Tiso Blackstar Group SE
Integrated Annual Report
2017

Contents

Integrated Annual Report 2017

About this report

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.

Reporting period
Our Integrated Annual Report will be published annually. This report covers the period 1 July 2016 to 30 June 2017. Any material events after this date to approval by the board of directors on 27 September 2017 have been included. This report is not comparable to our 2016 report as Tiso Blackstar has changed its status from an Investment Entity that fair-valued its investments to now preparing consolidated results. It also transferred its listing from a secondary listing on the JSE Limited ("JSE") AltX to a dual primary listing on the London Stock Exchange's AIM and the JSE Main Board on 13 July 2017.

As such, this report is structured to comply with AIM requirements for board-approved Strategic and Directors' reports, as well as JSE Listing Requirements on integrated reporting.

Operating businesses
Tiso Blackstar operates primarily in the media sector. We intend to dispose of our non-core investments, with the disposal of KTH announced during the reporting period. The scope of this report therefore gives greater emphasis on our key media businesses in South Africa and Africa, and provides less detailed information on investments in which we hold a minority stake or non-core businesses that have not been disposed of yet.

Financial and non-financial reporting
The boundary of the report extends beyond financial reporting to non-financial performance, opportunities, risks and outcomes for key stakeholders who have a significant influence on our ability to create value.

As this is our first Integrated Annual Report, we disclose available data primarily on our South African operations. In time, we will extend this to all controlled operations as data-collection processes mature.

Targeted readers
This is our primary report to stakeholders and specifically addresses the information requirements of long term investors (our shareholders). We also present information relevant to other key stakeholders, including our staff, clients, regulators and communities.

Regulatory reporting requirements
As a dual listed company, we align to the JSE Listings Requirements, and the United Kingdom Companies Act 2006 (as amended) ("Companies Act 2006"). The content of this report is also aligned with the requirements of International Financial Reporting Standards (IFRS), South African Companies Act, the framework of the International Integrated Reporting Council (IIRC), King Code of Governance Principles for South Africa (King IV), the 'core' level of the Global Reporting Initiative (GRI) G4 and the SAICA Financial Reporting Guides.

Key concepts
The six capitals
We understand that our relevance today and in future depends on our ability to create long term value. This in turn is interrelated with the forms of capital available to us (inputs), how we use them (value-adding activities), our impact on them and the value they create (outputs and outcomes).

Given that our business model is evolving to suit our new operating structure and focus on the media sector, it is premature in this report to use the IIRC's six-capitals model to quantitatively illustrate our ability to create long term value. We are, however, committed to this level of disclosure and will adopt this approach as soon as practical.

Materiality and material issues
Despite the caveat noted above, we apply the principle of materiality in assessing information that will present a balanced view for stakeholders. This report focuses particularly on the issues that impact materially on our group

and its ability to be a sustainable business that consistently delivers value to all its stakeholders. These material issues, in turn, influence our strategy.

Assurance and independent assessment
The group uses independent service providers to assure various aspects of our operations, including elements of external reporting. External assurance is the responsibility of a combined financial and non-financial assurance team.

This Integrated Annual Report conforms to the requirements of the Companies Act 2006 and JSE Listings Requirements.

The consolidated annual financial statements for the year ended 30 June 2017 have been audited by Deloitte LLP and Deloitte & Touche ("Deloitte"), which expressed unmodified opinions for the year ended 30 June 2017.

As noted, non-financial information has been prepared against the 'core' level of the GRI G4. In time, we will align this disclosure with AccountAbility's AA1000APS (2008) principles of materiality, completeness and responsiveness. Broad-Based Black Economic Empowerment ("B-BBEE") information was verified by Empowerdex, an independent rating agency.

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.

Statement of the board of directors of Tiso Blackstar
The board acknowledges its responsibility to ensure the integrity of this Integrated Annual Report. In the Board's opinion, it addresses all material issues and presents fairly the Group's integrated performance. This report has been prepared against key regulatory reporting requirements as detailed above.

For and on behalf of the board

AD Bonamour
Chief Executive Officer
27 September 2017

DKT Adomakoh
Non-executive Chairman

Highlights

- Consolidated EBITDA[1] increased by 30.0% from R359.6 million* (£16.7 million*) to R467.6 million (£27.1 million);
- Consolidated turnover increased to R9.1 billion (£529.5 million) from R8.1 billion* (£376.5 million*);
- Core[2] term debt reduction from R730.0 million (£37.4 million) to R633.1 million* (£37.3 million*);
- Proposed final dividend of 4.65912 cents (0.25935 pence) per share;
- Strong performance from Media with EBITDA growth of 25.8%;
- Hirt & Carter Group increased EBITDA from R234.8 million* (£10.9 million*) to R245.0 million (£14.2 million);
- Agreed sale of 22.9% interest in KTH for R1.5 billion (£88.3 million);
- Blackstar Holdings Group achieved a level 2 B-BBEE contributor status, post year end, based on the revised Broad-Based Black Economic Empowerment Codes of Good Practice that came into effect on 1 May 2015;
- Listing transferred from Altx to JSE Main Board on 13 July 2017;
- Successful migration of the Company from Malta to the United Kingdom;
- Special dividend of R40.0 million (£2.4 million) expected to be proposed on the successful closure of KTH sale; and
- Financial highlights:
  - Net profit before interest and tax of R284.0 million (£16.5 million) compared to a net loss before interest and tax of R677.2 million (£31.5 million) in the prior year; and
  - Earnings per share of 2.95 cents per share (0.18 pence per share) compared to a loss per share of 339.40 cents per share (15.81 pence per share).

1 EBITDA is defined as profit before interest and tax after adding back depreciation, amortisation, straight lining of leases and cash settled share based payment expenses. Consolidated EBITDA is inclusive of items outside the ordinary day-to-day activities, while segmental EBITDA excludes items outside of the ordinary day-to-day activities

2 "Core" includes the segments Media, Hirt & Carter Group, Broadcast and Content, and the segment Africa (excluding South Africa) which comprises our interest in associates: Radio Africa group in Kenya; Multimedia group in Ghana; and Coopers in Nigeria. "Non-core" category includes Robor and CSI

* Pro forma comparative financial information has been provided as a result in the change in the accounting treatment between the current and prior years – refer Pro forma financial information section and appendix A

Strategic Report continued

Who we are

Beyond print, beyond news

Tiso Blackstar is a global company rooted in Africa, operating market-leading media, broadcast 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 company is South Africa's largest national English 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 biggest marketing solutions company for the retail sector in Africa. We are also the proud custodians of iconic brands that include the Sunday Times, Sowetan, Financial Mail, The Herald, Gallo Music and Uniprint.

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

Tiso Blackstar is a holding company that owns and operates companies in the media and related services sector.

In July 2017, the company received approval from the JSE to transfer its listing from a secondary listing on the alternative exchange (AltX) to a dual primary listing on the Main Board as an equity investment instrument. Accordingly, the company's Articles of Association were amended to comply with the JSE Listings Regulations. Effective 30 June 2017, it also migrated from Malta to the United Kingdom.

Tiso Blackstar now has a dual primary listing on the LSE AIM and JSE Main Board. This will widen our potential investor base, develop our governance framework and facilitate our longer term growth ambitions.

Core group businesses

Blackstar Holdings Group Proprietary Limited ("BHG") (100% owned)

BHG consists of the following segments: Media, Broadcast and Content, and Hirt & Carter Group.

Media

Sunday Times
Times LIVE
Saturday Dispatch
The Times
financialmail
BusinessDay
Sowetan
WeekendPost
The Herald
Daily Dispatch
HOME OWNER
wanted
THE EDIT
S Mag
mims
DIGEST of South African Architecture
khuluma
ARCHSA Architecture South Africa
RSD Rock Surf & Deep
SA MINING
The South African Schools Collection
Dispatch LIVE
BANKERSA
Sunday World
Business LIVE
Sowetan LIVE
Herald LIVE
RAND DAILY MAIL
TSHISA LIVE

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, The Times, 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.

Broadcast and Content

Content

Television

Radio

The Broadcast and Content division houses our growing interests in television, radio, films 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.

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

Hirt & Carter Group

Hirt & Carter Group ("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.

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.

In addition to its radio, television and online platforms, the group has the biggest events and promotions vehicle in Ghana, organising special and targeted events that attract over 250 000 visitors annually. Multimedia group's 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 are owned by management.

Cooper Communications Limited ("Coopers") (effective 36.5% owned)

Coopers group 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.

Non-core group businesses

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.

Robor Proprietary Limited ("Robor") (51% 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 its shares.

Kagiso Tiso Holdings Proprietary Limited ("KTH") (22.9% 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.

KTH maintains a long term investment horizon and is therefore able to partner with companies throughout their business cycles, without undue pressure to exit in the short or medium term. Further details on KTH can be found on www.kagiso.com.

On 6 July 2017, Tiso Blackstar updated shareholders on the conditional sale of its interest in KTH for R1.5 billion (£88.3 million). The company has signed a share purchase agreement with KTH and Kagiso Trust Strategic Investments Proprietary Limited to purchase its entire shareholding in KTH, subject to fulfilling suspensive conditions, including:

- Completion of KTH debt restructure;
- Approval by the competition authorities;
- KTH shareholder waiver of pre-emptive rights; and
- KTH shareholder approval in terms of s115(2)(a) of the South African Companies Act.

Creating value

Inputs (what we need)	Activities (what we do)	Outputs (what we produce)	Outcomes (how we add value)
Financial Revenue streams Access to capital **Manufactured** Efficient operating systems **Human** Appropriate skills **Social and relationship** Input from stakeholders **Intellectual** Innovation that builds audiences	Media, Broadcast and Content – delivering premium, influential content through market-leading media assets: • 10 leading print media titles • Broadcasting: leading positions in lifestyle, business and motoring TV channels, TV production, film distribution, music catalogues and radio stations (Kenya, Ghana, Nigeria, Kwa-Zulu Natal and Mpumalanga) • Events: leveraging our brands by developing events across the business, finance, marketing and lifestyle sectors H&C – 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 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) Non-core • Robor designs engineering solutions and manufactures products for customers in oil, gas, water and power • CSI designs and manufactures steel roofing and allied products, and stocks and distributes stainless steel and aluminium long and flat products	Media, Broadcast and Content, and H&C: • 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 • Ecommerce consulting Non-core • Manufacture and supply of steel tube and pipe, scaffolding • Steel roofing and sheeting, stocks and distributes stainless steel and aluminium long and flat products	**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** and 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 Non-core: • Beneficiation of cold rolled steel coil into pipe, tube and proprietorial roof sheeting profiles; • National sales and distribution network making products accessible to all consumers; and • CSI provides bespoke roofing design solutions for a wide range of applications.

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).

Market overview

The estimated value of the total media market in South Africa is around R42 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, given its leading titles, media assets and marketing solutions capability.

South African media markets

The SA media industry remains subdued, given weak economic activity and an ongoing structural shift in media consumption.

The traditional 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.

Ongoing demand for marketing solutions by the retail and Fast Moving Consumer Goods ("FMCG") sectors means that businesses such as H&C are well placed to succeed even in subdued periods.

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 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 national elections and 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.

Tiso Blackstar is well placed to compete in this evolving media world:

- Global newspaper trends point to **premium products for quality audiences** as a powerful and viable option for operating profitably across multiple platforms:
  - Local strategy has been shaped by the emergence of US/European digital business models for traditional news businesses; and
  - Revamped content and design, the launch of our **business paywall**, growth of aligned events, and **investing in top digital skills** all form part of a broader strategy to **ensure sustainability and growth**.

- Advertising and circulation are **plateauing** after recent structural and economy-driven declines:
  - Planned reductions in uneconomical circulation helped **reset the cost base**;
  - **Operating cost improvements** and **new revenues from higher-margin supplements** helped titles weather traditional revenue declines; and

– Focus on relevant, topical and **quality content for influential customers** helped further differentiate our products in the market.

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 knowlegeable digital consumers, this requires investing in data and content management, as well as streamlined process management.

The H&C is well placed – through its industry-leading data and software offerings – to provide value to the retail market as customers deal with this structural change. In addition, as part of the Tiso Blackstar Group, it is able to offer strategic media partnerships with some of the biggest brands and channels in the country.

Strategy

Tiso Blackstar is building a modern and dynamic global media business, with its roots in Africa, focused on delivering premium, influential content. We operate market-leading newspaper, broadcast, digital and mobile properties providing quality content and services to varied audiences. The group has strong exposure to rapidly growing digital, broadcast and mobile markets, with a leading position in South Africa and a broad footprint across Kenya, Ghana and Nigeria.

The company has a proven record in sourcing opportunities in its chosen sector and extracting shareholder value through its entrepreneurial focus and strong management team.

Vision

Build a **modern and dynamic global media business** focused on delivering **premium, influential content**.

Strategic focus areas

Develop our skills base to develop our media assets		
Largest national English publishing group • Second-largest digital publisher • Owns the largest music and independent film catalogues in Africa • Operates unique, scalable TV channels	**Market-leading assets** • Key assets span newspapers, radio, TV, film, music, digital publishing, mobile content and innovative marketing solutions in South Africa • Large-scale market-leading interests in Kenya and Ghana • Smaller exposure to Nigeria	**Unique and dynamic retail solutions** • H&C is a valuable business that uses unique technology and innovation to drive sales for brands and retail clients
Geographic expansion – capitalising on opportunities in aligned markets globally		
Add complementary products and businesses through development or bolt-on acquisitions to maintain market-leading presence		
Exit non-core investments in a responsible manner for stakeholders, while maximising shareholder value		

Managing principal risks and uncertainties

We operate in an environment of risk and uncertainty. Particularly with the current global and local political and economic challenges we find ourselves. To create value for shareholders, we need to take risk, but also manage it appropriately. We do this by accepting risk but within parameters set by the board and then managing this risk through a robust framework and best practice.

Risk management is not a separate process, but integrated into the business. Responsibility for mitigating risk and uncertainty lies where the risk arises, usually with operational management. As such, risks and uncertainties in underlying trading businesses are managed by local management teams, and supported by the group's system of internal controls as well as finance, legal and, if required, specialist risk advisers.

Our risk management framework considers the key risks and uncertainties, likelihood of occurring, likely impact, and mitigation plans. The board is updated on key risks and developments, and ensures adequate assurance on managing risks within approved parameters is obtained through independent providers. This risk philosophy applies to both our core and non-core businesses.

The table below summarises key critical risks and uncertainties identified by the board, with an assessment of likelihood, impact and how the group is managing these.

Risk and uncertainty	Probability	Impact	Mitigation	Progress
Content delivery shifting from physical to digital formats The group generates a substantial portion of its revenues from print advertising and related products and services – any reduction in the desirability of our products and services could lower revenue.	High	High	• Expand digital delivery systems • Bolster physical product • Upgrade attractiveness of physical formats	• Ongoing investment during the period in digital-related delivery channels in Media and Hirt & Carter Group • Focus retained on improving efficiency and lowering cost of physical product
Loss of key customers Several key customers generate significant revenue for the Group – loss of a key customer could lower revenue.	Medium	High	• Strategic management of key customers by building and maintaining relationships	• Responsibility for key client relationships clearly allocated to individuals and teams. No significant client losses during the year
Loss of key personnel Key individuals may have key client relationships or knowledge of group intellectual property.	Low	Low	• Employee retention is an important part of our human resources function. When key personnel do leave, suitable replacements are identified in advance through succession planning	• Successfully implemented a share incentive scheme to align and retain key employees • Successfully implemented a share incentive scheme and performance incentive structures to align and retain key employees
Ability to service borrowings Positive cash flows are critical to pay suppliers and employees.	Low	High	• Budgeting process • Cash-flow management • Monthly accounts review	• Agreed the sale of KTH, subject to conditions, which will substantially reduce group debt
Regulatory environment Contravening laws and regulations could lead to the group incurring fines or censure.	Low	Low	• Advisors are retained for up-to-date, practical input on compliance and regulatory changes • Legislative compliance is continually reviewed by each business	• No regulatory contraventions in the period
Cyber attack on IT infrastructure This could result in the group being unable to operate and deliver its products or services.	Low	Low	• 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	• No major disruptions to IT infrastructure in the period

Risk and uncertainty	Probability	Impact	Mitigation	Progress
Groups ability to successfully exit its non-core investments • Risk that selling the businesses may result in a reduction in equity value for shareholders or damage to the group's brand.	Low	Medium	• Manage the non-core businesses as a responsible shareholder • Consider all stakeholders when considering disposal opportunities with an emphasis on maximising shareholder value.	• Tiso Blackstar is waiting for improvement in the steel sector to improve the probability of successful and value enhancing sales • Discussions with possible acquirors of the non-core businesses are ongoing. Tiso Blackstar remain resolute regarding proposed pricing and terms to ensure that any proposed transaction is aimed at protecting its shareholder wealth.

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. Our systems and processes ensure stakeholders are actively engaged and legitimate issues are considered in our decision-making processes.

In terms of regulations, Tiso Blackstar complies with the applicable stipulations of AIM and the JSE Main Board.

Our engagement with key stakeholders is summarised below.

Stakeholder	How we engage	Approach in FY17	Actions
Government and regulators	Meetings Industry associations Statutory reports	Ensure long term viability of the industry by influencing policy developments	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.
Shareholders	Result presentations and roadshows Results published in selected media Website	Inform shareholders of company performance	Financial results and presentations posted on our website, published in newspapers and on the JSE and AIM news wires.
Employees	Intranet Newsletters Management meetings Workplace forums	To 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 provide regular training.
Customers and communities	Surveys Media articles Meetings with community leaders Reader letters and customer feedback	Our business depends on audiences Engaging directly with our audiences, and beyond them into their communities, is pivotal to delivering the content that ensures their loyalty	Editorial teams use social media to engage with audiences on topical issues, share and promote content from their latest digital and print offerings. We conduct surveys on client satisfaction through various channels. We monitor physical and digital content use and return on investment trends for media.

Overview

Executive Summary

The financial year under review corresponded with exceptionally difficult economic conditions. These were triggered by South Africa entering a recession and exacerbated by political and policy uncertainty across most of the regions in which we operate.

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

Earnings Before Interest Taxation Depreciation and Amortisation ("EBITDA") of the Group's non-core steel assets declined on the back of very weak results from Robor Proprietary Limited ("Robor") which offset EBITDA growth by Consolidated Steel Industries Proprietary Limited ("CSI"). The steel industry is particularly sensitive to the current lack of economic growth and this performance is reflective, but strategies are being put in place to stop further declines.

Core

The Group achieved growth in its core EBITDA despite significant investment in digital media to position the business for the future, and unwinding the costly legacy structures of a traditional media house.

Notable core business highlights in the year included:

- The move to our new purpose-built premises in Parktown, Johannesburg, at a reduced rental, featuring South Africa's first fully integrated multidisciplinary newsroom;
- Successful introduction of a digital paywall for Business Day and Financial Mail;
- Launch of our new eventing and conference centre – The Empire;
- Hirt & Carter Group adding new major international retail clients to its customer base on the strength of its unique position in the market. Hirt & Carter Group provides wide-ranging retail marketing solutions including information systems, pre-media services, and printing and production services for the bulk of South Africa's retailers and brand companies;
- Our films division increasing its investment in both South African and international movie productions to reduce its reliance on pure licensed movie distribution;
- Films, being appointed by Metro Goldwyn Mayer ("MGM") as its official distribution partner in South Africa;
- Our music business, Gallo Music, growing its repertoire of frontline artists and securing the Idols SA franchise;
- Ghanaian business Multimedia group recording significant growth in revenues and audiences to become the country's leading TV and Radio business;
- Multi TV has the highest audience reach in Ghana around 33.0%; and
- Radio in Ghana is regional, however Multimedia group stations have the highest aggregate audience share in the two most populous regions in Ghana – an audience share of 30.0% in Greater Accra and 25.0% in the Ashanti region.

Non-core

We made significant progress in strengthening our statement of financial position through the agreed sale of our minority interest in Kagiso Tiso Holdings Proprietary Limited ("KTH") to Kagiso Trust Strategic Investments Proprietary Limited ("Kagiso") for R1.5 billion (£88.3 million).

Kagiso will settle the transaction through a series of purchases of our shares in KTH over the next twelve to eighteen months. The sale is expected to close once we receive regulatory approval.

EBITDA of the Group's non-core steel assets declined by 56.3% to R60.9 million (£3.5 million) as a result of very weak results from Robor which offset EBITDA growth by CSI. We remain intent on disposing of these assets in the foreseeable future when market conditions settle and the opportunity arises.

Pro forma financial information

As detailed in the interim results, Tiso Blackstar changed its status and was no longer an Investment Entity as defined in IFRS 10 *Consolidated Financial Statements*, from 1 July 2016. Consequently, the Group's subsidiaries, as well as property subsidiaries are consolidated in terms of International Financial Reporting Standards ("IFRS") from this date. The net identifiable assets of the Group's subsidiaries were recognised on the statement of financial position at fair value on 1 July 2016, resulting in goodwill or gain on bargain purchase being recognised at that date. Investments in associates – Radio Africa Limited ("Radio Africa group"), Multimedia Group Limited ("Multimedia group") and Cooper Communications Limited ("Coopers") – previously held at fair value, were equity accounted from 1 July 2016.

In line with IFRS, the comparative period ended 30 June 2016 has not been restated and is disclosed on a fair value basis as previously reported.

