment Entity as defined in IFRS 10. On the Deemed Acquisition Date, the Group applied IFRS 3
Deemed Acquisition Date	1 July 2016
Deemed Consideration	Measuring any goodwill or gain on bargain purchase that arises from the Deemed Acquisitions
Deloitte	Deloitte & Touche
Deloitte LLP	Deloitte LLP
EBITDA	Earnings before interest, taxes, depreciation and amortisation

Glossary continued

EEA	European Economic Area
EPS	Earnings per share
EU	European Union
Exco	Executive Committee of Tiso Blackstar Group
Fantastic	Fantastic Investments 379 Proprietary Limited
FCA	Financial Conduct Authority
FD	Financial Director
Firefly	Firefly Investments 223 Proprietary Limited
FMCG	Fast-Moving Consumer Goods
Forfeitable Shares	Tiso Blackstar shares issued under the FSP
FP&M	Fibre Processing and Manufacturing
FSC	Forest Stewardship Council
FSP	Forfeitable Share Plan
FVTPL	Fair value through profit and loss
GBF	General Banking Facility
GBP	Pounds Sterling
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
IAR	Integrated Annual Report
IASB	International Accounting Standards Board
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
Income statement	Statements of profit and loss and other comprehensive income
IoT	Internet of Things
IT	Information Technology
HEPS	Headline earnings per share
H&C	Hirt and Carter division of the segment Hirt & Carter Group
HR	Human Resources
JIBAR	Johannesburg Inter-Bank Acceptance rate
JSE	JSE Limited incorporating the Johannesburg Securities exchange, the Main Board in South Africa
King Report or King IV	King Report IV on Corporate Governance of South Africa, 2009
KPIs	Key performance indicators – a set of quantifiable measures that a Company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
King IV	King IV Report on Corporate Governance for South Africa, 2016
KTH	Kagiso Tiso Holdings Proprietary Limited
LED	Light Emitting Diode
LPS	Loss per share
LRC&S	Laws, regulations, codes and standards
LSE	London Stock Exchange
LTI	Long term incentive award
Macsteel	Macsteel Service Centres SA Proprietary Limited
Maitland	Maitland Group Limited
Maitland Malta	Maitland Malta Limited
Management Incentive Scheme	Tiso Blackstar Share incentive scheme

Glossary continued

MAR	Market Abuse Regulation
MEEM	Multi Period Excess Earnings Method
MGM	Metro-Goldwyn-Mayer
MMI	MMI Holdings Limited
MOI	Memorandum of Incorporation
MSP	Mine Support Products Proprietary Limited
MTF	Multilateral Trading Facilities
Multimedia group	Multimedia Group Limited
NAV	Net Asset Value
NCAHFS	Non-current assets held for sale
NGOs	Non-Governmental Organisation
Other Business Acquisitions	other less significant acquisitions of subsidiaries and business which took place during the prior year
PBIT	Profit before interest and tax
PDIs	Previously disadvantaged individuals
PIFSA	Printing Industry Federation South Africa
PoPI	Protection of Personal Information
PPA	Purchase price allocation
Press Code	South African Press Code
Printing SA	The South African federation for printing and packaging
PRMA	Post-retirement medical aid
QMS	Quality management system
Radio Africa group	Radio Africa Limited
Remco	Remuneration Committee of Tiso Blackstar
RIFR	Reportable injury frequency rate
ROCE	Return on Capital Employed
RMB	Rand Merchant Bank
Robor	Robor Proprietary Limited
ROCE	Return on capital employed
ROI	Return on investment
the reporting period	The year ended 30 June 2018
SA	South Africa
SA Companies Act	South African Companies Act 71 of 2008
SAI	SAI Holdings Limited
SAICA	South African Institute of Chartered Accountants
SCA	Supreme Court of Appeal
SDL	Skills Development Levy
SENS	Securities Exchange News Service of the JSE
Servest	Servest Group Limited
SETA	Sector Education And Training Authority
SPV	Special Purpose Vehicle
Standard Bank	Standard Bank Limited
STEFI	South Africa Short Term Fixed Interest
STI	Short term incentive award
STS	Smartcall Technology Solutions Proprietary Limited
TBL	Tiso Blackstar Limited

Glossary continued

TBG	Tiso Blackstar Group Proprietary Limited
TBHPLC	Tiso Blackstar Holdings PLC
Tiso Blackstar Holdings	Tiso Blackstar Holdings SE
TBRE	Tiso Blackstar Real Estate
Tiso Blackstar SA	Tiso Blackstar SA Proprietary Limited
TIH	Tiso Investment Holdings Proprietary Limited
the previous year	The year ended 30 June 2017
the Company	Tiso Blackstar Group SE
the Group	Tiso Blackstar Group SE and its subsidiaries
TIH	Tiso Investment Holdings Proprietary Limited
TMG	Times Media Group Proprietary Limited
Tiso Blackstar	Tiso Blackstar Group SE
Tricom	Tricom Properties Proprietary Limited, a company owned by a shareholder of Robor
Triumph	Triumph Printing and Packaging Proprietary Limited
TSR	Total shareholder return
UK	United Kingdom
UK Companies Act 2006	United Kingdom Companies Act 2006 (as amended)
UPS	Uninterruptible power supply
USD	US Dollar
VAT	Value Added Tax
WACC	Weighted average cost of capital
WSP	Workplace Skills Plan
ZAR	South African Rands

Corporate information

Directors
D K T Adomakoh (Non-executive Group Chairman)
J B Mills (Non-executive Group Deputy Chairman)
A D Bonamour (CEO)
M Ernzer (Non-executive)
H K Mehta (Non-executive)
N L Sowazi (Non-executive)

Registered Office
Tiso Blackstar Group SE
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E-mail: info@tisoblackstar.com
Website: www.tisoblackstar.com

Auditor (United Kingdom)
Deloitte LLP
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Auditor (South Africa)
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Woodmead
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Sponsor
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Legal Adviser
(as to South African law)
Werksmans Attorneys
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2196
South Africa

Registrar and Receiving Agents
(South Africa)
Link Market Services Proprietary Limited
13th Floor Rennie House
19 Ameshoff Street
Braamfontein
2000
South Africa

Primary Main Listing
Main Board of the JSE Limited

Shareholders' diary

Financial year End	30 June 2018
Annual General Meeting	3 December 2018