To assist shareholders in assessing our performance over time, pro forma financial information in the form of consolidated comparatives has been prepared for Group debt, Group working capital, Revenue and EBITDA, and the segmental analysis review, on the assumption that our holdings in these subsidiaries and associates were the same in comparative periods as for the reporting period ended 30 June 2017 (refer appendix A). The pro forma financial information is further analysed by segment and allocated to core and non-core categories to give the reader further insight into our operations and those that are expected to be continuing, i.e. core and non-continuing ("non-core"), collectively ("the pro forma financial information").

The pro forma financial information has been prepared for illustrative purposes only and due to the nature of the pro forma financial information, the consolidated comparatives for Group debt, Group working capital, Revenue and EBITDA, and the segmental analysis review may not fairly present Tiso Blackstar's financial position, changes in equity, results of operations or cash flows after these adjustments.

The pro forma financial information for the years ended 30 June 2015 and 30 June 2016 is presented in a manner that is consistent with the new accounting policies of Tiso Blackstar as at 30 June 2017.

The pro forma financial information has been prepared in accordance with the JSE Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information as if the acquisitions had taken place at 1 July 2014 and 1 July 2015 respectively, being the commencement date of the financial period for the purposes of the statement of comprehensive income at 30 June 2015 and 30 June 2016, being the last day of the financial period for the purposes of the statement of financial position. The pro forma financial information should be read in conjunction with the unmodified assurance report of the independent reporting accountants which is open for inspection at the Company's registered office.

The Directors of Tiso Blackstar are responsible for the preparation of the pro forma financial information.

A reconciliation of the pro forma EBITDA to the net profit for the period has been provided in appendix A. A summary of core and non-core Revenue and EBITDA for the current and prior years if presented on a consolidated basis is as follows:

Pro forma financial information 30 June 2016 R'000	**30 June 2017 R'000**		**30 June 2017 £'000**	Pro forma financial information 30 June 2016 £'000
		REVENUE		
3,813,607	**4,220,296**	*Core*	**244,447**	177,598
1,722,654	**2,045,556**	Media	**118,482**	80,223
1,581,958	**1,733,554**	Hirt & Carter Group	**100,411**	73,671
508,995	**441,186**	Broadcast and Content	**25,554**	23,704
4,200,150	**4,906,857**	*Non-core*	**284,213**	195,599
1,928,257	**2,428,645**	CSI	**140,671**	89,798
2,271,893	**2,478,212**	Robor	**143,542**	105,801
		Segmental EBITDA		
383,114	**411,874**	*Core*	**23,858**	17,843
104,327	**131,237**	Media	**7,602**	4,859
234,842	**244,968**	Hirt & Carter Group	**14,190**	10,937
43,945	**35,669**	Broadcast and Content	**2,066**	2,047
139,385	**60,855**	*Non-core*	**3,524**	6,492
55,742	**90,892**	CSI	**5,264**	2,596
83,643	**(30,037)**	Robor	**(1,740)**	3,896

The core category includes the segments Media, Hirt & Carter Group, Broadcast and Content, and the segment Africa (excluding South Africa) which comprises our interest in associates: Radio Africa group in Kenya; Multimedia group in Ghana; and Coopers in Nigeria.

The non-core category includes Robor and CSI.

Group debt review

Debt

Rm	30 June 2017	30 June 2016*	30 June 2015*
Core	**804**	839	913
Other	**443**	414	440
Non-core	**139**	129	116
Total debt	**1,386**	1,382	1,469

Tiso Blackstar's debt is split between core and non-core. Non-core debt is expected to be assumed by purchasers as part of the sales of non-core assets as these are implemented.

Core debt in Tiso Blackstar (held by BHG) includes R633.1 million, £37.3 million (2016: R730.0 million*, £37.4 million*) of term debt and R159.4 million, £9.4 million (2016: R94.0 million*, £4.8 million*) of asset-based finance.

During the year, core acquisition debt decreased 13.3% in line with contractual repayments; asset-based finance grew 69.6% after acquiring new equipment for Hirt & Carter Group, and the net cash position exceeded its overdrafts.

Other debt held at head-office level by Tiso Blackstar Holdings SE includes R407.2 million, £24.0 million (2016: R413.8 million, £21.2 million) of term debt, which will be repaid in full with part of the cash proceeds received from the sale of KTH.

Non-core debt is inclusive of term debt and asset-based finance held by CSI and Robor. At the financial year end, Robor had term debt of R83.7 million, £4.9 million (2016: R86.1 million*, £4.4 million*) and net working capital facility (consisting of factored debtors, stock debt and overdrafts) of R420.2 million, £24.7 million (2016: R361.0 million*, £18.5 million*). CSI does not have term debt and, at 30 June 2017, had R36.1 million, £2.1 million (2016: R35.6 million*, £1.8 million*) of asset-based finance and net working capital facility utilisation of R372.4 million, £15.6 million (2016: R265.7 million*, £13.6 million*). Working capital facility amounts are not included in the debt figures above.

Working capital review

Rigorous control of working capital preserved cash flow generation over the year with a R6.1 million (£0.4 million) increase in net working capital on the core businesses and a R24.8 million (£1.5 million) reduction in net working capital from the non-core businesses.

Segmental review

Core

Media

Media turned in a strong performance in the face of difficult trading conditions, growing EBITDA by 25.8% to R131.2 million (£7.6 million) despite revenue declines in traditional media, and significant investment in digital to position the business for the future. Media generated revenue of R2.0 billion (£118.5 million) for the year.

Newspaper EBITDA grew by 37.2% after declines in recent years, reflecting the focus on costs, the publication of high-margin supplements and 360° advertising offerings that helped grow market share.

The focus on growing subscriber bases, while containing costly distribution spend, continued. Notably, the launch of the BusinessLive subscription paywall grew the Group's subscription base by over 10.0% across our business titles in under three months. Post year end, the redesigned Sunday Times and Times newspapers began introducing a new paywall to their online products. This mirrors the BusinessLive strategy as well as the global trend toward paywalls and growing 'paid for' reader revenue.

Magazines remain a strong contributor, thanks to innovative custom publishing products and continued success of the SA HomeOwner franchise. Newspaper brand extensions such as Business Day's Wanted, Sowetan's S-Mag and Sunday Times' Edit all contributed to profitability.

The digital and events areas of Media are in the investment phase and showing excellent progress.

Digital investment levels were retained as advertising grew in line with market trends, although revenues still lag behind audience figures. The business is focused on developing innovative revenue streams that include native advertising, multimedia income and 'paid for'

* Pro forma comparative financial information has been provided as a result in the change in the accounting treatment between the current and prior years – refer Pro forma financial information section

reading models. This is especially important as traditional digital advertising becomes increasingly pressured by programmatic advertising trends.

Eventing revenue grew by leveraging the excellent brands in the business and building bespoke events with higher margins to build sustainability. The business also opened its new eventing home – The Empire – which is already generating good third-party revenue as a pure eventing space. The business has been bolstered by the addition of a highly-rated sponsorship team that is already having a positive impact.

Smartcall Technology Solutions Proprietary Limited ("STS"), which provides mobile content and technology services in South Africa and sub-Saharan Africa, maintained solid earnings and revenue growth. STS continues to look to develop new products and services in a fast-evolving market, especially outside a maturing South African market.

Broadcast and Content

The Broadcast and Content segment produced strong results all round, except for its films business which remains pressured by changed market conditions. This segment generated revenue of R441.2 million (£25.6 million) and EBITDA of R35.7 million (£2.1 million) during the year.

The most positive performance in the segment was in TV and Radio which, combined, grew revenue 10.3% and EBITDA by over 60.0%. TV production business, Ochre, and the Group's TV channels posted solid revenue and EBITDA growth.

Early-stage SA radio investments continued to make good progress, growing turnover while maintaining their respective current cost bases. Revenue for Mpumalanga's Rise FM grew by 40.0% and Vuma FM in Kwa-Zulu Natal grew revenue by 20.0%.

Despite a softer earnings performance, the films business is well positioned for growth over the next two years. This follows a restructuring to focus on owned content, good theatrical performance and continued success as Africa's premier all-rights distributor of filmed content.

Tiso Blackstar Group Content division extended its representation of studio partners after being appointed by MGM as its official distribution partner in South Africa across select content platforms with respect to new theatrical features. This partnership further strengthens the Group's representation of its existing portfolio of partners, being 20th Century Fox, Warner Bros. Pictures and numerous other key independent studio partners.

Gallo Music remained profitable in a turbulent market, characterised by the continued shift from physical to digital and increasing emergence of music streaming as the core driver of future revenues. Gallo Records made progress in developing and establishing new frontline artists including Nozipho, Jeremy Loops, Kabomo, The Parlotones and Oliver Mtukudzi. It also recently secured the prestigious Idols SA music franchise. Gallo Music Publishing grew EBITDA by using its owned catalogue of music. Gallo Music remains one of Africa's leading music players and is poised to grow as the streaming market develops further. The business continues to seek opportunities in music across the continent.

Hirt & Carter Group ("H&C")

H&C performed well in a difficult sales environment, increasing earnings and margins by focusing on costs and efficiencies. This segment reported a 4.3% increase in EBITDA from R234.8 million* (£10.9 million*) in 2016 to R245.0 million (£14.2 million) in 2017. The integration of Uniprint and H&C continues to have positive results for the group and new opportunities have been identified. Cost reduction initiatives are under way, which will reflect positively in the next financial year's results.

H&C Software continues to grow revenue and EBITDA. Investment in new digital technology contributed to an improved margin and allowed the group to drive further innovation in the market. Triumph Packaging was successfully integrated into Uniprint and contributed to EBITDA over the period.

H&C has commissioned a new combined head office to house all its business units. This facility will be ready mid-2018 and is expected to improve efficiencies across business units and enhance customer service.

H&C acquired a 51.0% interest in signage and branding specialist Bothma Branding Solutions Proprietary Limited ("BBS"), effective 1 July 2017. This will allow H&C to extend its client offering and further contribute to earnings.

Africa (excluding South Africa)

This segment comprises our African interests outside South Africa: a 32.3% interest in Multimedia group in Ghana, 49.0% in Radio Africa group in Kenya, and an effective 36.5% interest in Coopers in Nigeria.

Multimedia group Ghana performed well in the period, with its television arm delivering on its potential, after previous losses. It grew revenue 40.0% in its first half to June and EBITDA was up substantially on the prior year.

Radio Africa group felt the pressure of weak economic conditions ahead of August's elections and, as a result, revenue decreased by 13.7%. It has since restructured its cost base, repositioned its radio business and partnered with another leading media player in the country to further develop its Bamba TV platform.

Via our investments in Coopers and Radio Africa group, Tiso Blackstar owns an effective 36.5% interest in Lagos Talks 91.3 FM – a 24-hour talk radio station in Lagos, Nigeria, which launched in September 2016 at the peak of the economic recession. Despite this, Lagos Talks has steadily built an audience and recently secured English Premier League live broadcast rights that include both the review and preview of league games.

Non-core investments

Overview

South African steel has, historically, been supplied by ArcelorMittal SA Limited ("AMSA") in a monopolistic fashion where the supplier dictates terms, volumes and prices to distributors, fabricators and construction contractors. Since the acquisition of Iscor by ArcelorMittal ("AM"), AMSA's international/export markets are now primarily being serviced by AM through its international network of subsidiaries. Over the past five years, new-technology Chinese steel mills have come on-line and are principally responsible for at least half of the 600 million-ton oversupply of steel worldwide.

In addition to the state of the international steel market, a number of issues relate to AMSA operations in South Africa specifically. These have led to the market being dominated by uncompetitive pricing and credit terms, compounded by unreliable steel supply and quality, and slowing production. Unsustainable working capital investment has meant high borrowings and low, if any, returns to shareholders. Understandably, these local issues have increased demand for internationally produced steel.

Robor

Robor had a very difficult year. The operating environment and local uncertainty resulted in the company recording an EBITDA loss for the year of R30.0 million, £1.7 million (2016: EBITDA profit of R83.6 million*, £3.9 million*). Lower volumes and margins, and the lack of real demand, materially impacted its business. Management took steps to address market conditions by focusing on costs, efficiencies and cash flow. Robor's exports into international and other African markets grew while South African market sales declined. During the year, Robor completed the acquisition of the remaining 50.0% of Mine Support Products Proprietary Limited ("MSP").

CSI

CSI's principal divisions are Global Roofing Solutions and Stalcor. CSI increased revenue by 26.0% and EBITDA by 63.1%, reporting revenue of R2.4 billion (£140.7 million) and EBITDA of R90.9 million (£5.3 million) for the current financial year. This result was achieved despite a struggling South African economy which has recorded significant year-on-year shrinkages in the construction and steel fabrication industries.

CSI management expects further contractions in the local economy to manifest in flat revenue and profits in the coming year, however, CSI's growing sub-Saharan Africa market share bodes well for future revenue and profit growth. The group's Africa initiative requires intensive management to mitigate the vagaries of business in these countries.

Working capital management remains a focus area for CSI, particularly given the challenges of increased volumes and higher steel prices.

KTH

KTH is an investment holding company whose 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. Further details on KTH can be found on www.kagiso.com.

* Pro forma comparative financial information has been provided as a result in the change in the accounting treatment between the current and prior years – refer Pro forma financial information section and appendix A

On 6 July 2017, Tiso Blackstar updated shareholders on the conditional sale of its interest in KTH for R1.5 billion (£88.3 million). The Company signed a share purchase agreement with KTH and Kagiso whereby Kagiso will purchase Tiso Blackstar's entire shareholding in KTH, subject to the fulfilment of suspensive conditions. All the conditions have been completed with the exception of the finalisation of the funding agreements and the approval from the competition authorities.

Financial review

Tiso Blackstar's status as an Investment Entity changed as a result of its revised strategy, and it now consolidates its investment in subsidiaries and equity accounts for its investments in associates from 1 July 2016. Due to this, the prior year results are not comparable. These financial figures comprise the new base going forward.

Tiso Blackstar generated a profit before interest and tax of R284.0 million (£16.5 million) and consolidated EBITDA of R467.6 million (£27.1 million), after adding back depreciation, amortisation and straight lining of leases of R178.8 million (£10.3 million) and the cash settled share based incentive payment of R4.8 million (£0.3 million). Tiso Blackstar generated a loss after taxation of R15.4 million (£0.9 million) for the year ended 30 June 2017.

Operating expenses of R1.4 billion (£82.3 million) mainly include the day-to-day operational expenses of R43.7 million (£2.5 million) to run Tiso Blackstar head office, R848.4 million (£49.1 million) to run the core business BHG, R501.8 million (£29.1 million) to run the non-core businesses CSI and Robor, and transaction related costs of R10.2 million (£0.6 million) the majority of which are costs arising on the shareholder approved migration to the UK. Costs are closely monitored and action is taken wherever possible to cut any excess expenditure in order to improve the profitability of the Group.

Other gains of R70.2 million (£4.1 million) mainly comprise of the following: a R22.1 million (£1.3 million) profit on disposal of property, plant and equipment; a R11.4 million (£0.7 million) reversal of impairment on property, plant and equipment; a R41.7 million (£2.4 million) gain arising on step up acquisitions from associate to subsidiary; a R4.9 million (£0.3 million) fair value loss to investment property; a R7.8 million (£0.5 million) profit on disposal of investment properties; a R3.1 million (£0.1 million) foreign exchange loss arising on translation of foreign amounts and a R25.3 million (£1.5 million) impairment loss on equity investments.

Share of profit of associates of R7.4 million (£0.4 million) mainly comprises the Group's share of profits in Radio Africa group, Multimedia group and Coopers.

Other comprehensive loss of R70.5 million (profit of £24.0 million) recognised directly in equity (namely the Foreign Currency Translation Reserve) arose on translation of CSI's African subsidiaries and the Group's African based associates to Rands (a loss of R70.5 million, £4.1 million) and a profit of £28.1 million on translation of the Group's results from Rands to Pounds Sterling. An actuarial gain of R2.7 million (£0.2 million) arose on the valuation of the post-retirement medical aid ("PRMA") liability in BHG.

Bank overdrafts and other short term borrowing facilities of R886.8 million (£52.2 million) includes working capital facilities of R792.6 million (£46.7 million) and bank overdrafts of R94.2 million (£5.5 million), held by the trading subsidiaries. Tiso Blackstar generated cash from operations of R312.1 million (£17.5 million) during the reporting period.

Cash out flow from investing activities of R882.6 million (£47.0 million) mainly comprises the net cash balances and other short term borrowing facilities of the Deemed Acquisitions (BHG, CSI and Robor - refer note 1.2) of R714.0 million (£37.5 million) on 1 July 2016.

Cash out flow from financing activities of R154.5 million (£8.9 million) mainly comprises repayment of borrowings of R328.9 million (£19.1 million) (including repayment of finance leases, instalment sale agreements and other financial liabilities) and R23.8 million (£1.4 million) dividend paid to shareholders, during the current year.

As an Investment Entity which fair valued its investments, the Group reported total assets of R3.9 billion (£200.8 million) as at 30 June 2016, and on a consolidated basis, total assets amounted to R8.4 billion (£495.7 million) as at 30 June 2017.

At 30 June 2017 and 30 June 2016, the investment in KTH met the requirements of *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, and has been separately classified and disclosed from other investment in associates, as a non-current asset held for sale and a discontinued operation.

Changes in the fair value, dividends and fees earned, and relating tax charges, attributable to KTH have been disclosed separately from continuing operations as a discontinued operation. The loss from the discontinued operation of R7.6 million (£0.4 million) includes a R20.0 million (£1.2 million) loss on remeasurement of fair value less costs to sell; a R13.2 million (£0.8 million) dividend received; and a R1.1 million (£0.07 million) in directors' fees earned.

On implementation of the BHG and KTH acquisitions during June 2015, Tiso Blackstar raised debt of R534.0 million (£28.0 million) which was utilised to settle the cash consideration and to repay the existing facility as full and final settlement. This debt was reduced to R407.2 million (£24.0 million) by 30 June 2017, by utilising proceeds from disposals and free cash. R35.5 million (£2.1 million) of the general banking facility was utilised by 30 June 2017. The term funding raised by BHG in June 2015 of R800.0 million (£42.0 million) was reduced to R633.1 million (£37.3 million) by 30 June 2017.

During the current financial year, the Company repurchased a total of 1,944,424 Tiso Blackstar shares in the open market at an average price per share of R9.41 (£0.53) and a total cost of R18.3 million (£1.0 million).

At 30 June 2017, Tiso Blackstar held 3,012,349 (2016: 1,067,925) treasury shares. The award under the long term Management Incentive Scheme was issued from treasury shares on 30 June 2017 but are not considered issued for IFRS purposes. A dividend of R12.0 million (£0.7 million) was paid to shareholders in December 2016 in respect of the prior financial year, and a R12.0 million (£0.7 million) interim dividend was paid to shareholders in March 2017 in respect of the current financial year. A final dividend of R12.5 million (£0.7 million) has been proposed in respect of the current financial year.

Dividends

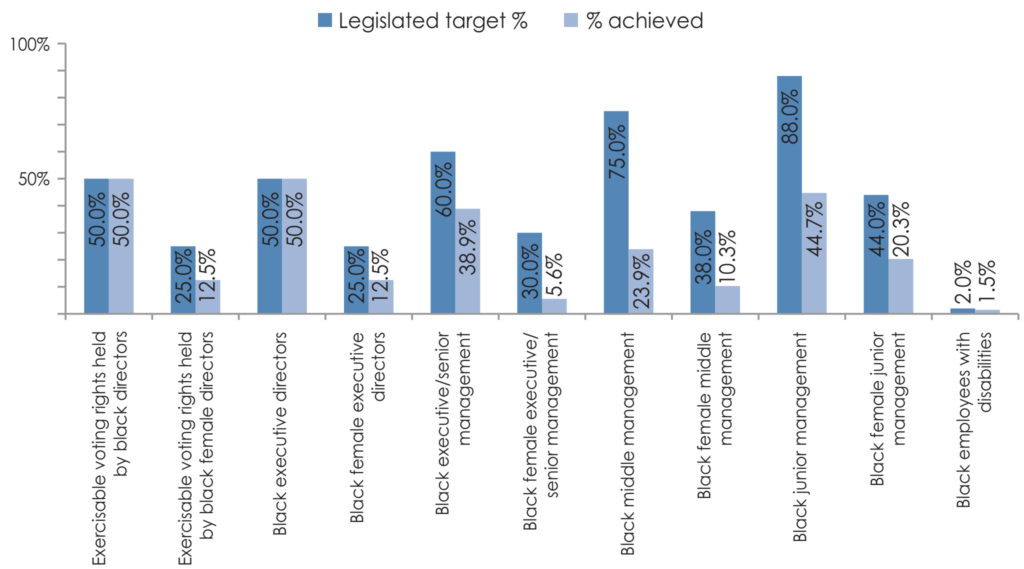
In determining dividends, the Company considers its current financial flexibility, the expected net cash flows from assets, as well as expected strategic corporate actions. It also considers the current share trading price, and the opportunity to buy back Tiso Blackstar shares to enhance shareholder return. The Company places emphasis on making some dividend payments on an interim and final basis, with a view to growing the dividend over time. An interim dividend of 4.47275 South African cents (0.28465 pence) per ordinary share was paid on 20 March 2017. The Tiso Blackstar Board has recommended a final dividend of 4.65912 South African cents (0.25935 pence) per ordinary share, which is subject to shareholder approval at the next Annual General Meeting ("AGM"). The timetable for the dividend, which includes the record and payment dates, will be released along with the timetable for the AGM in due course.

In addition to the above, a special dividend of R40.0 million (£2.4 million#) has been approved by the Tiso Blackstar Board to be paid to shareholders conditional on completion of the KTH sale, and in due course shareholders will receive the relevant information regarding the special dividend.

Our people

Across the BHG group, we employ 2,756 people. In South Africa, Tiso Blackstar complies with local labour legislation such as Basic Conditions of Employment Act. Meeting legislated targets for employment equity is more challenging, given the specialist nature of skills required in our business. Our progress is shown below.

Employment equity – progress



Pounds Sterling equivalent provided for disclosure purposes determined using the closing exchange rate on 30 June 2017 as noted above. Special dividend per share to be determined on declaration date based on the number of shares in issue

Board participation	
Total board members	7
Black males	3
Black females	0

	Board participation	Senior management	Middle management	Junior management	Semi-skilled employees	Unskilled employees	Total
African males	2	6	28	202	266	85	**589**
Coloured males	0	1	14	75	72	23	**185**
Indian males	1	15	48	231	219	14	**528**
White males	4	40	85	131	16	2	**278**
African females	0	2	17	160	244	56	**479**
Coloured females	0	1	20	59	80	8	**168**
Indian females	1^	5	20	77	72	2	**177**
White females	0	18	98	179	57	0	**352**
Total	**8**	**88**	**330**	**1,114**	**1,026**	**190**	**2,756**

^ Company Secretary

Staff turnover

For our South Africa operations, we recorded a turnover rate of 19%. We expect this rate to normalise towards the industry average post restructuring.

Reason for termination	Number
Death	10
Emigrated	7
Retirement	26
Retrenchment	125
Resignation	219
Other	12
Bad health/incapacity	5
Transferred	41
Misconduct	3
Contract ended	48
Dismissed	22
Early retirement	3
Mutual separation	4
	525

Training and development

Developing the full potential of every member of our workforce is a business priority, given the scarcity of skills in specific areas of our operations. As such, we focus on developing skills in sales, editorial, IT and digital, printing plants, film, photography and production directing, among others.

At over R36.0 million (£2.09 million), training accounts for some 3% of payroll in our South Africa media operations.

Skills development expenditure

	African		Coloured		Indian		Total	Total	Black	
Rm	Male	Female	Male	Female	Male	Female	black	white	disabled	Total
Total recognised amount	10.1	11.6	2.3	1.6	4.7	1.5	31.8	4.2	1.3	36.0

Verified for the 12 months to 31 March 2017

Communities
As a media group, Tiso Blackstar is close to its communities. 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, primarily through the Blackstar Foundation.

The Blackstar Foundation is a registered non-profit organisation focused on assisting to uplift underprivileged children by addressing their educational needs. It currently sponsors the education of nine senior-school beneficiaries and continues to add to this each year.

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.

Tiso Blackstar companies contribute annually to the Blackstar Foundation, which invested around R3.0 million (£0.2 million) in the review period, directly and through in-kind support such as free advertising.

Enterprise and supplier 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% black ownership as enterprise development beneficiaries and several small enterprises, also at least 51% black-owned, as supplier development beneficiaries. In the review period, our support was split as:

- **Enterprise development:** R10.0 million (£0.6 million) investment in the production of the Shepherds and Butchers movie, benefiting a micro enterprise that is not a group supplier. The movie won key international awards and was released in local cinemas by our Times Media Films unit.

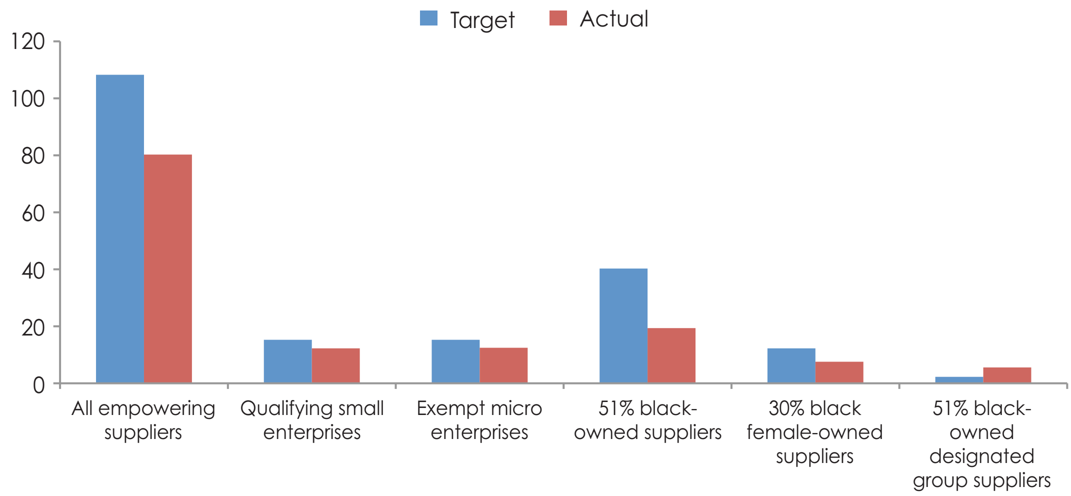
- **Supplier development:** grants, early payments, investments and training and mentoring totalling over R5.0 million (£0.3 million) for micro and small enterprises that are existing group suppliers.

In the new financial year, we will formalise a group enterprise and supplier development policy.

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, the group achieved 108% against a targeted 80%. The breakdown of actual expenditure for all designated groups is shown below.

Actual expenditure per designated group



Environment

Tiso Blackstar is operated as a sustainable business, both in terms of long term profitability and the environment. In our Media and Broadcast and Content businesses, the impact on the environment and natural resources is limited.

In H&C, both of the Uniprint forms and packaging operations were FSC-certified in the review period. 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.

Our non-core businesses comprise light engineering, steel pressing, forming, welding and steel product distribution. These businesses are not considered high-volume consumers of electricity but are dependent on the use of diesel fuel for logistics. Accordingly, apart from vehicle carbon emissions the impact these businesses have on the environment is limited. Management remain cognisant of the businesses' carbon footprint and actively minimise this by optimising vehicle delivery loads and routes, and ensure strict adherence to vehicle maintenance protocols.

In 2018, the company will make further progress in monitoring its impact on the environment and to ensure its contribution to global environmental sustainability.

Health and safety

In a business that depends on the skills of its people, their health and safety are key considerations. In all our operating areas, we comply with local regulations – our aim is to institute best-practice standards across the group.

While we establish common measuring and reporting standards, in this report we focus on our South African operations where these standards are entrenched.

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 40 lost-time injuries, primarily minor.

No 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.

To maintain the wellbeing of our people, wellness days were scheduled throughout 2017 at different offices where employees can monitor key health indicators (including body mass index, cholesterol, blood pressure and HIV status).

In our non-core businesses, we had zero fatalities and lost time injuries were, in the vast majority of cases, classified as minor injuries. The lost time injury frequency rate ("LTIFR") for our non-core businesses were less than 2.0 for the year under review, a statistic which is well within industry norms. Health and safety within our non-core businesses are managed and reported on a monthly basis within health and safety regulations and laws. On-site first aid and basic medical facilities are available should a health and safety incident occur.

Black economic empowerment
Tiso Blackstar remains committed to transformation. BHG was proud to achieve a level 2 B-BBEE contributor status with a procurement recognition level of 125.0% and more than 51.0% black ownership. BHG was audited based on the revised Broad-Based Black Economic Empowerment Codes of Good Practice that came into effect on 1 May 2015.

Outlook
The core businesses have evolved over the past year and we look forward to ongoing growth in H&C and continuous improvement in Media's performance.

Proceeds from the sale of our KTH investment will give Tiso Blackstar a stronger statement of financial position and will position the Group to capitalise on future opportunities.

Although, tough economic conditions have persisted in making the business environment very challenging, particularly in the steel industry, management in the extended Group are taking the necessary steps to ensure operations stabilise 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
The concept of 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 on the myriad facets of each capital, and our progress is detailed in the sections that follow.

AD Bonamour
Chief Executive Officer
27 September 2017

DKT Adomakoh
Non-executive Chairman

Corporate governance

Directorate

David Kwame Tandoh Adomakoh (52)

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). Founder trustee of The Tiso Foundation, and a world fellow of the Duke of Edinburgh's International Award.

John Broadhurst Mills (48)

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 certain Luxembourg and Irish Stock Exchange-listed investment funds.

Andrew David Bonamour (46)

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 (62)

Non-executive Independent Director (appointed 2006)

Marcel is an independent consultant in the financial sector. He was an auditor and later a consultant with PriceWaterhouse Luxembourg (1982 to 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 Witherthur Financial Services. He was also a director of several investment funds and served on the board of the Association of the Luxembourg Fund Industry until 1998.

External directorships: director of Insinger de Beaufort Holdings SA, Camera di Commercio Italo-Lussemburghese, Pro Fonds (Lux) Sicav and family-owned commercial companies including Tetrabat, Taxirent and FAS.

Harishkumar Kantilal Mehta ("Harish") (67)

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.

Directorate (continued)

External directorships: non-executive chairman of Cibapac Proprietary Limited and Wasteman Holdings Proprietary Limited; non-executive director of Spar Limited and Redefine Income Fund Limited; member of Kwa-Zulu Natal board of FNB and Durban Country Club Trust as well as many community organisations; executive chairman and CEO of Clearwater Capital, a family fund.

Nkululeko Leonard Sowazi (54)
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 Limited, Litha Healthcare Group Limited, Actom Holdings Proprietary 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; world fellow of the Duke of Edinburgh's International Award.

Richard Thomson Wight (59)
Non-executive Director (appointed 2012)
Richard has over 30 years experience in financial services. He started his career trading fixed income for Kidder Peabody, Bank of America and S.G Warburg, before running capital protected funds for Credit Suisse Private Bank and traded futures and equities for a privately held hedge fund. He resides in Malta, holds both American and Maltese citizenship and acted as the local non-executive director and investment committee member. In addition, he acts as non-executive director for several Malta-based financial entities. He is a graduate of Cornell University. Richard resigned from his position as a non-executive director effective 20 July 2017.

Directors' attendance at board and committee meetings in 2017

	Board	Board strategy session	Committee			
			Audit	Remuneration	Nominations	Social, ethics and transformation[1]
Number of meetings in the year	**4**	**4**	**2**	**2**	**1**	**—**
David Adamakoh *(chairman)*	4	4	NM	2	1	NM
John Mills	3	3	2	2	1	NM
Nkululeko Sowazi	2	2	2	NM	NM	—
Andrew Bonamour	4	4	NM	2*	NM	—
Marcel Ernzer	4	4	2	2	1	NM
Harish Mehta[2]	4	4	2	2	1	—
Richard Wight[3]	4	4	NM	NM	NM	NM

* By invitation

NM – Non-member

1 Committee constituted in June 2017 and will meet in due course

2 Appointed 29 March 2016

3 Resigned 20 July 2017

Application of King IV

Tiso Blackstar moved its primary listing to the Main Board of the JSE on 13 July 2017. Accordingly, the group is required to disclose the extent to which it applies the principles of the latest King report on corporate governance, King IV. For convenience, we have segmented our governance report under the King IV principles.

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 board is satisfied that every effort has been made in 2017 to apply all relevant, material aspects of King IV. A statement on Tiso Blackstar's application of the principles of King IV is available on the company's website www.tisoblackstar.com.

Principle 1 – The governing body should lead ethically and effectively.

Principle 2 – The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Principle 3 – The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

Principle 4 – The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Principle 6 – The governing body should serve as the focal point and custodian of corporate governance in the organisation.

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 Tiso Blackstar to achieve its strategic objectives.

The board is the focal point for, and custodian of, the company's governance framework through its committee structures, and its relationship with management, shareholders and other stakeholders. The board remains ultimately accountable for the performance and affairs of the company.

The board and its committees are responsible for maintaining a high standard of corporate governance to ensure the group's business is conducted with integrity. It ensures the group complies with all relevant laws and regulations, and maintains effective operating systems and controls under a robust and informed risk management.

A group policy stipulates a clear balance of power and authority at a board level, to ensure that no one director has unfettered powers of decision-making. Directors have access to complete, accurate and timely information to fulfil their responsibilities, and all material matters are reported to the board.

Board structure

Principle 7 – The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Principle 8 – The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The board met four times during the review period. Its paramount responsibility is the positive performance of the company in creating value by setting direction through strategic objectives and key policies. In doing so, the board appropriately considers the legitimate interests and expectations of all stakeholders.

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, the chief executive officer.

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. Under the company's Articles of Association, a third of directors retire by rotation each year and are eligible for re-election by shareholders at the Annual General Meeting. There is no set retirement age for non-executive directors.

King IV recommends that the independence of any director serving more than nine years be assessed. The board has a policy setting out a formal and transparent process for appointing new directors. The nomination committee considers director succession planning and makes appropriate recommendations to the board. It evaluates skills, knowledge, gender, race and experience required to implement the group strategy.

Role of the board

Principle 10 – The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

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. The board has a formal policy setting out the roles and responsibilities of directors. In summary, key responsibilities include:

- Ensure the company has an effective and independent audit and risk committee;
- Contribute to and approve the strategic direction of the company;
- 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'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;
- Ensure the company is, and is seen to be, a responsible corporate citizen; and
- Identify, manage and monitor any gaps between stakeholder perceptions and the performance of the company to manage its reputation.

Board committees

In fully discharging its responsibilities, the board is assisted by dedicated committees, with respective mandates and membership shown below. The committees meet independently, and provide feedback to the board through their chairman. Detailed committee reports begin on page 31.

Principle 5 – The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium, and long term prospects.

Principle 11 – The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Principle 16 – In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Audit and risk	Remuneration	Nomination	Social, ethics and transformation
Monitors adequacy of financial controls and reporting; reviews audit plans and adherence to these by external and internal auditors; ascertains the reliability of the audit; ensures financial reporting complies with International Financial Reporting Standards, Companies Act 2006 and South African Companies Act; reviews and makes recommendations on all financial matters; nominates auditors for appointment; monitors the company's appetite for risk; governance of risk and IT.	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 executive remuneration and communicates this to shareholders in the Integrated Annual Report.	Considers suitable nominations for appointment to the board and succession planning; makes appropriate recommendations based on qualifications and experience. Approved and adopted a gender diversity policy.	Makes recommendations to the board on social and economic development, good corporate citizenship, environment, health and public safety, applicable consumer relationships, and labour and employment issues.
Marcel Ernzer (chair) John Mills Nkululeko Sowazi Harish Mehta	John Mills (chair) David Adomakoh Marcel Ernzer Harish Mehta	John Mills (chair) Marcel Ernzer David Adomakoh Harish Mehta	Harish Mehta (chair) Nkululeko Sowazi Andrew Bonamour

Board evaluation

Principle 9 – The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The Nomination Committee annually evaluates the performance of the board and its committees against their mandates. The performance of each director is evaluated by the board. In addition, the independence of each director is evaluated as detailed below.

The annual evaluation process showed the board and its committees functioned well and discharged their duties per their mandates.

The Nomination Committee adopted and approved a gender diversification policy. In identifying suitable candidates for appointment to the board, the committee will consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at board level. The Nomination Committee will continue to discuss and annually agree all measurable targets for achieving gender diversity on the board.

Assessment of independence

The independence of directors is reviewed annually by the Nomination Committee, after detailed analysis of the circumstances of all independent non-executive directors. The Nomination Committee has satisfied itself that these directors meet the criteria for independence in terms of King IV.

Induction of directors

A formal induction process for directors is in place. On appointment, they receive recent board and committee documents, information on legal and governance obligations, the company's Articles of Association and recent reports. Guidance is provided on the requirements of the JSE, AIM, King IV, Companies Act 2006 and South African Companies Act. Directors are entitled to seek independent legal advice at the cost of the company.

Rotation of directors
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.

Director training and development
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 regularly 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.

Principle 14 – The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Remuneration of directors
The remuneration of directors is set out in the remuneration report from page 32 to 33.

Company Secretary
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, AIM 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(i) of the JSE Listings Requirements), agreed that Ms Isaac is sufficiently qualified, competent and experienced to act as Company Secretary of Tiso Blackstar.

This appointment was endorsed and confirmed by the board at its meeting on 12 June 2017. Ms Isaac recused herself from deliberations on her suitability to perform the role and duties of Company Secretary.

The board also endorsed that the Company Secretary maintained an arm's-length relationship with itself and individual directors. The Company Secretary is not a director of Tiso Blackstar or any of its subsidiaries.

Internal controls
The board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the company's assets, and for reviewing its effectiveness. This system is designed to manage, but not eliminate, the risk of failing to achieve business objectives. Given inherent limitations in any control system, even the most effective systems can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Conflicts of interest
Each quarter, the company actively solicits details from its directors on external shareholdings and directorships with the potential to create conflicts of interest while serving on our board. Declarations received from directors are closely scrutinised by the chairman and Company Secretary, and tabled at the beginning of each quarterly board meeting. Where a conflict arises, directors are required to recuse themselves from discussions. As far as possible, the company requires that directors avoid any potential conflicts of interest.

Share dealings
The company policy on restricting dealings complies with AIM and JSE rules that require a company to ensure that its directors and group employees, who are likely to be privy to unpublished price-sensitive information, do not deal in its securities during a closed period (being the two months prior to publishing annual and half-yearly results, one month before any quarterly results, and any other time when the company has unpublished price-sensitive information or it becomes reasonably probable that it will be required to disclose such information under the AIM and JSE rules.

Compliance

Compliance with, and enforcement of, Companies Act 2006, the South African Companies Act, JSE Listings Requirements, AIM Rules, UK Takeover Code, legislation governing the media industry and the company's governance policies are monitored and tracked through internal monitoring and reporting systems, reviews and external audits.

Principle 12 – The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Information and technology (IT) governance is integrated in group operations, and the board has formally delegated responsibility to the audit and risk committee.

Principle 13 – The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Principle 15 – The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

Committee reports

REMUNERATION REPORT

DEAR SHAREHOLDERS

Remuneration review

I am pleased to present the Tiso Blackstar remuneration report for the year ended 30 June 2017. 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.

The Remuneration Committee reviews and makes recommendations to the board annually on:

- The group's remuneration policy;
- Changes to executive and non-executive directors' remuneration;
- Short term incentives awards under the company's short term incentive scheme;
- Long term incentives in accordance with the company's long term Management Incentive Scheme Forfeitable Share Plan ("FSP"). The Remuneration Committee is responsible for the setting of appropriate performance conditions, performance periods, employment conditions and employment periods, as relevant, for each Award, taking into account the business environment at the time of making the Awards;
- Annual salary adjustments and increases for all executives of the company; and
- Reviewing shareholder feedback after the Annual General Meetings.

The committee comprises John Mills (chairman), Harish Mehta, Marcel Ernzer and David Adomakoh. CEO Andrew Bonamour attends by invitation except when his own remuneration is discussed.

The financial year under review corresponded with exceptionally difficult economic conditions, which continue to create challenges for the business. We remain committed to ensuring a fair, living wage for all employees in the group by reviewing our salaries and keeping in line with the industry as a whole. The Remuneration Committee assists the board in ensuring that group remuneration is aligned with the overall business strategy.

At the extraordinary general meeting on 20 June 2017, the new long term Management Incentive Scheme, details of which are set out in the Circular, was endorsed by the majority of our shareholders. We continue to engage with our shareholders on remuneration matters.

We trust that this report provides a summary of the Tiso Blackstar remuneration policy for the financial year.

Remuneration policy

Philosophy

The Tiso Blackstar remuneration policy is designed to align the interests of management and employees with those of stakeholders by rewarding value creation.

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. Remuneration must be fair, equitable to contractual services performed, individual and company success, and in line with the individual's contribution to group performance.

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

- Guaranteed pay for contractual services performed by employees;
- Short term bonus determined by the individual achieving key performance indicators ("KPIs"), driven by individual and business performance; and
- Long term incentives to reward employees for long term gains by shareholders.

Participation in each of the three tiers considers an individual's role, seniority and ability to impact the success of the business.

Guaranteed pay

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 bonus ("STI")

Our businesses have short term bonus schemes for senior management to drive key short and medium term company objectives. The performance of employees who participate in these schemes is reviewed annually. During this review, KPIs are determined that, if met, will help achieve the short and medium term goals of 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 (eg transformation, attitude, work ethic).

For the most senior executives, the short term bonus is capped at 200% of the total cost to company and remains at the discretion of the company in all instances. Individuals must be employed at year end to receive the bonus.

Long term Management Incentive Scheme ("LTI")

The long term Management Incentive Scheme is a forfeitable share plan. Awards are made to FSP participants annually based on a percentage of their total cost to company and relative seniority. Key elements of the FSP are described below.

Key items	Incentive
Type	Forfeitable share plan
Size	Limited at 5% of shares in issue
Performance	Performance conditions include growth in headline earnings per share, return on invested capital, other financial and non-financial measures (transformation, debt management, cash conversion, expense and working capital management relative to budget) and total shareholder return Performance conditions will have a minimum threshold, where 30% of rewards are retained. As the threshold is improved, further shares will be retained pro rata
Annual award	15-70% of total cost to company, depending on seniority, responsibility and position
Award period	Granted annually
Vesting time	3rd anniversary, cliff vesting
Restrictions	Post vesting, participants commit to a voluntary minimum shareholding requirement to align their interests with those of shareholders
Settlement	Equity

The company aims to meet equity obligations by maintaining sufficient treasury shares. Where shares are purchased by a subsidiary and awarded to its employees in South Africa, the cost of these shares should be deductible for tax purposes.

Elements of remuneration

Key elements of the total remuneration package paid to executive directors and prescribed officers in 2017 are summarised below.

STI awarded

	Beneficial	Annual cash incentive	
Director and prescribed officer	**interest**	**R'000**	**£'000**
Andrew Bonamour	8,781,980	1,900	110

LTI awarded

Director and prescribed officer	Direct shareholding	FSP shares awarded
Andrew Bonamour	8,781,980	443,468

Mr Bonamour was awarded 443 468 forfeitable shares on 30 June 2017 under the FSP which is limited to executives, senior management and other key employees selected by the board. The quantum of shares awarded is decided by the Remuneration Committee each time awards are made by considering limits under plan rules and prevailing circumstances. No shares were issued under the previous long term Management Incentive Scheme during both the current and prior reporting periods.

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. Fees reflect their role and membership of the board and its committees.

30 June 2016 £'000	30 June 2016 R'000	Non-executive Directors' fees	30 June 2017 R'000	30 June 2017 £'000
–	–	David Adomakoh[^^]	–	–
34	720	John Mills	727	42
23	490	Andrew Bonamour[#]	482	28
28	611	Marcel Ernzer	607	35
10	205	Harish Mehta[$]	369	22
–	–	Nkululeka Sowazi[^^]	–	–
12	253	Richard Wight[^]	251	15
107	2,279		2,436	142

Andrew Bonamour is the Chief Executive Officer ("CEO") of the investment advisor Tiso Blackstar SA and the core business BHG. From 17 July 2017, his capacity changed from non-executive director to CEO of the company

^ Richard Wight resigned effective 20 July 2017

^^David Adomakoh and Nkululeko Sowazi both have interests in SAI Holdings Limited ("SAI") and Tiso Investment Holdings Proprietary Limited ("TIH")

$ Harish Mehta was appointed a non-executive director on 29 March 2016

During the current year, the company paid consulting fees to SAI of R8.3 million, £0.5 million (2016: R8.4 million, £0.4 million) and Tiso Blackstar SA paid consulting fees to TIH amounting to R2.7 million, £0.1 million (2016: R2.7 million, £0.2 million).

In terms of the agreement between 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 $600,000 per annum, payable in quarterly instalments.

In terms of the agreement between 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 excluding Value Added Tax per month. This fee will cease once the disposal of KTH has been finalised.

TIH is a related party under the AIM Rules. Accordingly the directors, other than David Adomakoh and Nkululeko Sowazi, having consulted with Northland Capital Partners, the company's nominated adviser, consider that the terms of the consultancy arrangements with TIH are fair and reasonable insofar as shareholders are concerned.

John Mills
Remuneration Committee Chairman
27 September 2017

SOCIAL, ETHICS AND TRANSFORMATION REPORT

DEAR SHAREHOLDERS

The main purpose of this committee is to ensure that Tiso Blackstar reports on organisational ethics, transformation, responsible corporate citizenship, sustainable development and stakeholder relationships in compliance with the JSE Listings Regulations and King IV.

It was established in the reporting period after the board approved its charter and appointed the necessary members. The committee will absorb and expand on the social, ethics and transformation committee in our South Africa operations.

This committee's focus areas will be to:

- Consider and report on the response to the revised BEE codes on employment equity, enterprise development, training and preferential procurement;
- Consider and report on contributions by the group to the wider community it serves, as well as support and sponsorships for appropriate causes; and
- Assist management in shaping strategic direction to contribute to media diversity and promote a broader landscape of different voices, key matters of importance.

The group is committed to the highest principles of ethical conduct and community interaction. After finalising our listing on the JSE, greater effort will be focused on transformation, being a responsible corporate citizen, sustainability and stakeholder relationships.

Harish Mehta
Social, Ethics and Transformation Committee Chairman
27 September 2017

AUDIT AND RISK REPORT

DEAR SHAREHOLDERS

We are pleased to present the audit and risk committee report for the year ended 30 June 2017. The committee assists the board in discharging its duties and makes recommendations to the board on guarding assets, ensuring systems controls and reporting processes operate adequately, and ensuring the preparation of accurate reporting and financial statements in compliance with all applicable legal and regulatory requirements and accounting standards. This is a statutory committee with an independent role. It is accountable to both the board and shareholders.

The committee's terms of reference were approved by the board.

The committee comprises four independent non-executive directors with Marcel Ernzer (chairman), John Mills, Nkululeko Sowazi and Harish Mehta.

The committee held two meetings during the year, with attendance shown on page 25 of the Integrated Annual Report.

2017 in overview

Key Matters

- Reviewed the change from fair value to consolidation accounting;
- The identification of intangible assets and the methods used to value these in accordance with IFRS 3; and
- The cash generating units to which the goodwill and intangible assets should be allocated.

Auditors

- Proposed the appointment of Deloitte LLP and Deloitte & Touche as external auditors, with Sarah Shillingford and James Welch respectively as designated audit partners for the financial year ended 30 June 2017;
- Approved the external audit engagement letter, plan and budgeted audit fees;
- Reviewed the audit plan ensuring that material risk areas were included and that coverage of signed businesses was acceptable;
- Reviewed the external audit reports and management's response; considered their effects on the financial statements and internal financial control;
- Reviewed and approved the non-audit services policy; and
- Discussed and considered the final dividend proposal.

JSE Requirements

- Reviewed and discussed all JSE reports and mandates as a requirement for the JSE Main Board listing; and
- Reviewed, with management, legal matters that could have a material financial impact on the group.

Risk Management

- Reviewed the group's policies on risk assessment and risk management for financial reporting and the directors going concern assessment, and found them appropriate; and
- Reviewed and discussed the directors' judgements of intangibles to assess that the conclusions reached were appropriate.

Annual Financial Statements

- Examined and reviewed the interim and annual financial statements, and all financial information disclosed to the public prior to submission and approval by the board;
- 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;
- Considered accounting treatment, significant or unusual transactions, as well as accounting estimates and judgements;

- Considered the appropriateness of accounting policies adopted and any changes;
- Reviewed the external auditor's audit report;
- Reviewed the representation letter, prior to approval by the board. Considered the reports of internal and external auditors on the group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems; and
- Assessed the performance of the internal audit function, performance of the head of this function and the adequacy of available internal audit resources, and found them satisfactory.

Significant Areas of Judgement
The committee has considered each of the following items based on discussions with, and submissions by, management and satisfied itself as to the accounting treatment and presentation thereof. The most significant items were discussed with the external auditors.

The key considerations in relation to the 2017 financial statements were:

- Change from fair value to consolidation accounting

  The committee, together with the board, considered the requirements of IFRS 10 *Consolidated financial statements* and the criteria to be classified as an Investment Entity and concluded that the entity ceased to be an Investment Entity on 1 July 2016 as a result of the intention to focus on the core assets and dispose of the non-core assets.

  The committee considered the report from management's expert describing the process followed for the identification of intangible assets and the methods used to value these in accordance with IFRS 3 *Business Combinations*. The committee satisfied itself that the fair values were appropriate and the resulting goodwill recognised was appropriate.

- 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 committee is satisfied that the carrying value of goodwill is fairly stated.

Integrated Annual Report
Considered the Integrated Annual Report and assessed its consistency with operational, financial and other information known to committee members, and for consistency with the annual financial statements.

The committee is satisfied that the Integrated Annual Report is materially accurate, complete and reliable and consistent with the annual financial statements.

At its meeting on 15 September 2017, the committee recommended the Integrated Annual Report for the year ended 30 June 2017 for approval by the board.

Independence of External Auditors
Deloitte LLP and Deloitte & Touche ("Deloitte") have made the necessary representations to the committee, confirming that:

- Deloitte does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company or group;
- That they have internal monitoring procedures to ensure their independence;
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken;

- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies have been met; and
- Deloitte & Touche and James Welch are accredited with the JSE.

After taking these factors into account, the committee is satisfied that Deloitte LLP and Deloitte & Touche are independent of the group and has recommended to the board that these firms should be reappointed for the 2018 financial year.

Finance Team
The committee has reviewed an internal assessment of the expertise and experience of the finance team of the company's investment adviser, 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.

Conclusion
The audit and risk committee is satisfied it has considered and discharged its responsibilities in line with its terms of reference in the review period.

Marcel Ernzer
Audit and Risk Committee Chairman
27 September 2017

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 2017.

Results and dividends
The consolidated statement of comprehensive income as set out on pages 56 and 57 reflects the loss for the year ended 30 June 2017.

The Tiso Blackstar Board declared an interim gross dividend of 4.47275 South African cents (0.30889 cents in Euros and 0.28465 pence in Pounds Sterling) per ordinary share which was paid on 20 March 2017. Given the Company's performance, a final gross dividend of 4.65912 South African cents (0.29433 cents in Euros and 0.25935 pence in Pounds Sterling) per ordinary share was recommended on 19 September 2017.

Principal activities
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. The Company, as well as its wholly-owned subsidiary Tiso Blackstar Holdings SE ("Tiso Blackstar Holdings"), successfully migrated from Malta and Cyprus respectively, to the United Kingdom during the current financial year. During July 2017, the Company transferred its listing on the JSE AltX to the JSE Main Board. The Company now has a dual primary listing on the JSE Main Board and AIM.

The requirements of the business review have been included in the Executive Summary as set out on pages 13 to 23.

Principal risks and uncertainties
The key principal risks and uncertainties of the Group going forward are described below by segment, including details on the manner in which these risks are monitored and managed. Note 41 to the consolidated financial statements also provides a detailed analysis of the financial risks affecting the Group and the management thereof.

Group companies are run in a decentralised manner with management of the underlying businesses maintaining an entrepreneurial focus. The risks within the underlying trading businesses are managed by their local management teams who are responsible for their own operations. Tiso Blackstar Board is the focal point for, and custodian of, the Group's governance framework through its committee structures and its relationship with management, shareholders and other stakeholders. The Tiso Blackstar Board remains ultimately accountable for the performance and affairs of the Group.

The Tiso Blackstar Board ensure that the Group companies in which the Company has a controlling or significant interest (i.e. subsidiaries and associates) are well staffed with strong and experienced management teams who are responsible for designing, implementing and monitoring the process of risk management. These management teams are remunerated based on operational performance and are incentivised appropriately. In most cases, for all investee company's, Tiso Blackstar will have one or more directors appointed to the Board thereby assisting in monitoring the investee company's performance.

Foreign exchange risk arises because the Group holds interests in companies whose in currencies differ from its functional currency (Rands) and presentational currencies (Pounds Sterling and Rands). The Tiso Blackstar Board meet at least on a quarterly basis and monitor currency risk on an on going basis. To mitigate this risk, the Group may hedge its currency exposure from time to time.

Market price risk arises because the Group's listed and unlisted investments are susceptible to market price risk arising from the performance of the underlying investee company's, and in the case of listed investments uncertainties about future prices. Market price risk is of particular relevance for non-core investments earmarked for sale. The Tiso Blackstar Board meet at least quarterly and review the investments, in particular the underlying performance of its companies and consequently monitors the value of its operations on an ongoing basis.

Financial instruments – risk management

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

Change in status as an Investment Entity

Effective 1 July 2016, there was a change in the Group's status as an Investment Entity as defined in *IFRS 10 Consolidated Financial Statements*. 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 or 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 value of the investment as at 30 June 2016) shall represent the transferred deemed consideration when measuring any goodwill or gain from bargain purchase that arises from the deemed acquisition. All subsidiaries are consolidated in accordance with IFRS 10 from the date of change of status.

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 for its investments in associates. Subsidiaries which are no longer carried at fair value but rather consolidated comprise BHG, CSI, Robor and the property subsidiaries. Details of the impact of the consolidation of these subsidiaries are provided in note 22. Investments in associates Radio Africa group, Multimedia group and Coopers have been equity accounted from 1 July 2016.

In accordance with IFRS 10, the comparative year ended 30 June 2016 has not been restated (with the exception of the discontinued operation, refer note 13) and is disclosed on a fair value basis.

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.

On 6 July 2017, Tiso Blackstar updated shareholders on the conditional sale of its interest in KTH for R1.5 billion (£88.3 million). The Company signed a share purchase agreement with KTH and Kagiso whereby Kagiso will purchase Tiso Blackstar's entire shareholding in KTH, subject to the fulfilment of suspensive conditions. All the conditions have been completed with the exception of the finalisation of the funding agreements and the approval from the competition authorities.

Debt held at head-office level by Tiso Blackstar Holdings includes R407.2 million (£24.0 million) (2016: R413.8 million, £21.2 million) of term debt, which will be repaid in full with part of the cash proceeds received from the sale of KTH. Tiso Blackstar also remains intent on paying a special dividend of R40.0 million (£2.4 million). The remaining funds will be held to be reinvested into media-focused investments in accordance with Tiso Blackstar's stated strategy.

The Group along with Rand Merchant Bank ("RMB") are in the process of restructuring the debt facilities of Robor. The Group will provide additional guarantees to RMB and these additional guarantees will not impede the Group's ability to service its own debt for at least the next twelve months.

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.

Purchase of treasury shares

During the current financial year, the Company repurchased a total of 1,944,424 (2016: 1,182,310) Tiso Blackstar shares in the open market at an average price per share of R9.41, £0.53 (2016: R9.38, £0.44) and a total cost of R18.3 million, £1.0 million (2016: R11.1 million, £0.5 million). At 30 June 2017, Tiso Blackstar held 3,012,349 (2016: 1,067,925) which represents 1.1% (2016: 0.4%) of the issued share capital. The award under the long term Management Incentive Scheme (refer note 47) was issued from treasury shares but are not considered issued for

IFRS purposes. As long as the Tiso Blackstar share price trades at a significant discount to its Intrinsic net asset value, the Company will continue with further share buy-backs.

During the prior financial year, Tiso Blackstar increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares, thereby increasing the issued share capital of the Company to 268,291,260 shares.

Post balance sheet events
Following the successful migration of its registered office from Malta to the UK, the Company's listing was transferred from AltX to the Main Board of the JSE with effect from commencement of trade on Thursday, 13 July 2017. The Company now has a dual primary listing on AIM and JSE.

The capacity of Andrew Bonamour has changed from a non-executive director to CEO with effect from 17 July 2017. This appointment was culminated as a result of the Company's change in status from an Investment Entity to a consolidated group, its migration to the UK and in light of the fact that Andrew is the CEO of the Company's investment advisor Tiso Blackstar SA as well as CEO of the Group's core business BHG.

Auditor
Following the successful migration of its registered office from Malta to the UK, the Company's existing auditor BDO Malta resigned and Deloitte LLP were appointed as statutory auditors of the Company and Deloitte & Touche were appointed as auditors for JSE reporting requirements, both effective 30 June 2017.

Deloitte LLP and Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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

Charitable and political contributions
There were no donations made by the Group during the current or prior financial years.

Directors
The Company's current Directors (all of which 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 2017	Number of ordinary shares 2016
Directors of the Company:		
David Adomakoh[(1)]	**26,893,768**	26,893,768
John Mills	**761,328**	761,328
Andrew Bonamour[(2)]	**8,781,980**	8,781,980
Marcel Ernzer	**—**	—
Harish Mehta[(3)]	**6,570,206**	6,570,206
Nkululeko Sowazi[(1)]	**26,893,768**	26,893,768
Richard Wight[(4)]	**—**	—
Management of Tiso Blackstar[(5)]	**8,943,146**	8,943,146
Total	**78,844,196**	78,844,196

Notes:

1. Directors are beneficially interested in this shareholding as each of them owns 50% of Tiso Investments Holdings Proprietary Limited (RF).
2. These shares are held by funds associated with Andrew Bonamour.
3. These shares are held by Trusts associated with Harish Mehta.
4. Richard Wight resigned from his position as a non-executive director effective 20 July 2017.
5. Excludes shares held by Directors of the Company (and their associated funds) already reflected within the table.

The Directors listed above, except as stated in point 4, were directors of the Company during the current financial year and to the date of this report.

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 24 to 25.

In the case of each of the persons who are directors at the time when the Directors' report is approved, the following applies:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- the Directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information and to establish that the company's auditors are aware of that information.

AD Bonamour
Chief Executive Officer
27 September 2017

DKT Adomakoh
Non-executive Chairman

Directors' statement of responsibilities

The Directors are responsible for preparing the Integrated Annual Report and the financial statements in accordance with applicable law and regulations.

The Directors are required by the 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 (IFRSs) as adopted by the European Union ("EU") and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. 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 rules of the London Stock Exchange for companies trading securities on the AIM and the Main Board of the JSE Limited.

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 International Financial Reporting Standards as adopted by the European Union;
- selecting and applying appropriate accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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 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.

Website publication

The Directors are responsible for ensuring the Integrated Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom and South Africa governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Tiso Blackstar Board

AD Bonamour
Chief Executive Officer
27 September 2017

DKT Adomakoh
Non-executive Chairman

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 give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 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 of Tiso Blackstar Group SE (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated and parent company statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statement of cash flow;
- the statement of accounting policies; and
- the related notes 1 to 51 for Group and 1 to 24 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 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: • Change from Investment entity to Consolidation Accounting; and • Impairment of goodwill and Indefinite Useful Life Intangibles.
Materiality	The materiality that we used in the current year was ZAR 51m (£3.1m) which was determined on the basis of ZAR 3.6b (£210m) of Total Equity (Net assets).
Scoping	Seven locations were subject to full scope, and a further four were subject to specified procedures. In aggregate the locations subject to audit procedures represents 100% of the Group's revenue.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Change from investment entity to consolidation accounting

Key audit matter description

As disclosed in note 1.2, effective 1 July 2016, Tiso Blackstar Group SE ("the Group") changed its strategy to focus specifically on media assets and at the same time announced to the market the intention to dispose of their non-core steel assets. This resulted in a change in the Group's status from an investment entity under IFRS 10 *Consolidated Financial Statements* ("IFRS 10"). As a result, from that date the Group is required to consolidate any entities it controls that were previously measured at fair value through profit or loss. The deemed acquisition date of those subsidiaries was 1 July 2016.

The Directors have, through the use of an expert, performed a Purchase Price Allocation ("PPA") in accordance with IFRS 3 *Business Combinations* ("IFRS 3").

The Directors' significant judgement was involved in determining:

- The change in status to investment entity and the timing of this change;
- The identification of intangible assets in the opening statement of financial position and the methods used to value these in accordance with IFRS 3; and
- The cash generating units ("CGU") to which the goodwill and intangible assets are allocated.

A change to consolidation accounting is a significant unusual transaction. Accordingly, it is considered to be a key audit matter due to its pervasive impact on the consolidated financial statements combined with the significant judgements involved.

How the scope of our audit responded to the key audit matter

We have considered the Directors' assessment that the entity has ceased to be an investment entity, taking into consideration the guidance under IFRS 10, and challenged the Directors' assumptions in assessing the timing of the change in status based on the review of board reporting packs.

We assessed the competence, capabilities and objectivity of the independent expert who performed the PPA. We also held discussions with the independent expert and reviewed their reports to obtain an understanding of the significant assumptions, judgements and methods used in determining the estimates, the outcome of their estimates and basis of their conclusions.

This included using Deloitte South Africa valuation specialists to assess the methodology used by the independent expert as well as performing a detailed assessment of the Media CGU as this is where the highest number of intangible assets were identified. The assessment included considering that appropriate acquired intangible assets have been identified and recorded at fair value at acquisition date, as well as the determination of the goodwill and identification of the CGU to which the goodwill should be allocated.

Furthermore, we reviewed the independent expert's report and considered consistency of valuation methodologies across all CGU's.

We assessed the adequacy in terms of IFRS, of the Group's disclosures in relation to the change to consolidation. This disclosure is included in the Directors' Report and note 4.

Key observations

We concur with the Directors' assessment that the Group does not meet the definition of an investment entity from 1 July 2016. We concluded that the PPA and resulting identification of indefinite useful life intangible assets and goodwill to be reasonable, with no material issues noted.

Impairment of goodwill and indefinite useful life intangibles

Key audit matter description

Due to the change in status from an investment entity referred to in the above key audit matter, goodwill and indefinite useful life intangible assets have been recognised through the deemed acquisition, in accordance with IFRS 3.

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.

In the current economic environment, the impairment risk increases resulting in a risk relating to indefinite useful life intangible assets within certain CGU's. The estimates and significant judgements used in the impairment models warrant this to be a key audit matter.

As disclosed in note 19 and 20, the carrying values of goodwill and indefinite useful life intangible assets at 30 June 2017 are ZAR 1,224.9 million (£72.1 million) and ZAR 137.5 million (£8.1 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 CGU's:

- Media: The Media industry, in particular print media, is in a general decline due to an increase in digitalisation. Given the focus of the Media industry and the nature of the assets within the business, this results in an indicator of impairment.
- Consolidated Steel Industries ("CSI"): The segment has been loss making, which increases the risk of impairment.

The key Directors' estimates and judgements in the goodwill impairment assessments were considered to be:

- The weighted average cost of capital ("WACC") rate;
- The revenue growth rate; and
- The terminal growth rate.

How the scope of our audit responded to the key audit matter

We assessed the value in use calculations, with a particular focus on the revenue growth rate, terminal growth rate and WACC rate. We performed various procedures, including the following:

- Evaluated design and implementation of the entity's controls relating to the preparation of the cash flow forecasts;
- 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 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 CSI CGU's. The specialist's procedures included comparison with third-party information and industry risk factors;
- Considered the revenue growth rates within all CGU's, and in particular the CSI and Media CGU's, taking into consideration historical growth rates in the CGU's as well as the inflationary environments in which the businesses operate;
- Compared growth rates to historical growth rates, inflation and future growth rates as published in the International Monetary Fund economic outlook;
- Tested the mechanics of the impairment models;
- Reviewed management's sensitivities analysis to determine if these represent appropriate reasonably possible scenarios;
- Assessed the appropriateness of the useful lives of intangible assets arising on consolidation; and
- Considered the appropriateness of the Directors' disclosures.

Key observations

Although we identified some differences in respect of impairment model assumptions, we are satisfied that taken as a whole those assumptions in the impairment model do not result in misstatement.

We are satisfied with the sensitivities applied by management and concur that the headroom remains following the application of these sensitivities.

We consider the Directors' disclosures relating to the impairment of goodwill and indefinite useful life intangible assets to be appropriate.

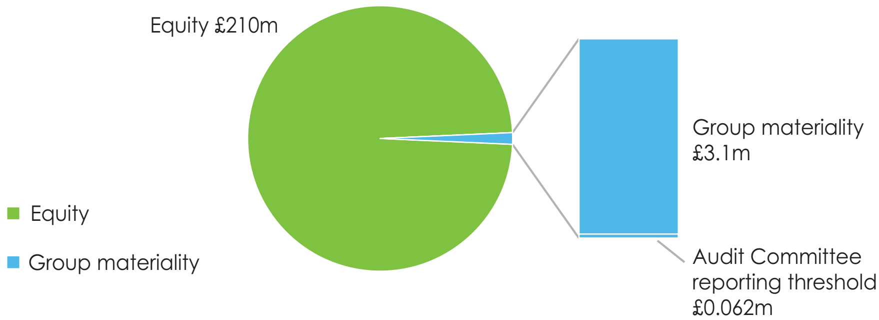
Independent auditor's report to the members of Tiso Blackstar Group SE continued

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 materiality	2017: ZAR 51m (£3.1m). The materiality set by the predecessor auditor for 2016 was ZAR 88m (£4.5m).
Basis for determining materiality	1.4% of total equity.
Rationale for the benchmark applied	Tiso Blackstar Group SE changed from investment entity accounting to consolidation accounting in the current year. Given this change in accounting and the previous focus of the shareholder on net asset value, we consider total equity remains a focus for shareholders in the current year when comparing to the prior year.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of ZAR 1m (£62,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report 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 eleven components located mainly in South Africa and the UK. Based on that assessment, we focused primarily on seven components, which were subject to a full audit. The materiality applied to the audit of these components ranged from ZAR 62,500 (£3,000) to ZAR 48.5m (£2.9 m).

These seven components represent the principal business units and account for 100% of Group revenue. 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 seven components, three are trading components operating in the media, steel and metal roofing industries.

An audit review or analytical review procedures of the four 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 all 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.

The Group audit team confirmed all outstanding matters were closed as part of the reporting deliverables that were returned. 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, 97% of Profit before tax and 100% of Net assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report including Directors' report and 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' responsibilities statement, 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.

Independent auditor's report
to the members of Tiso Blackstar Group SE continued

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

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.

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 this matter.**

Sarah Shillingford

Sarah Shillingford
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
27 September 2017

Independent auditor's report
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 56 to 178, which comprise the statements of financial position as at 30 June 2017, 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 2017, 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

With reference to the separate financial statements of Tiso Blackstar Group SE we are satisfied that no key audit matters exist. The following key audit matters relate to the consolidated financial statements.

Change from investment entity to consolidation accounting

Key audit matter description

As disclosed in note 1.2, effective 1 July 2016, Tiso Blackstar Group SE ("the Group") changed its strategy to focus specifically on media assets and at the same time announced to the market the intention to dispose of their non-core steel assets. This resulted in a change in the Group's status from an investment entity under IFRS 10 *Consolidated Financial Statements* ("IFRS 10"). As a result, from that date the Group is required to consolidate any entities it controls that were previously measured at fair value through profit or loss. The deemed acquisition date of those subsidiaries was 1 July 2016.

The Directors have, through the use of an expert, performed a Purchase Price Allocation ("PPA") in accordance with IFRS 3 *Business Combinations* ("IFRS 3").

The Directors' significant judgements were involved in determining:

- The change in status from investment entity and the timing of this change;
- The identification of intangible assets in the opening statement of financial position and the methods used to value these in accordance with IFRS 3; and

- The cash-generating units ("CGU") to which the goodwill and intangible assets are allocated.

A change to consolidation accounting is a significant unusual transaction. Accordingly, it is considered to be a key audit matter due to its pervasive impact on the consolidated financial statements combined with the significant judgements involved.

How the scope of our audit responded to the key audit matter

We have considered the Directors' assessment that the entity has ceased to be an investment entity, taking into consideration the guidance under IFRS 10, and challenged the Directors' assumptions in assessing the timing of the change in status based on the review of board reporting packs.

We assessed the competence, capabilities and objectivity of the independent expert who performed the PPA. We also held discussions with the independent expert and reviewed their reports to obtain an understanding of the significant assumptions, judgements and methods used in determining the estimates, the outcome of their estimates and basis of their conclusions.

This included using Deloitte South Africa valuation specialists to assess the methodology used by the independent expert as well as performing a detailed assessment of the Media CGU as this is where the highest number of intangible assets were identified. The assessment included considering that appropriate acquired intangible assets have been identified and recorded at fair value at acquisition date, as well as the determination of the goodwill and identification of the CGU to which the goodwill should be allocated.

Furthermore, we reviewed the independent expert's report and considered consistency of valuation methodologies across all CGU's.

We assessed the adequacy in terms of IFRS, of the Group's disclosures in relation to the change to consolidation. This disclosure is included in the Directors' Report and note 4.

Key observations

We concur with the Directors' assessment that the Group does not meet the definition of an investment entity from 1 July 2016. We concluded that the PPA and resulting identification of indefinite useful life intangible assets and goodwill to be reasonable, with no material issues noted.

Impairment of goodwill and indefinite useful life intangible assets

Key audit matter description

Due to the change in status from an investment entity referred to in the above key audit matter, goodwill and indefinite useful life intangible assets have been recognised through the deemed acquisition, in accordance with IFRS 3.

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.

In the current economic environment, the impairment risk increases resulting in a risk relating to indefinite useful life intangible assets within certain CGU's. The estimates and significant judgements used in the impairment models warrant this to be a key audit matter.

As disclosed in note 19 and 20, the carrying values of goodwill and indefinite useful life intangible assets at 30 June 2017 are ZAR1,224.9 million (£ 72.1 million) and ZAR137.5 million (£8.1 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 CGU's:

- Media: The Media industry, in particular print media, is in a general decline due to an increase in digitalisation. Given the focus of the Media industry and the nature of the assets within the business, this results in an indicator of impairment.
- Consolidated Steel Industries ("CSI"): The segment has been loss making, which increases the risk of impairment.

The key Directors' estimates and judgements in the goodwill impairment assessments were considered to be:

- The weighted average cost of capital ("WACC") rate;
- The revenue growth rate; and
- The terminal growth rate.

How the scope of our audit responded to the key audit matter

We assessed the value in use calculations, with a particular focus on the revenue growth rate, terminal growth rate and WACC rate. We performed various procedures, including the following:

- Evaluated design and implementation of the entity's controls relating to the preparation of the cash flow forecasts;
- 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 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 CSI CGU's. The specialist's procedures included comparison with third-party information and industry risk factors;
- Considered the revenue growth rates within all CGU's, and in particular the CSI and Media CGU's, taking into consideration historical growth rates in the CGU's as well as the inflationary environments in which the businesses operate;
- Compared growth rates to historical growth rates, inflation and future growth rates as published in the International Monetary Fund economic outlook;
- Tested the mechanics of the impairment models;
- Reviewed management's sensitivities analysis to determine if these represent appropriate reasonably possible scenarios;
- Assessed the appropriateness of the useful lives of intangible assets arising on consolidation; and
- Considered the appropriateness of the Directors' disclosures.

Key observations

Although we identified some differences in respect of impairment model assumptions, we are satisfied that taken as a whole those assumptions in the impairment model do not result in misstatement.

We are satisfied with the sensitivities applied by management and concur that the headroom remains following the application these sensitivities.

We consider the Directors' disclosures relating to the impairment of goodwill and indefinite useful life intangible assets to be appropriate.

Other Matter
The consolidated and separate financial statements of Tiso Blackstar Group SE for the year ended 30 June 2016, was audited by another auditor who expressed an unmodified opinion on those statements on 6 October 2016.

Other Information
The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit and Risk Committee's 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 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 one year.

Independent auditor's report
to the Shareholders of Tiso Blackstar Group SE continued

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: JAR Welch
Partner
27 September 2017

Buildings 1 and 2
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead Sandton
Private Bag X6
Gallo Manor 2052
South Africa

Riverwalk Office Park,
Block B
41 Matroosberg Road
Ashlea Gardens X6
Pretoria, 0081
PO Box 11007
Hatfield 0028
South Africa

Consolidated statements of income and other comprehensive income

for the year ended 30 June 2017

On a fair value basis (Investment Entity)*: 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Continuing operations			
559	12,002	**Revenue**	5	**9,141,010**	**529,462**
—	—	Cost of sales		**(7,421,440)**	**(429,862)**
559	12,002	**Gross profit**		**1,719,570**	**99,600**
(2,899)	(62,222)	Operating expenses	6	**(1,420,826)**	**(82,293)**
(77)	(1,652)	Depreciation, amortisation and straight lining of lease	11	**(178,814)**	**(10,317)**
19,137	410,950	Other income	7	**93,849**	**5,436**
16,720	359,078	**Operating profit**		**213,779**	**12,426**
(48,258)	(1,036,274)	Other gains (losses)	8	**70,194**	**4,081**
(31,538)	(677,196)	**Net profit (loss)**		**283,973**	**16,507**
(2,276)	(48,865)	Net finance costs	9	**(240,700)**	**(13,942)**
58	1,251	Finance income		**8,175**	**474**
(2,334)	(50,116)	Finance costs		**(248,875)**	**(14,416)**
—	—	Share of profit of associates – equity accounted	24	**7,395**	**416**
(33,814)	(726,061)	**Profit (Loss) before taxation**		**50,668**	**2,981**
(45)	(955)	Taxation	10	**(58,508)**	**(3,409)**
(33,859)	(727,016)	**Loss from continuing operations**	11	**(7,840)**	**(428)**
(8,375)	(179,853)	Loss from discontinued operation, net of taxation	13	**(7,607)**	**(441)**
(42,234)	(906,869)	**Loss for the year**		**(15,447)**	**(869)**
		Loss for the year attributable to:			
(42,234)	(906,869)	Equity holders of the parent		**7,823**	**486**
—	—	Non-controlling interest		**(23,270)**	**(1,355)**
(42,234)	(906,869)			**(15,447)**	**(869)**
		Other comprehensive (loss) income, net of taxation			
(8,887)	—	**items that may subsequently be reclassified to profit and loss:**	14	**(70,471)**	**23,955**
—	—	Currency translation differences on the translation of foreign operations		**(70,471)**	**(4,118)**
(8,887)	—	Currency translation differences on the translation of Rand denominated Group entities to presentational currency		**—**	**28,073**
—	—	**Actuarial gains on PRMA**		**2,667**	**154**
(8,887)	—	**Other comprehensive (loss) income for the year**		**(67,804)**	**24,109**
(51,121)	(906,869)	**Total comprehensive (loss) income for the year**		**(83,251)**	**23,240**

* Refer note 4

Consolidated statements of income and other comprehensive income continued

for the year ended 30 June 2017

On a fair value basis (Investment Entity)*: 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Total comprehensive (loss) income attributable to:			
(51,121)	(906,869)	Equity holders of the parent		**(58,701)**	**23,167**
—	—	Non-controlling interest		**(24,550)**	**73**
(51,121)	(906,869)			**(83,251)**	**23,240**
(15.81)	(339.40)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders	15	**2.95**	**0.18**
(15.81)	(339.40)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders	15	**2.93**	**0.18**
(12.67)	(272.09)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations	15	**5.82**	**0.35**
(12.67)	(272.09)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations	15	**5.78**	**0.35**
267,199	267,199	Weighted average number of shares (net of treasury shares, in thousands)	15	**265,279**	**265,279**
267,199	267,199	Weighted average number of shares in issue (in thousands)	15	**266,879**	**266,879**

* Refer note 4

The notes on pages 64 to 164 form part of the consolidated financial statements.

Consolidated statement of financial position

as at 30 June 2017

Company registration number: SE 000110

On a fair value basis (Investment Entity)*: 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		ASSETS			
121,924	2,376,644	**Non-current assets**		**3,964,466**	**233,440**
222	4,331	Property, plant and equipment	16	**965,816**	**56,875**
—	—	Investment property	17	**12,674**	**746**
1	12	Straight lining of lease asset	18	**169**	**10**
—	—	Goodwill	19	**1,224,936**	**72,126**
—	—	Intangible assets	20	**1,289,933**	**75,953**
120,805	2,354,830	Financial assets designated at fair value through profit and loss	21	**—**	**—**
100,300	1,955,133	Net investments in subsidiaries	22	**—**	**—**
20,505	399,697	Net investments in associates	23	**—**	**—**
—	—	Investments in associates – equity accounted	24	**346,161**	**20,383**
776	15,128	Other investments, loans and receivables	25	**29,704**	**1,749**
120	2,343	Deferred taxation	26	**95,073**	**5,598**
78,866	1,537,313	**Current assets**		**4,453,348**	**262,221**
—	—	Inventories	27	**1,088,622**	**64,100**
1	21	Straight lining of lease asset	18	**3,282**	**193**
206	4,008	Trade and other receivables	28	**1,656,453**	**97,537**
10	198	Current tax assets		**30,090**	**1,770**
671	13,086	Cash and cash equivalents	29	**174,901**	**10,298**
77,978	1,520,000	Non-current asset held for sale	13	**1,500,000**	**88,323**
200,790	3,913,957	**TOTAL ASSETS**		**8,417,814**	**495,661**
		EQUITY AND LIABILITIES			
179,223	3,493,549	**Capital and reserves attributable to the Group's equity holders**		**3,378,132**	**199,159**
203,564	3,255,248	Share capital and premium	30	**3,255,248**	**203,564**
(468)	(9,797)	Treasury shares	30	**(27,079)**	**(1,448)**
4,599	52,173	Other reserves	30	**66,716**	**5,448**
(50,549)	—	Foreign currency translation reserve	30	**(68,455)**	**(27,986)**
22,077	195,925	Retained earnings	30	**151,702**	**19,581**
—	—	**Non-controlling interest**		**190,762**	**10,990**
179,223	3,493,549	**TOTAL EQUITY**		**3,568,894**	**210,149**

* Refer note 4

Consolidated statement of financial position continued

as at 30 June 2017

Company registration number: SE 000110

On a fair value basis (Investment Entity)*: 30 June 2016 £'000	30 June 2016 R'000		Notes	**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
		LIABILITIES			
20,357	395,084	**Non-current liabilities**		**1,737,972**	**102,335**
20,353	395,000	Borrowings	31	**1,069,260**	**62,960**
—	—	Straight lining of lease liability	18	**83,907**	**4,941**
—	—	Other financial liabilities	32	**8,491**	**500**
—	—	Finance lease and instalment sale obligations	33	**135,956**	**8,005**
—	—	Post-retirement benefits liabilities	34	**54,355**	**3,201**
—	—	Provisions	35	**11,246**	**662**
4	84	Deferred taxation	26	**374,757**	**22,066**
1,210	25,324	**Current liabilities**		**3,110,948**	**183,177**
874	18,766	Borrowings	31	**120,885**	**7,117**
63	1,228	Straight lining of lease liability	18	**—**	**—**
—	—	Other financial liabilities	32	**6,660**	**392**
—	—	Finance lease and instalment sale obligations	33	**59,495**	**3,503**
—	—	Post-retirement benefits liabilities	34	**7,551**	**445**
—	—	Provisions	35	**115,441**	**6,797**
265	5,170	Trade and other payables	36	**1,882,123**	**110,823**
8	160	Current tax liabilities		**31,951**	**1,881**
—	—	Bank overdrafts and other short term borrowing facilities	29	**886,842**	**52,219**
21,567	420,408	**TOTAL LIABILITIES**		**4,848,920**	**285,512**
200,790	3,913,957	**TOTAL EQUITY AND LIABILITIES**		**8,417,814**	**495,661**

* Refer note 4

The notes on pages 64 to 164 form part of the consolidated financial statements.

The consolidated financial statements were approved by the Tiso Blackstar Board and authorised for issue on 27 September 2017.

AD Bonamour
Chief Executive Officer

DKT Adomakoh
Non-executive Chairman

Consolidated statement of changes in equity
for the year ended 30 June 2017

	Notes	Share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Attributable to equity holders R'000	Non-controlling interests R'000	Total equity R'000
Balance as at 1 July 2015		**2,535,442**	**701,781**	**—**	**52,173**	**—**	**1,113,252**	**4,402,648**	**(334)**	**4,402,314**
Total comprehensive loss for the year:		—	—	—	—	—	(906,869)	(906,869)	—	(906,869)
Loss for the year		—	—	—	—	—	(906,869)	(906,869)	—	(906,869)
Other comprehensive loss for the year		—	—	—	—	—	—	—	—	—
Transactions with owners:		18,594	(569)	(9,797)	—	—	(10,458)	(2,230)	334	(1,896)
Shares issued for investment acquisitions	30	18,594	(569)	1,293	—	—	—	19,318	—	19,318
Purchase of treasury shares	30	—	—	(11,090)	—	—	—	(11,090)	—	(11,090)
Disposal of entire interest in consolidated subsidiary		—	—	—	—	—	(445)	(445)	334	(111)
Dividends paid		—	—	—	—	—	(10,013)	(10,013)	—	(10,013)
Balance as at 30 June 2016		**2,554,036**	**701,212**	**(9,797)**	**52,173**	**—**	**195,925**	**3,493,549**	**—**	**3,493,549**
Total comprehensive loss for the year:		—	—	—	2,667	(69,191)	7,823	(58,701)	(24,550)	(83,251)
Loss for the year		—	—	—	—	—	7,823	7,823	(23,270)	(15,447)
Other comprehensive loss for the year		—	—	—	2,667	(69,191)	—	(66,524)	(1,280)	(67,804)
Transactions with owners:		—	—	(17,282)	11,876	736	(52,046)	(56,716)	215,312	158,596
Deemed Acquisitions		—	—	—	491	736	8	1,235	204,295	205,530
Issued in terms of the long term Management Incentive Scheme	47	—	—	1,044	(1,044)	—	—	—	—	—
Purchase of treasury shares	30	—	—	(18,326)	—	—	—	(18,326)	—	(18,326)
On acquisition of subsidiary/business		—	—	—	(2,829)	—	(28,251)	(31,080)	20,407	(10,673)
Equity loans from non-controlling interest		—	—	—	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**	**(27,079)**	**66,716**	**(68,455)**	**151,702**	**3,378,132**	**190,762**	**3,568,894**

Consolidated statement of changes in equity continued
for the year ended 30 June 2017

	Notes	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Attributable to equity holders £'000	Non-controlling interests £'000	Total equity £'000
Balance as at 1 July 2015		**163,310**	**39,391**	**—**	**4,599**	**(41,662)**	**64,796**	**230,434**	**(18)**	**230,416**
Total comprehensive loss for the year:		—	—	—	—	(8,887)	(42,234)	(51,121)	—	(51,121)
Loss for the year		—	—	—	—	—	(42,234)	(42,234)	—	(42,234)
Other comprehensive loss for the year		—	—	—	—	(8,887)	—	(8,887)	—	(8,887)
Transactions with owners:		891	(28)	(468)	—	—	(485)	(90)	18	(72)
Shares issued for investment acquisitions	30	891	(28)	62	—	—	—	925	—	925
Purchase of treasury shares	30	—	—	(530)	—	—	—	(530)	—	(530)
Disposal of entire interest in consolidated subsidiary	40	—	—	—	—	—	(19)	(19)	18	(1)
Dividends paid		—	—	—	—	—	(466)	(466)	—	(466)
Balance as at 30 June 2016		**164,201**	**39,363**	**(468)**	**4,599**	**(50,549)**	**22,077**	**179,223**	**—**	**179,223**
Total comprehensive income for the year:		—	—	—	154	22,527	486	23,167	73	23,240
Loss for the year		—	—	—	—	—	486	486	(1,355)	(869)
Other comprehensive income for the year		—	—	—	154	22,527	—	22,681	1,428	24,109
Transactions with owners:		—	—	(980)	695	36	(2,982)	(3,231)	10,917	7,686
Deemed Acquisitions		—	—	—	193	36	—	229	10,481	10,710
Issued in terms of the long term Management Incentive Scheme	47	—	—	60	(60)	—	—	—	—	—
Purchase of treasury shares	30	—	—	(1,040)	—	—	—	(1,040)	—	(1,040)
On acquisition of subsidiary/business		—	—	—	(320)	—	(1,628)	(1,948)	966	(982)
Equity loans from non-controlling interest		—	—	—	882	—	—	882	—	882
Dividends paid		—	—	—	—	—	(1,354)	(1,354)	(530)	(1,884)
Balance as at 30 June 2017		**164,201**	**39,363**	**(1,448)**	**5,448**	**(27,986)**	**19,581**	**199,159**	**10,990**	**210,149**

A 2016 final dividend of 4.47 South African cents, 0.25 pence per ordinary share was paid on 15 December 2016.

A 2017 interim dividend of 4.47 South African cents, 0.28 pence per ordinary share was paid on 20 March 2017.

A 2017 final dividend of 4.65912 South African cents, 0.25935 pence per ordinary share was recommended on 19 September 2017.

The notes on pages 64 to 164 form part of the consolidated financial statements.

Consolidated statement of cash flows
as at 30 June 2017

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		Notes	**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
		Cash flow from operating activities			
—	—	*On a consolidated basis (Trading Entity):*		**312,126**	**17,491**
—	—	Cash generated by operations	37	**457,791**	**25,928**
—	—	Dividend income received from investments		**24,738**	**1,433**
—	—	Net finance costs paid		**(129,572)**	**(7,505)**
—	—	Taxation refund received	38	**1,080**	**63**
—	—	Taxation paid	38	**(41,911)**	**(2,428)**
4,353	93,243	*On a fair value basis (Investment Entity):*		**—**	**—**
(2,033)	(43,599)	Cash utilised by operations	37	**—**	**—**
(759)	(16,864)	Additions to investments		**—**	**—**
2,588	55,840	Proceeds from investments		**—**	**—**
4,632	99,469	Dividend and interest income received from investments		**—**	**—**
(75)	(1,603)	Taxation paid	38	**—**	**—**
4,353	93,243	**Net cash generated by operating activities**		**312,126**	**17,491**
		Cash flow from investing activities			
—	—	*On a consolidated basis (Trading Entity):*		**(882,615)**	**(47,001)**
—	—	Acquisition of property, plant and equipment	16	**(279,784)**	**(16,206)**
—	—	Proceeds on disposal of property, plant and equipment		**55,925**	**3,239**
—	—	Additions to investments		**(34,505)**	**(1,999)**
—	—	Proceeds on disposal of investments		**6,638**	**384**
—	—	Additions to investment properties	17	**(412)**	**(24)**
—	—	Proceeds on disposal of investment properties		**88,484**	**5,125**
—	—	Additions to intangible assets	20	**(27,890)**	**(1,393)**
—	—	Equity loan from non-controlling interest		**15,258**	**883**
—	—	Acquisitions of consolidated subsidiaries/businesses	39	**(713,972)**	**(37,453)**
—	—	Disposal of consolidated subsidiary	40	**7,643**	**443**
(113)	(2,431)	*On a fair value basis (Investment Entity):*		**—**	**—**
(172)	(3,698)	Acquisition of property, plant and equipment	16	**—**	**—**
1	25	Proceeds on disposal of property, plant and equipment	16	**—**	**—**
58	1,251	Finance income received	9	**—**	**—**
—	(9)	Disposal of consolidated subsidiary	40	**—**	**—**
(113)	(2,431)	**Net cash utilised by investing activities**		**(882,615)**	**(47,001)**

Consolidated statement of cash flows continued
as at 30 June 2017

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Cash flow from financing activities			
—	—	*On a consolidated basis (Trading Entity):*		**(154,538)**	**(8,890)**
—	—	Borrowings raised		**250,028**	**14,482**
—	—	Borrowings repaid		**(328,919)**	**(19,050)**
—	—	Cash settled share based payment of subsidiary		**(24,128)**	**(1,398)**
—	—	Purchase of treasury shares	30	**(18,326)**	**(1,040)**
—	—	Dividends paid		**(23,803)**	**(1,354)**
—	—	Dividends paid to non-controlling interest		**(9,390)**	**(530)**
(4,552)	(97,453)	*On a fair value basis (Investment Entity):*		**—**	**—**
(1,222)	(26,234)	Borrowings repaid		**—**	**—**
(2,334)	(50,116)	Finance costs paid	9	**—**	**—**
(530)	(11,090)	Purchase of treasury shares	30	**—**	**—**
(466)	(10,013)	Dividends paid to non-controlling interest		**—**	**—**
(4,552)	(97,453)	**Net cash utilised by financing activities**		**(154,538)**	**(8,890)**
(312)	(6,641)	Net decrease in cash and cash equivalents		**(725,027)**	**(38,400)**
1,032	19,727	Cash and cash equivalents at the beginning of the year		**13,086**	**671**
(49)	—	Exchange losses on cash and cash equivalents		**—**	**(4,192)**
671	13,086	**Cash and cash equivalents at the end of the year**	29	**(711,941)**	**(41,921)**

The notes on pages 64 to 164 form part of the consolidated financial statements.

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. All the financial statements are presented in both Pounds Sterling and South African 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 ("IASB") as endorsed for use by the European Union, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited's Listing Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act 2006. The 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, and investment property that have been measured at fair value.

The accounting policies and methods of computation are consistent with those applied in the annual financial statements for the year ended 30 June 2016 with the exception of the changes adopted as a result of the Group's change in status as an Investment Entity as detailed in note 1.2.

Management is not aware of any material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Accordingly the Directors' continue to adopt the going concern basis in preparing the financial statements. Further details are provided in the going concern section of the Directors' report.

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 has 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) shall represent the transferred deemed consideration when measuring any goodwill or gain from bargain purchase that arises from the deemed acquisition. All subsidiaries are consolidated in accordance with IFRS 10 from the date of change of status.

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. Subsidiaries which are no longer carried at fair value but rather consolidated comprise BHG, CSI, Robor and the Group's property subsidiaries. Details of the impact of the consolidation of these subsidiaries are provided in note 13. Investments in associates Radio africa group, Multimedia group and Coopers have been equity accounted from 1 July 2016.

In accordance with IFRS 10, the comparative period ended 30 June 2016 has not been restated (with the exception of the discontinued operation, refer note 13) and are disclosed on a fair value basis.

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.

1. Accounting policies (continued)

1.3 Basis of consolidation (continued)

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 historic 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 comprehensive income 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 interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consist of the amount of those interests at the date of the original business combination and the non-controlling interest's 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*.
- Goodwill arising on acquisition is recognised in accordance with the Group's goodwill accounting policy (refer note 1.7).

In the prior financial year, the Company was an Investment Entity and as such did not consolidate all of the entities it controlled. Instead, certain interests in subsidiaries were classified as financial assets at fair value through profit and loss and measured at fair value. Where the Company, (the Investment Entity) controlled an investee that provided services that related only to the Company's own investment activities, it then consolidated that investee.

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.

1. Accounting policies (continued)

1.4 Business combinations (continued)

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

- 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 acquire (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 interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognised immediately in profit and loss as a bargain purchase gain.

Non-controlling interest that are present ownership interest and entitle 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.

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.

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 and useful lives 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:

• Furniture and fittings	3 – 20 years
• Leasehold improvements	10 years
• Vehicles	3 – 5 years
• Capital work in progress	Indefinite
• Computer equipment	3 years
• Office equipment	3 – 10 years
• Plant and machinery	4 – 10 years
• Photographic equipment	3 – 20 years
• Land and buildings	50 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 credited or charged to 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.

1. Accounting policies (continued)

1.6 Investment properties (continued)

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.

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") 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 les 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 19 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 asset is 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 asset is 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.

1. Accounting policies (continued)

1.8 Intangible assets (continued)

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

1.9 Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures 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 or a joint venture 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 or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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 or a joint venture. 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 a joint venture, or when the investment is classified as held for sale.

1. Accounting policies (continued)

1.9 Investments in associates and joint ventures (continued)

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

In the prior financial year, the Company was an Investment Entity and as such did not equity account all of the entities it had significant influence over. Instead, interests in associates were classified as financial assets at fair value through profit and loss and measured at fair value.

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.

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 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.

1. Accounting policies (continued)

1.13 Leases (continued)

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 shall be recognised and measured as a provision.

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

a) *Financial assets at fair value through profit and loss on a consolidated basis*

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.

b) *Financial assets at fair value through profit and loss on a fair value basis*

In the prior financial year, the Company was an Investment Entity and as such did not consolidate all of the entities it controlled, nor equity account all of the entities it had significant influence over. Instead, certain interests in subsidiaries and investments in associates were classified as financial assets at fair value through profit and loss and measured at fair value.

1. Accounting policies (continued)

1.15 Financial instruments (continued)

Financial assets at fair value through profit and loss (continued)

b) *Financial assets at fair value through profit and loss on a fair value basis (continued)*

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

- *Financial assets held for trading* – Financial assets were classified as held for trading if they were acquired for the purpose of selling and/or repurchasing in the near term. This category included equities and equity investments in hedge funds. These assets were 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 included investments in subsidiaries and investments in associates. These financial assets were designated upon initial recognition on the basis that they were part of a group of financial assets which were managed and had their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

- *Net investments in subsidiaries* – In accordance with the Investment Entities exception under *IFRS 10 Consolidated Financial Statements*, the Group did not consolidate certain subsidiaries in the consolidated financial statements. Investments in these subsidiaries were accounted for as a financial instrument at fair value through profit and loss.

- *Loans and receivables payable by subsidiaries designated at fair value through profit and loss* – Shareholder loans to subsidiaries (which ordinarily would be accounted for as loans and receivables) were designated at fair value through profit and loss. On assessment of the fair value of the net investment in subsidiary, these equity loans were incorporated into the valuation assessment and any decline in fair value was first allocated to the carrying amount of the equity investment and then to the loan to the subsidiary.

- *Net investments in associates* – In accordance with *IAS 28 Investments in Associates and Joint Ventures,* the Group did not account for its investment in associates using the equity method. Instead the Group had elected to measure its investments in these entities at fair value through profit and loss.

Loans and receivables

Investments classified as loans and 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. In the prior year the Group included in this category loans to subsidiaries which were identified as working capital loans, usually short term in nature.

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. 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.

1. Accounting policies (continued)

1.15 Financial instruments (continued)

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 revenue and dividend revenue.

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.

1. Accounting policies (continued)

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

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.

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.

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 of the following criteria:

BHG 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, amongst others, the following:

- Advertisements placed on the various BHG platforms;
- Distribution income for content;

1. Accounting policies (continued)

1.20 Revenue (continued)

- Bespoke retail designs and marketing; and
- Subscription income.

Revenue derived from other consolidated subsidiaries 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 has transferred;
- Distribution of carbon steel, stainless steel and aluminium, steel roofing and cladding are recognised once goods are delivered and risks and rewards has transferred;
- Royalty income is recognised on an accrual basis in terms of the relevant royalty agreement;
- Fee income represents guarantee fees provided and is recognised as the service is provided; and
- Rental income is recognised in terms of the Group's policy for operating leases, refer note 1.13.

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 revenue is presented net of any non-recoverable with withholding taxes, which are disclosed separately in the statement of comprehensive income.

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 as 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 service entitling them to the contributions.

For defined benefit retirement benefit 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 recognise in profit and loss.

1. Accounting policies (continued)

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.

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 comprehensive income because 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.

1. Accounting policies (continued)

1.26 Tax (continued)

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 charged or credited 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.

Tiso Blackstar is dual primary listed on AIM of the London Stock Exchange ("AIM") and on the Main Board of the JSE Limited ("JSE") in South Africa. As a result, Tiso Blackstar has two presentational currencies being South African Rands ("Rands") and Pounds Sterling ("Pounds Sterling").

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

In preparing the 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 currencies

Assets and liabilities of entities are translated into the Group's presentation currencies of Rands and Pounds Sterling 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.

The principal exchange rates utilised to prepare the financial statements are as follows

	Closing rate		Average rate	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
GBP/ZAR	**16.983**	19.493	**17.265**	21.473
EUR/ZAR	**14.901**	16.269	**14.833**	16.105
EUR/GBP	**0.877**	0.835	**0.859**	0.750

1.28 Operating segments

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

1. Accounting policies (continued)

1.28 Operating segments (continued)

The chief operating decision maker has been identified as the Tiso Blackstar Board. This committee 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 financial statements requires the use of estimates, assumptions and judgements that affect the amounts reported in the financial statements. Estimates 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 and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Estimates and key assumptions

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

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 based its assumptions and estimations on parameters available when the 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.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

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 financial statements:

- Estimates of the recoverability of goodwill and intangible assets (refer note 19 for goodwill and note 20 for intangible assets);
- Estimates of the fair values of assets at acquisition are made in accordance with IFRS and take into account the replacement value of assets (refer note 2.1); and
- Estimates to determine the fair value of non-listed investments (refer note 41).

Assessment as an Investment Entity in the prior financial year

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

1. Accounting policies (continued)

1.29 Significant judgements and areas of estimation (continued)

The criteria which define an Investment Entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest fund solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance for substantially all of its investments on a fair value basis.

The Group's investment policy details its objective which is to generate returns, in the form of capital appreciation and income to shareholders, through investing in a portfolio of businesses.

The Company has reported to its investors through information provided on its website, and to its Tiso Blackstar Board, via internal Board reports, on a fair value basis in the form of an Intrinsic NAV calculation. All investments are reported at fair value within the Intrinsic NAV calculation. The Group had an ultimate exit strategy noted for each investment.

Previously, the Tiso Blackstar Board concluded that the Company meets the additional characteristics of an Investment Entity, in that it has more than one investment, the investments are predominantly in the form of equities and similar securities, it has more than one investor and its investors are not related parties.

For the prior reporting period, the Tiso Blackstar Board had concluded that the Company met the definition of an Investment Entity. The Tiso Blackstar Board has taken the view that as the Group progresses the disposal of its non-core investments to move towards being a single sector investment holding company, it has ceased to be regarded as an Investment Entity as defined in IFRS 10. From that point forward, Tiso Blackstar has 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 for its investments in associates.

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, is 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 are as follows:

Brand valuation methodology

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

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

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 is therefore considered appropriate for the valuation of the contractual customer relationship.

The MEEM approach involves 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 can be 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 2014/15 edition of the independent valuator's Valuation Methodology Survey;

- 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 lending rate as at 30 June 2016;

- Tax rate: the South African statutory tax rate of 28%; and

2. Determination of fair values (continued)

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

2.1.2 Intangible assets (continued)

- 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.

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.

2.2.4 Investment Entity in the prior financial year

The Group measured its investments in subsidiaries and associates, as well as its investments in financial instruments, such as equities and investments in hedge funds, at fair value in the prior financial year.

Fair value is the price that would be received or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

2. Determination of fair values (continued)

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

2.2.4 Investment Entity in the prior financial year (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deductions for transaction costs. Securities defined in these consolidated financial statements as "listed" are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances.

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 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.

(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 applies sensitivities to certain key inputs when determining the valuations.

Where limited information is available to calculate a value using the discounted cash flow method, the value is calculated using an adjusted net asset value. The adjusted net asset value is calculated using the net asset value of the investment and adjusting the value for the risk factors that management feel are most appropriate to that investment.

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 2017, and have not been applied in preparing these consolidated financial statements. These are to be applied to financial statements with periods commencing on or after the following dates:

Standard and Interpretations	Effective date
IFRS 9 Financial Instruments	1 January 2018#
IFRS 15 Revenue from Contracts with Customers	1 January 2018#
IFRS 16 Leases	1 January 2019#
IAS 12 Income Taxes (Amendments)	1 January 2017#

Subject to endorsement for use in the EU

IFRS 9

IFRS 9 replaces *IAS 39 Financial Instruments: Recognition and Measurement* in its entirety. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The impact on the Group of the adoption of IFRS 9 has yet to be determined.

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

IFRS 15

IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. The core principle is that an entity should 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. The impact on the Group of the adoption of IFRS 15 has yet to be determined.

IFRS 16

IFRS 16 replaces *IAS 17 Leases* in its entirety. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the lessees and the lessor. All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The impact on the Group of the adoption of IFRS 16 has yet to be determined.

IAS 12 (Amendments)

The amendments are intended to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instrument financial assets measured at fair value. Adoption of these amendments is not expected to have any material impact on the Group.

4. Reclassifications

Effective 1 July 2016, there was a change in the Group's status as an Investment Entity as defined in IFRS 10. IFRS 10 specifies that an entity that ceases to be an Investment Entity shall account for the change in its status prospectively from the date at which the change in status occurred. Further guidance from IFRS 10 specifies that when an entity ceases to be an Investment Entity, it shall apply IFRS 3 to any subsidiary that was previously measured at fair value through profit or 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 value of the investment as at 30 June 2016) shall represent the transferred deemed consideration when measuring any goodwill or gain from bargain purchase that arises from the Deemed Acquisition. All subsidiaries are consolidated in accordance with IFRS 10 from the date of change of status.

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 for its investments in associates. Subsidiaries which are no longer carried at fair value but rather consolidated comprise BHG, CSI, Robor and the property subsidiaries. Details of the impact of the consolidation of these subsidiaries are provided in note 39. Investments in associates Radio Africa group, Multimedia group and Coopers have been equity accounted from 1 July 2016.

In accordance with IFRS 10, the comparative year ended 30 June 2016 has not been restated (with the exception of the discontinued operation, refer note 13) and is disclosed on a fair value basis.

As a result of the Group's change in status, certain line items within the consolidated statements of income and other comprehensive income and consolidated statement of financial position, have been reclassified for consistency with the current year classifications. This change does not affect the quantitative value of amounts previously presented.

4. Reclassifications (continued)

4.1 Effect of change on consolidated statements of income and other comprehensive income

Per 30 June 2016 Annual Report 30 June 2016 R'000	Reclas-sifications R'000	Reclassified 30 June 2016 R'000		Reclassified 30 June 2016 £'000	Reclas-sifications £'000	Per 30 June 2016 Annual Report 30 June 2016 £'000
—	12,002	12,002	Revenue	559	559	—
422,952	(422,952)	—	Investment-related income	—	(19,696)	19,696
(1,036,271)	1,036,271	—	Net fair value and foreign exchange losses	—	48,258	(48,258)
(63,877)	1,655	(62,222)	Operating expenses	(2,899)	77	(2,976)
—	(1,652)	(1,652)	Depreciation, amortisation and straight lining of leases	(77)	(77)	—
—	410,950	410,950	Other income	19,137	19,137	—
(677,196)	1,036,274	359,078	Operating profit (loss)	16,720	48,258	(31,538)
—	(1,036,274)	(1,036,274)	Other gains (losses)	(48,258)	(48,258)	—
(677,196)	—	(677,196)	Net loss	(31,538)	—	(31,538)
(48,865)	—	(48,865)	Net finance costs	(2,276)	—	(2,276)
1,251	—	1,251	Finance income	58	—	58
(50,116)	—	(50,116)	Finance costs	(2,334)	—	(2,334)
—	—	—	Share of profit of associates – equity accounted	—	—	—
(726,061)	—	(726,061)	Loss before taxation	(33,814)	—	(33,814)
(955)	—	(955)	Taxation	(45)	—	(45)
(727,016)	—	(727,016)	Loss from continuing operations	(33,859)	—	(33,859)
(179,853)	—	(179,853)	Loss from discontinued operation, net of taxation	(8,375)	—	(8,375)
(906,869)	—	(906,869)	Loss for the year	(42,234)	—	(42,234)

4.2 Effect of change on consolidated statement of financial position

At 30 June 2016, the Group presented the consolidated statement of financial position in order of liquidity, while at 30 June 2017 it has been presented showing the split between current, assets which it expects to recover within twelve months and liabilities which it expects to settle within twelve months, and non-current portions.

Per 30 June 2016 Annual Report 30 June 2016 R'000	Reclassifications R'000	Reclassified 30 June 2016 R'000		Reclassified Annual Report 30 June 2016 £'000	Reclassifications £'000	Per 30 June 2016 Annual Report 30 June 2016 £'000
			Non-current assets			
—	12	12	Straight lining of lease asset	1	1	—
			Current assets			
—	21	21	Straight lining of lease asset	1	1	—
			Non-current liabilities			
413,766	18,766	395,000	Borrowings	20,353	874	21,227
1,195	1,195	—	Straight lining of lease liability	—	61	61
			Current liabilities			
—	(18,766)	18,766	Borrowings	874	(874)	—
—	(1,228)	1,228	Straight lining of lease liability	63	(63)	—

5. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations. Total revenue defined by *IAS 18 Revenue* comprises the revenue shown below together with investment income shown in note 7.

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
—	—	Revenue from sale of goods	**7,702,961**	**446,168**
—	—	Revenue from rendering of services	**1,424,192**	**82,492**
559	12,002	Fee income	**247**	**14**
—	—	Rental income	**13,610**	**788**
559	12,002		**9,141,010**	**529,462**

* Refer note 4

6. Operating expenses

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(215)	(4,617)	Long term Management Incentive Scheme – cash element	**(4,836)**	**(280)**
(37)	(705)	Acquisition or disposal related costs, and relocation costs	**(11,888)**	**(689)**
(747)	(16,232)	Transaction related costs, non-recurring and exceptional costs	**(10,168)**	**(589)**
—	—	Operational expenses incurred by BHG	**(848,421)**	**(49,142)**
—	—	Operational expenses incurred by CSI and Robor	**(501,827)**	**(29,066)**
(1,900)	(40,668)	Operational expenses incurred by the Company, Tiso Blackstar Holdings, Tiso Blackstar SA, TBHPLC and TBL	**(43,686)**	**(2,527)**
(513)	(11,017)	Staff salary costs	**(5,535)**	**(321)**
(107)	(2,279)	Directors' remuneration (refer note 46)	**(8,765)**	**(508)**
(1,280)	(27,372)	Administrative expenses	**(29,386)**	**(1,698)**
(2,899)	(62,222)		**(1,420,826)**	**(82,293)**

* Refer note 4

7. Other income

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
19,137	410,950	Income from investments	**1,626**	**94**
19,106	410,276	Dividend income	**227**	**13**
31	674	Interest income	**1,399**	**81**
—	—	Bad debts recovered	**11,032**	**639**
—	—	Sponsorships and promotions	**17,444**	**1,010**
—	—	Recoveries	**15,296**	**886**
—	—	Grants	**8,193**	**475**
—	—	Sundry	**40,258**	**2,332**
19,137	410,950		**93,849**	**5,436**

* Refer note 4

8. Other gains (losses)

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(39)	(860)	Net foreign exchange losses	**(3,111)**	**(145)**
—	—	Movement in provisions and other financial liabilities	**20,871**	**1,202**
—	(3)	Profit (loss) on disposal of property, plant and equipment	**22,133**	**1,282**
—	—	Reversal of impairment of property, plant and equipment	**11,379**	**659**
—	—	Gains arising on investment properties	**2,858**	**165**
—	—	Unrealised fair value losses on investment properties	**(15,170)**	**(879)**
—	—	Realised fair value gains on investment properties	**18,028**	**1,044**
—	—	Profit on disposal of intangible assets	**49**	**3**
—	—	Impairment of equity investments (listed and unlisted)	**(25,270)**	**(1,464)**
(100)	(2,145)	Gains (losses) arising on financial assets held for trading	**256**	**15**
(18)	(395)	Realised losses	**—**	**—**
(82)	(1,750)	Unrealised gains (losses)	**256**	**15**
—	—	Gains arising on consolidated subsidiaries and equity accounted associates	**41,029**	**2,364**
—	—	Gain on bargain purchase	**1,745**	**90**
—	—	Losses relating to disposal of subsidiaries and associates	**(2,413)**	**(140)**
—	—	Gains recognised on acquisition of subsidiaries, step up acquisitions	**41,697**	**2,414**
(48,119)	(1,033,266)	Net changes in fair value of subsidiaries and associates designated at fair value through profit and loss	**—**	**—**
(47)	(1,001)	Realised losses	**—**	**—**
(48,072)	(1,032,265)	Unrealised losses	**—**	**—**
(48,258)	(1,036,274)		**70,194**	**4,081**

* Refer note 4

9. Net finance costs

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
58	1,251	Finance income	**8,175**	**474**
58	1,251	Interest income on bank balances	**7,635**	**443**
—	—	Interest income on trade and other receivables	**367**	**21**
—	—	Interest income on other	**173**	**10**
(2,334)	(50,116)	Finance costs	**(248,875)**	**(14,416)**
—	—	Interest expense on bank overdrafts	**(101,917)**	**(5,903)**
(2,334)	(50,116)	Interest expense and finance costs on borrowings from banks	**(132,433)**	**(7,671)**
—	—	Interest expense on non-controlling interest loan	**(873)**	**(51)**
—	—	Interest expense on finance lease and instalment sale obligations	**(13,246)**	**(767)**
—	—	Interest expense on other financial liabilities and trade and other payables	**(406)**	**(24)**
(2,276)	(48,865)		**(240,700)**	**(13,942)**

* Refer note 4

10. Taxation

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Total tax charge for the year from continuing operations		
(19)	(405)	Current taxation	**(54,713)**	**(3,169)**
(6)	(120)	Current year	**(43,700)**	**(2,531)**
(13)	(285)	Prior years under provision	**(11,013)**	**(638)**
9	194	Deferred taxation	**(1,098)**	**(84)**
9	194	Current year	**(7,628)**	**(462)**
—	—	Prior years over provision	**6,530**	**378**
—	—	Capital gains tax	**(999)**	**(58)**
(35)	(744)	Dividends withholding tax	**(1,553)**	**(90)**
—	—	Interest withholding tax	**(145)**	**(8)**
(45)	(955)		**(58,508)**	**(3,409)**
		Total tax charge for the year from discontinued operation		
(13)	(280)	Deferred taxation	**(318)**	**(18)**
(24)	(513)	Dividends withholding tax	**(1,619)**	**(94)**
(37)	(793)		**(1,937)**	**(112)**

* Refer note 4

The Company and its subsidiary Tiso Blackstar Holdings migrated their operations to the UK during the year ended 30 June 2017. 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 18% with effect from 1 April 2020.

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% in the current year, and in Malta of 35% in the prior year, are as follows:

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(33,814)	(726,061)	Profit (Loss) before taxation from continuing operations	**50,668**	**2,981**
—	—	Deduct share of profit of associates – equity accounted	**(7,395)**	**(416)**
(33,814)	(726,061)	Profit (Loss) from continuing operations before taxation and share of profit from associates	**43,273**	**2,565**
(11,835)	(254,121)	Tax at standard rate of corporate tax of 19% (2016: 35%)	**8,222**	**489**
(6,887)	(147,918)	Differing foreign tax rates	**19,311**	**1,118**
—	—	Change in tax rates	**(1,397)**	**(81)**
18,719	401,965	Income and expenses not subject to tax	**18,521**	**1,073**
13	285	Under provision from prior years	**4,482**	**260**
—	—	Tax losses unutilised	**7,201**	**417**
—	—	Deemed Acquisitions	**(529)**	**(23)**
—	—	Capital gains tax	**999**	**58**
35	744	Withholding taxes	**1,698**	**98**
45	955	**Total tax charge for the year from continuing operations**	**58,508**	**3,409**

* Refer note 4

Assessed losses of the Group for which no deferred tax asset has been recognised amount to R3,761,000, £221,000 (2016: R88,456,000, £4,538,000). The related deferred tax asset on the assessed losses has not been raised as it is not believed to be probable that the assessed loss will be utilised. The Group was not able to utilise the assessed losses recognised in Malta once it migrated to the UK.

11. Loss for the year from continuing operations

Loss from continuing operations has been arrived at after (charging) crediting the following:

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Depreciation, amortisation and straight lining of leases		
(16)	(340)	Depreciation of property, plant and equipment	**(121,129)**	**(7,016)**
—	—	Amortisation of intangible assets	**(63,340)**	**(3,628)**
(61)	(1,312)	Straight lining of lease	**5,655**	**327**
(77)	(1,652)		**(178,814)**	**(10,317)**
		Impairment losses		
—	—	Property, plant and equipment	**11,379**	**659**
—	—	Investments	**(25,270)**	**(1,464)**
—	—	Trade receivables (raised via provision for impairment)	**7,159**	**415**
—	—		**(6,732)**	**(390)**
		Auditor's remuneration – Deloitte (current year's auditors)		
—	—	Audit fees of the Group and Company annual accounts	**(1,945)**	**(113)**
—	—	Audit fees of the Company's subsidiaries	**(7,207)**	**(417)**
—	—	Other services	**(950)**	**(55)**
		Auditor's remuneration – BDO (prior year's auditors)		
(59)	(1,257)	Audit fees of the Group and Company annual accounts	**(384)**	**(22)**
(17)	(355)	Paid to associates of BDO Malta for audit of subsidiaries	**(258)**	**(15)**
(93)	(1,995)	Other services	**(660)**	**(38)**
		Auditor's remuneration – Other		
(395)	(8,484)	Paid to audit firms (other than Deloitte and BDO) for audits of subsidiaries	**(4,652)**	**(269)**
(564)	(12,091)		**(16,056)**	**(929)**
		Employee benefits expense		
—	—	Staff costs (excluding amounts paid to Tiso Blackstar Directors)	**(126,108)**	**(7,304)**
(513)	(11,017)	Salaries and wages	**(1,497,107)**	**(86,715)**
—	—	Pension costs	**(18,412)**	**(1,066)**
(513)	(11,017)		**(1,641,627)**	**(95,085)**
		Retirement benefit plans contributions		
—	—	Defined benefit plan	**(10,297)**	**(596)**

* Refer note 4

12. Employees

The average number of employees (excluding Tiso Blackstar Directors) during the year for the Company and its consolidated subsidiaries, by function, were as follows:

	30 June 2017	30 June 2016
Managerial	**372**	5
Administrative	**1,028**	2
Sales and marketing	**533**	—
Operational	**2,386**	5
	4,319	12

The significant movement from the prior year is due to the consolidated subsidiaries being included.

12. Employees (continued)

The average number of employees (excluding Tiso Blackstar Directors) during the prior financial year for the Company and its subsidiaries (including subsidiaries which were not consolidated but rather designated at fair value through profit and loss) were as follows: 18 Managerial, 25 Administrative, and 5,503 Operational.

13. Discontinued operation and Non-current asset held for sale

The following discontinued operation has been disclosed separately from continuing operations:

13.1 Discontinued operation

In the prior year, 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. In line with this, Tiso Blackstar commenced negotiations to dispose of its interest in KTH during the 2016 financial year and post 30 June 2017 concluded an agreement of sale, the terms of which were finalised in July 2017.

KTH was disclosed as a discontinued operation, and classified and disclosed as a non-current asset held for sale in accordance with IFRS 5 at 30 June 2016. At 30 June 2017 the investment in KTH remains disclosed 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 determined by the anticipated value expected to be realised in the next twelve to eighteen months.

The results from the discontinued operation which has been included in the consolidated statement of income are as follows:

On a fair value basis (Investment Entity*):			**On a consolidated basis (Trading Entity):**	
30 June 2016 £'000	30 June 2016 R'000		**30 June 2017 R'000**	**30 June 2017 £'000**
		Loss for the year from discontinued operation		
(9,757)	(209,513)	Net loss on financial assets at fair value through profit and loss	**—**	**—**
—	—	Loss on remeasurement of fair value less costs to sell	**(20,000)**	**(1,158)**
1,372	29,452	Dividend income	**13,195**	**764**
47	1,001	Fee income	**1,135**	**65**
(8,338)	(179,060)	Operating loss	**(5,670)**	**(329)**
(37)	(793)	Taxation	**(1,937)**	**(112)**
(8,375)	(179,853)	Loss from discontinued operation, net of taxation	**(7,607)**	**(441)**
		Loss for the year attributable to:		
(8,375)	(179,853)	Equity holders of the parent	**(7,607)**	**(441)**
—	—	Non-controlling interest	**—**	**—**
(8,375)	(179,853)		**(7,607)**	**(441)**
		Losses per share from discontinued operation		
(3.13)	(67.31)	Basic and diluted losses per share (cents/pence)	**(2.87)**	**(0.17)**
		Cash flows generated by discontinued operation		
1,395	29,940	Cash generated by operating activities	**12,711**	**736**
—	—	Cash utilised by investing activities	**—**	**—**
—	—	Cash utilised by financing activities	**—**	**—**
1,395	29,940	**Effect on cash flows**	**12,711**	**736**

* Refer note 4

13.2 Non-current asset held for sale

The investment in KTH was reclassified to non-current asset held for sale at 30 June 2016 and the investment in KTH continues to be disclosed as such and valued at its fair value less costs to sell.

13. Discontinued operation and Non-current asset held for sale (continued)

13.2 Non-current asset held for sale (continued)

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Asset held for sale		
77,978	1,520,000	Investment in KTH	**1,500,000**	**88,323**

Bank collateral

The shares in KTH are held as security by RMB and Standard Bank Limited ("Standard Bank") (refer note 31).

14. Other comprehensive (loss) income, net of taxation

Other comprehensive (loss) income comprises of the foreign currency translation adjustments recognised in the foreign currency translation reserve. These currency adjustments arise on restatement 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 2017. An additional charge to other comprehensive income arises in the Pounds Sterling statement of other comprehensive income as a result of the translation of the Group's results from its functional currency Rands to its presentational currency Pounds Sterling.

Currency translation differences recognised in other comprehensive (loss) income comprise of the following:

On a fair value basis (Investment Entity*): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
—	—	On translation of the following foreign operations and associates:	**(70,471)**	**(4,118)**
—	—	Foreign operations held by CSI and BHG	**(3,648)**	**(198)**
—	—	Investments in associate Radio Africa group	**(27,388)**	**(1,611)**
—	—	Investment in associate Multimedia group	**(37,297)**	**(2,182)**
—	—	Investment in associate Coopers	**(2,138)**	**(127)**
(8,887)	—	On translation of the Group's results from Rands to Pounds Sterling	**—**	**28,073**
—	—	Actuarial gain on PRMA	**2,667**	**154**
(8,887)	—	**Other comprehensive (loss) income, net of taxation per the statement of other comprehensive income**	**(67,804)**	**24,109**

* Refer note 4

15. Earnings (Losses) per share ("EPS")

15.1 Basic and diluted earnings (losses) per ordinary share

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(33,859)	(727,016)	Profit (Loss) for the year attributable to equity holders of the parent from continuing operations	**15,430**	**927**
(8,375)	(179,853)	Loss for the year attributable to equity holders of the parent from discontinued operation	**(7,607)**	**(441)**
(42,234)	(906,869)	**Profit (Loss) for the year attributable to equity holders of the parent**	**7,823**	**486**
267,199	267,199	Weighted average number of shares in issue (net of treasury shares, in thousands)^^	**265,279**	**265,279**
267,199	267,199	Weighted average number of shares in issue (in thousands)	**266,879**	**266,879**
(15.81)	(339.40)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders	**2.95**	**0.18**
(15.81)	(339.40)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders	**2.93**	**0.18**
(12.67)	(272.09)	Basic earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations	**5.82**	**0.35**
(12.67)	(272.09)	Diluted earnings (losses) per ordinary share (in cents/pence) attributable to equity holders from continuing operations	**5.78**	**0.35**

^^ The treasury shares issued under the long term Management Incentive Scheme (refer note 47) are contingently returnable shares and are excluded from the EPS calculation until such date as they are not subject to recall

15. Earnings (Losses) per share ("EPS") (continued)

15.1 Basic and diluted earnings (losses) per ordinary share (continued)

Reconciliation of Weighted average number of shares in issue

Treasury shares issued	3,012,349
Estimated vesting percentage (refer note 47.1.3)	53.1%
Number of shares expected to vest	1,599,557
Number of shares expected to vest (in thousands)	**1,600**
Weighted average number of shares in issue (in thousands)	266,879
Less number of shares expected to vest (in thousands)	(1,600)
Weighted average number of shares in issue (net of treasury shares, in thousands)	**265,279**

15.2 Basic and diluted headline losses per ordinary share

On a fair value basis (Investment Entity):			**On a consolidated basis (Trading Entity):**	
30 June 2016 £'000	30 June 2016 R'000		**30 June 2017 R'000**	**30 June 2017 £'000**
(42,234)	(906,869)	Profit (Loss) for the year attributable to equity holders of the parent, adjusted for:	**7,823**	**486**
—	—	Gains arising on investment properties	**(2,858)**	**(166)**
—	—	Gains recognised on acquisition of subsidiaries, step up acquisitions	**(41,697)**	**(2,414)**
—	—	Gain on bargain purchase	**(1,745)**	**(90)**
—	—	Losses relating to disposal of subsidiaries and associates	**2,413**	**140**
—	—	Impairment of equity investments (listed and unlisted)	**25,270**	**1,464**
—	—	Gains arising on financial assets held for trading	**(256)**	**(15)**
—	3	Profit (Loss) on disposal of property, plant and equipment	**(22,133)**	**(1,282)**
—	—	Reversal of impairment of property, plant and equipment	**(11,379)**	**(659)**
—	—	Profit on disposal of intangible assets	**(49)**	**(3)**
34	737	Impairment of loans designated at fair value through profit and loss	**—**	**—**
—	(1)	Total tax effects of adjustments	**11,099**	**642**
(42,200)	(906,130)	**Headline losses**	**(33,512)**	**(1,897)**
(15.79)	(339.12)	Basic headline losses per ordinary share attributable to equity holders (in cents/pence)	**(12.63)**	**(0.72)**
(15.79)	(339.12)	Diluted headline losses per ordinary share attributable to equity holders (in cents/pence)	**(12.56)**	**(0.71)**

16. Property, plant and equipment

16.1 Net book 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
Cost	778	—	464	618	—	—	36	—	—	—	1,896
Accumulated depreciation and impairments	—	—	(381)	(418)	—	—	(20)	—	—	—	(819)
Net book value at 1 July 2015	**778**	**—**	**83**	**200**	**—**	**—**	**16**	**—**	**—**	**—**	**1,077**
Additions	54	—	148	1,027	—	2,469	—	—	—	—	3,698
Disposals	—	—	(25)	(83)	—	—	4	—	—	—	(104)
Transfers	—	—	—	7	—	—	(7)	—	—	—	—
Depreciation	—	—	(72)	(231)	—	(32)	(5)	—	—	—	(340)
Net book value at 30 June 2016	**832**	**—**	**134**	**920**	**—**	**2,437**	**8**	**—**	**—**	**—**	**4,331**
Cost	832	—	425	1,503	—	2,469	28	—	—	—	5,257
Accumulated depreciation and impairments	—	—	(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 on Deemed Acquisitions	—	—	—	—	—	11,379	—	—	—	—	11,379
On acquisition of subsidiary/business	—	—	672	526	—	—	27	—	45,486	142	46,853
On disposal of subsidiary/business	—	—	(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)	(17,040)	(704)	(32,458)
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 book 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 and impairments	—	—	(16,226)	(3,750)	(1,216)	(5,155)	(3,078)	(1,242)	(86,626)	(4,425)	(121,718)

16. Property, plant and equipment (continued)

16.1 Net book value (continued)

	Artwork £'000	Capital work in progress £'000	Computer equipment £'000	Furniture and fittings £'000	Land and buildings £'000	Leasehold Improvements £'000	Office equipment £'000	Photographic equipment £'000	Plant and machinery £'000	Vehicles £'000	Total £'000
Cost	37	—	22	30	—	—	2	—	—	—	91
Accumulated depreciation and impairments	—	—	(18)	(20)	—	—	(1)	—	—	—	(39)
Net book value at 1 July 2015	**37**	**—**	**4**	**10**	**—**	**—**	**1**	**—**	**—**	**—**	**52**
Additions	3	—	6	48	—	115	—	—	—	—	172
Disposals	—	—	(1)	(4)	—	—	—	—	—	—	(5)
Depreciation	—	—	(3)	(12)	—	(1)	—	—	—	—	(16)
Currency exchange gains during the year	3	—	1	4	—	11	—	—	—	—	19
Net book value at 30 June 2016	**43**	**—**	**7**	**46**	**—**	**125**	**1**	**—**	**—**	**—**	**222**
Cost	43	—	22	76	—	127	2	—	—	—	270
Accumulated depreciation and impairments	—	—	(15)	(30)	—	(2)	(1)	—	—	—	(48)
Deemed Acquisitions	—	3,207	887	496	1,032	722	392	234	31,664	773	39,407
Reversal of impairment on Deemed Acquisitions	—	—	—	—	—	659	—	—	—	—	659
On acquisition of subsidiary/business	—	—	39	30	—	—	2	—	2,635	8	2,714
On disposal of subsidiary/business	—	—	(14)	12	—	7	(2)	—	(63)	—	(60)
Additions	—	5,990	742	687	—	1,807	374	37	6,088	481	16,206
Disposals	—	—	(5)	(229)	(71)	(545)	(14)	(5)	(987)	(41)	(1,897)
Transfers and reclassifications	—	(1,041)	36	37	—	3	(3)	1	1,682	8	723
Depreciation	—	—	(923)	(197)	(70)	(303)	(177)	(72)	(5,018)	(256)	(7,016)
Currency exchange gains during the year	6	556	130	86	150	152	61	34	4,624	118	5,917
Net book value at 30 June 2017	**49**	**8,712**	**899**	**968**	**1,041**	**2,627**	**634**	**229**	**40,625**	**1,091**	**56,875**
Cost	49	8,729	2,948	1,424	1,159	3,121	1,017	378	49,405	1,562	69,792
Accumulated depreciation and impairments	—	(17)	(2,049)	(456)	(118)	(494)	(383)	(149)	(8,780)	(471)	(12,917)

16.2 Pledged as security

Printing presses with a carrying value of R47.2 million (£2.8 million) has been pledged as security in terms of a finance lease with a carrying value of R47.8 million (£2.8 million).

Office equipment with a carrying value of R94,000 (£6,000) has been pledged as security in terms of a finance lease with a carrying value of R171,000 (£10,000).

Plant and equipment with a carrying value of R466.2 million (£27.5 million) has been pledged as security in terms of general notarial bonds in favour of Security SPV, Business Venture Investments No 1327 Proprietary Limited with a carrying value of R420.2 million (£24.7 million).

Mobile Mills of R33.9 million (£2.0 million), included in plant and machinery, has been pledged as security in terms of its finance leases with a carrying value of R36.0 million (£2.1 million).

The motor vehicles with a carrying value of R22.0 million (£1.3 million) has been pledged as security in terms of its instalment sales agreement with a carrying value of R24.0 million (£1.4 million), refer to note 33.

16. Property, plant and equipment (continued)

16.3 Impairment reversals recognised

During 2016, BHG was aware that it would be relocating its operations in Johannesburg. Management assessed, at a BHG head office level, that an impairment of property, plant and equipment amounting to R11.4 million (£0.7 million) should be raised as a result of the anticipated relocation. In 2017, each underlying entity within BHG that relocated as part of the Johannesburg 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 have been noted as disposals of leasehold improvements in note 16.1. The head office assessment made in the prior year was reversed as a result of the specific write offs by the respective BHG entities.

The impairment reversal has been included in profit and loss in Other gains (losses) (refer to note 8).

17. Investment property

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Cost	15,359	904
Accumulated fair value adjustments and impairments	(2,685)	(158)
	12,674	746

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	—	—
Deemed Acquisitions	97,888	5,022
Additions	412	24
Disposals	(80,669)	(4,673)
Unrealised fair value losses	(4,957)	(287)
Currency exchange gains during the year	—	660
At the end of the year	**12,674**	**746**

Investment properties consist of:

- Erf 1344 and Erf 1345, Shakas Head in Kwa-Zulu Natal. The construction on this property was completed during the prior year and 10 mini industrial units were built at a cost of R12.1 million (£0.7 million). The fair value of the property at 30 June 2017 was R12.7 million (£0.7 million) and 9 units were let;
- Erf 204 Randjespark Extension 36 Township acquired from GGG Property Holdings Proprietary Limited in 2011 for R58.0 million (£3.4 million). The property was leased to Litha Medical Proprietary Limited for a ten year period with rentals escalating at 8% per annum. The property was disposed of in December 2016 to Redefine Properties Limited for R85.0 million (£4.9 million). The fair value of the property on date of sale was R76.7 million (£4.4 million); and
- Erf 315 Nottingham Road in Kwa-Zulu Natal ("Gowrie Farm") acquired in the prior year from Mooi River Cattle Company Proprietary Limited for R4.0 million (£0.2 million). The property was leased to Hirt & Carter Proprietary Limited, a subsidiary of BHG, for a three year period with rentals escalating at 8% per annum. The property was disposed of in December 2016 to Main Street 505 Proprietary Limited for R3.5 million (£0.2 million). The fair value of the property on date of sale was R4.0 million (£0.2 million).

The investment property held at 30 June 2017, was valued independently at 30 June 2016 and was valued at R17.8 million (£0.9 million). The investment property will be valued by the directors annually and independently every 3 to 5 years.

17. Investment property (continued)

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Rental income*	**5,544**	**321**
Direct operating expenses	**(924)**	**(54)**
Indirect operating expenses	**(554)**	**(32)**

* Total rental income per note 5 includes an amount of R8.1 million (£0.5 million) that relates to a sub-lease in BHG and does not form part of rental income generated from the investment properties

There were no investment properties for the year ended 30 June 2016.

18. Straight lining of lease asset (liability)

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
2	33	Asset arising on operating leases as a result of lease payments being recognised as income on a straight line basis over the lease term	**3,451**	**203**
(63)	(1,228)	Liability arising on operating leases as a result of lease payments being recognised as an expense on a straight line basis over the lease term	**(83,907)**	**(4,941)**

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Straight lining of lease asset		
1	12	Non-current portion	**169**	**10**
1	21	Current portion	**3,282**	**193**
2	33		**3,451**	**203**
		Straight lining of lease liability		
—	—	Non-current portion	**(83,907)**	**(4,941)**
(63)	(1,228)	Current portion	**—**	**—**
(63)	(1,228)		**(83,907)**	**(4,941)**

19. Goodwill

Per note 1.2, 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 represents the transferred "Deemed Consideration" when measuring any goodwill or gain on bargain purchase that arose from the Deemed Acquisitions. The following goodwill was recognised on this Deemed Acquisition.

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Cost	**1,224,936**	**72,126**
Accumulated impairments	**—**	**—**
	1,224,936	**72,126**

19. Goodwill (continued)

19.1 Cost

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	—	—
Deemed Acquisitions	1,110,155	56,982
On acquisition of business	114,781	6,648
Currency exchange gains during the year	—	8,496
At the end of the year	**1,224,936**	**72,126**

19.2 Allocation of goodwill to cash generating units ("CGUs")

Goodwill has been allocated for impairment testing purposes 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:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	420,421	24,755
Hirt & Carter Group	579,468	34,120
Broadcast and Content	44,154	2,600
CSI	109,439	6,444
Robor	71,454	4,207
	1,224,936	72,126

19. Goodwill (continued)

19.3 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 rate 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 rates applied to each CGU is as follows:

Groups of cash generating units	Basis of determination of recoverable amount	Discount rate applied to cash flows (%)	Growth rate used to extrapolate cash flow (%)
Media	Value in use	17.3	5.0
Hirt & Carter Group	Value in use	16.8	5.0
Broadcast and Content	Value in use	17.5	4.0
CSI	Value in use	17.4	4.0
Robor	Value in use	17.4	4.0

Post-tax discount rates have been applied as the value in use was determined using post-tax cash flows.

If the discount rate applied to cash flows was to increase by 0.5% and the growth rate used to extrapolate cash flows was to decrease by 1.0%, there would be no significant impairments that would have to be recognised.

20. Intangible assets

20.1 Net book 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 book 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
On acquisition/disposal of business	—	—	—	—	—	—	—	6,875	—	6,875
Additions	—	—	—	—	—	4,366	—	10,324	13,200	27,890
Disposals	—	—	—	—	—	(3,441)	—	(170)	—	(3,611)
Reclassifications and transfers	—	—	—	—	—	—	—	(2,500)	—	(2,500)
Amortisation	—	(24,863)	(9,904)	(25,795)	(410)	—	(1,906)	—	(462)	(63,340)
Net book 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	58,456	1,355,774
Accumulated amortisation	—	(24,863)	(9,904)	(25,795)	(410)	—	(1,906)	(2,500)	(463)	(65,841)

As at 30 June 2017	Mastheads £'000	Advertiser relationships £'000	Subscriber relationships £'000	Customer relationships £'000	Brands £'000	Film rights £'000	RMS software £'000	Computer software £'000	Publishing rights and titles £'000	Total £'000
Net book value at 1 July 2016	—	—	—	—	—	—	—	—	—	—
Deemed Acquisitions	7,053	8,445	2,978	25,098	20,618	—	489	833	2,441	67,955
On acquisition/disposal of business	—	—	—	—	—	—	—	357	—	357
Additions	—	—	—	—	—	253	—	375	765	1,393
Disposals	—	—	—	—	—	(199)	—	(11)	—	(210)
Reclassifications and transfers	—	—	—	—	—	—	—	(145)	42	(103)
Amortisation	—	(1,399)	(574)	(1,494)	(24)	—	(110)	(27)	—	(3,628)
Currency exchange gains during the year	1,041	1,224	430	3,684	3,046	5	70	133	556	10,189
At the end of the year	**8,094**	**8,270**	**2,834**	**27,288**	**23,640**	**59**	**449**	**1,515**	**3,804**	**75,953**
Cost	8,094	9,693	3,417	28,814	23,663	59	561	1,971	3,804	80,076
Accumulated amortisation	—	(1,423)	(583)	(1,526)	(23)	—	(112)	(456)	—	(4,123)

20. Intangible assets (continued)

20.1 Net book value (continued)

There were no intangible assets for the year ended 30 June 2016. Per note 1.2, the Group changed its status as an Investment Entity and intangible assets were recognised as part of the Deemed Acquisitions in terms of IFRS 3.

20.2 Pledged as security

There were no intangible assets pledged as security.

20.3 Impairment losses 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. The recoverable amount of a CGU or individual asset, is the higher of its value in use and its fair value less costs of disposal. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in "Other gains (losses)" in the statement of comprehensive income. Impairment losses recognised on goodwill are not reversed in subsequent periods.

21. Financial assets designated at fair value through profit and loss

Effective 1 July 2016, there was a change in the Group's status from an Investment Entity as defined in IFRS 10 and consequently the Group's subsidiaries BHG, CSI, Robor and property subsidiaries are no longer carried at fair value but rather accounted for as deemed acquisitions of subsidiaries on 1 July 2016 and consolidated from this date forward. The net identifiable assets of these subsidiaries have been recognised in the statement of financial position at fair value on 1 July 2016 resulting in goodwill or gain on bargain purchase being recognised. Investments in associates, Radio Africa group, Multimedia group and Coopers, which were previously held at fair value have been equity accounted from 1 July 2016.

In accordance with IFRS 3, the comparative year ended 30 June 2016 has not been restated and has been disclosed on a fair value basis as has been previously reported.

	On a fair value basis (Investment Entity):	
	30 June 2016 R'000	30 June 2016 £'000
Financial assets designated at fair value through profit and loss		
Net investments in subsidiaries	1,955,133	100,300
Net investments in associates	399,697	20,505
	2,354,830	120,805

22. Net investments in subsidiaries

22.1 Net investments in subsidiaries designated at fair value through profit and loss in the prior year

In the prior year, Tiso Blackstar met the definition of an Investment Entity. Therefore, it did not consolidate some of its subsidiaries but rather recognised them as investments at fair value through profit and loss.

22. Net investments in subsidiaries (continued)

22.1 Net investments in subsidiaries designated at fair value through profit and loss in the prior year (continued)

Principal place of business	Principal activity	Name of unconsolidated subsidiaries	Proportion of ownership rights 30 June 2016
South Africa	Media	Blackstar Holdings Group Proprietary Limited (previously Times Media 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%

^ Subsidiary of Tiso Blackstar Holdings
^^ Subsidiary of TBRE

Loans and receivables payable by subsidiaries designated at fair value through profit and loss

Shareholder loans to subsidiaries which were considered to be equity loans (and ordinarily would be accounted for as loans and receivables) were designated at fair value through profit and loss. On assessment of the fair value of the net investment in subsidiary, those equity loans were incorporated into the valuation assessment and any decline in fair value was first allocated to the carrying amount of the equity investment and then to the loan to the subsidiary.

Net investments in subsidiaries included in note 21 comprised the following investments:

	On a fair value basis (Investment Entity): 30 June 2016 R'000	30 June 2016 £'000
Investment in BHG		
Equity share investment	1,450,000	74,386
Net investment in CSI	258,000	13,235
Equity share investment	24,369	1,250
Interest-free loan to CSI with no fixed terms of repayment. Monthly repayments were made by CSI of R2.0 million (£0.09 million) per month. The loan was ceded to Tiso Blackstar SA during the current year	233,631	11,985
Investment in Robor		
Equity share investment	209,100	10,727
Net investment in TBRE and the property subsidiaries	38,033	1,952
Equity share investment	32,006	1,642
Preference shares held in a property subsidiary which bore interest at South African Prime Rate plus 200 basis points and was repayable on demand	6,027	310
	1,955,133	100,300

Significant changes in net investments in subsidiaries designated at fair value through profit and loss in the prior year

BHG – During the prior year, Tiso Blackstar Holdings received the investments in Radio Africa group and Multimedia group from BHG as a dividend in specie. The value of BHG decreased as those investments were shown separately as net investments in associates. Refer to 24 for further details on the acquisitions.

Robor – During October 2015, Tiso Blackstar Holdings increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares at a price of R17.00 per share. The investment was subsequently transferred from financial assets held for trading to net investments in subsidiaries.

22. Net investments in subsidiaries (continued)

22.1 Net investments in subsidiaries designated at fair value through profit and loss in the prior year (continued)

TBRE and the property subsidiaries – During the prior year, TBRE and the property subsidiaries disposed of four of its investment properties and one of its underlying investments. Proceeds from these sales were used to settle the interest free loan with Tiso Blackstar and the existing bonds over the relative properties. The remaining funds were distributed as a dividend within the Group.

Restrictions

Tiso Blackstar receives income in the form of dividends and interest from its investments in subsidiaries, and there were 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 and its subsidiaries have provided support in the form of equity loans to other subsidiaries within the Group, details of which are provided in the table below. Tiso Blackstar has no contractual commitments and may provide further financial or any other support to its subsidiaries should they require it and the Group has the funds available to do so.

Bank collateral

All equity instruments in and claims against CSI and BHG are held as security by RMB and Standard Bank (refer note 31).

Maximum credit exposure for loans with subsidiaries

The maximum credit exposure for these loans would be equal to the original carrying amount of the loan prior to any fair value adjustments, details of which are provided below:

Original loan amount prior to fair value adjustments R'000	Carrying Value R'000	30 June 2016	Carrying Value £'000	Original loan amount prior to fair value adjustments £'000
233,631	233,631	Loan to CSI	11,985	11,985
6,027	6,027	Preference shares in a property subsidiary	310	310

22. Net investments in subsidiaries (continued)

22.2 Investments in subsidiaries which are consolidated in the current year

At 30 June 2017 the Group held the following shares in subsidiaries:

Principal place of business	Principal activity	Name of consolidated subsidiaries **	Proportion of ownership rights 30 June 2017
United Kingdom	Investment company	Tiso Blackstar Holdings SE (previously Tiso Blackstar (Cyprus) Public Limited) ("Tiso Blackstar Holdings")#*	**100.0%**
United Kingdom	Administrative centre	Tiso Blackstar Holdings PLC ("TBHPLC")#$	**100.0%**
United Kingdom	Administrative centre	Tiso Blackstar Limited ("TBL")#	**100.0%**
South Africa	Investment advisory company	Tiso Blackstar SA Proprietary Limited (previously Tiso Blackstar Group Proprietary Limited) ("Tiso Blackstar SA")#	**100.0%**
South Africa	Media	Blackstar Holdings Group Proprietary Limited (previously Times Media 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%**

Subsidiary of the Company
^ Subsidiary of Tiso Blackstar Holdings
^^ Subsidiary of TBRE
* Tiso Blackstar Holdings migrated from Cyprus to the UK on 9 May 2017
** Refer to note 51 for a complete list of consolidated subsidiaries of the Group
$ TBHPLC was deregistered in August 2017

23. Net investments in associates designated at fair value through profit and loss

As Tiso Blackstar was considered to be an Investment Entity in the prior year, it was considered entitled to claim the exemption available under IAS 28 not to apply the equity method to its interests in associates and instead measured them at fair value through profit and loss.

Details of the associates within the Group are provided below:

Principal place of business	Principal activity	Name of associate	Proportion of ownership rights 30 June 2016
South Africa	Investment company	Kagiso Tiso Holdings Proprietary Limited ("KTH")##^	22.9%
Kenya	Media	Radio Africa Limited ("Radio Africa group")##	49.0%
Ghana	Media	Multimedia Group Limited ("Multimedia group")##	32.2%
Nigeria	Media	Cooper Communications Limited ("Coopers")##	24.5%

Associate of Tiso Blackstar Holdings
^ KTH was classified as a non-current asset held for sale at 30 June 2016, refer note 13

Net investments in associates included in note 21 comprises of the following investments:

	On a fair value basis (Investment Entity): 30 June 2016 R'000	30 June 2016 £'000
Investment in Radio Africa group		
Equity share investment	206,000	10,568
Investment in Multimedia group		
Equity share investment	182,900	9,383
Investment in Coopers		
Equity share investment	10,797	554
	399,697	20,505

Significant changes in net investments in associates designated at fair value through profit and loss in the prior year

Radio Africa group – The shares held by BHG in Radio Africa group, were transferred to Tiso Blackstar Holdings in the prior year as a dividend in specie of R195,158,000 (£9,088,000).

Multimedia group – The shares held by BHG in Multimedia group, were transferred to Tiso Blackstar Holdings in the prior year as a dividend in specie of R144,381,000 (£6,724,000).

Coopers – Tiso Blackstar Holdings acquired a 24.5% stake in Coopers in the prior year for R10,154,000 (£473,000).

24. Investments in associates – equity accounted

At 30 June 2017 the Group held the following shares in associates:

				On a consolidated basis (Trading Entity): Carrying value	
Principal place of business	**Principal activity**	**Name of associate**	**Proportion of ownership rights**	**30 June 2017 R'000**	**30 June 2017 £'000**
Kenya	Media	Radio Africa Limited ("Radio Africa group")*^	**49.0%**	**175,061**	**10,308**
Ghana	Media	Multimedia Group Limited ("Multimedia group")*^	**32.2%**	**151,369**	**8,913**
Nigeria	Media	Cooper Communications Limited ("Coopers")*^	**24.5%**	**8,240**	**485**
South Africa	Media	Allied Media Distributors Proprietary Limited#	**30.0%**	**2,019**	**119**
South Africa	Media	Banner News Agency Proprietary Limited#	**28.6%**	**749**	**44**
South Africa	Media	Breakout Management Proprietary Limited#	**40.0%**	**44**	**3**
South Africa	Media	Next Entertainment Proprietary Limited#	**40.0%**	**4,717**	**278**
South Africa	Media	Tha Tha Isethombe Proprietary Limited#	**38.0%**	**3,962**	**233**
Investments in associates – equity accounted				**346,161**	**20,383**
Non-current asset held for sale					
South Africa	Investment holding	Kagiso Tiso Holdings Proprietory Limited ("KTH") ^$	**22.9%**	**1,500,000**	**88,323**
				1,846,161	**108,706**

* The financial year end of these companies is 31 December. This was the reporting dates established when these companies were incorporated. For the purposes of applying the equity method of accounting, the financial statements of each company for the year ended 31 December 2016 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 30 June 2017
^ Associate of Tiso Blackstar Holdings
# Associate of BHG
$ KTH has been classified and disclosed as a non-current asset held for sale at 30 June 2017 and 30 June 2016 (refer note 13)

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Change in the Group's ownership interest in an associate

There were no changes in the Group's ownership interests during the current year.

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

There are no shares held as security.

24.1 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).

24. Investments in associates – equity accounted (continued)

24.1 Summarised financial information of associates (continued)

24.1.1 Radio Africa group

As at 30 June 2017	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current assets	69,310	4,081
Current assets	112,837	6,644
Non-current liabilities	(90,144)	(5,308)
Current liabilities	(48,653)	(2,865)
Revenue	309,297	17,915
Loss from continuing operations	(6,433)	(373)
Loss for the year	(6,433)	(373)
Total comprehensive loss for the year	(6,433)	(373)
Share of loss of associate	(3,551)	(210)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Radio Africa group recognised in the consolidated financial statements:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Original investment in associate	195,158	9,088
Net changes in fair value of associate designated at fair value through profit and loss	10,842	505
Currency exchange gains during the year	—	975
Value at Deemed Acquisition Date	206,000	10,568
Share of loss of associate	(3,551)	(210)
Currency exchange losses during the year	(27,388)	(50)
Carrying amount of the Group's interest in Radio Africa group	175,061	10,308

24.1.2 Multimedia group

As at 30 June 2017	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current assets	38,060	2,241
Current assets	106,880	6,293
Current liabilities	(91,417)	(5,383)
Revenue	236,235	13,683
Profit from continuing operations	19,434	1,126
Profit for the year	19,434	1,126
Total comprehensive income for the year	19,434	1,126
Share of profit of associate	5,766	326

24. Investments in associates – equity accounted (continued)

24.1 Summarised financial information of associates (continued)

24.1.2 Multimedia group (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Multimedia group recognised in the consolidated financial statements:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Original investment in associate	144,381	6,724
Net changes in fair value of associate designated at fair value through profit and loss	38,519	1,794
Currency exchange gains during the year	—	865
Value at Deemed Acquisition Date	182,900	9,383
Share of profit of associate	5,766	326
Currency exchange losses during the year	(37,297)	(796)
Carrying amount of the Group's interest in Multimedia group	151,369	8,913

24.1.3 Coopers

As at 30 June 2017	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current assets	22,092	1,301
Current assets	1,161	68
Revenue	1,023	59
Loss from continuing operations	(1,708)	(99)
Loss for the year	(1,708)	(99)
Total comprehensive loss for the year	(1,708)	(99)
Share of loss of associate	(418)	(24)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Coopers recognised in the consolidated financial statements:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Original investment in associate	10,154	473
Net changes in fair value of associate designated at fair value through profit and loss	643	30
Currency exchange gains during the year	—	51
Value at Deemed Acquisition Date	10,797	554
Share of loss of associate	(418)	(24)
Currency exchange losses during the year	(2,139)	(45)
Carrying amount of the Group's interest in Coopers	8,240	485

24. Investments in associates – equity accounted (continued)

24.1 Summarised financial information of associates (continued)

24.1.4 Aggregate information of associates that are not individually material

As at 30 June 2017	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Group's share of profit from continuing operations	5,598	324
Group's share of total comprehensive income for the year	5,598	324
Aggregate carrying amount of the Group's interest in these associates	11,491	677

25. Other investments, loans and receivables

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Financial assets held for trading:		
776	15,128	Listed equity securities	17,163	1,011
776	15,128	Ordinary shares in Shoprite Holdings Limited ("Shoprite")	17,005	1,001
—	—	Other investments	158	10
		Investments classified as loans and receivables		
—	—	carried at amortised cost	12,541	738
—	—	Loans to related parties	17,616	1,037
—	—	Loans from other entities	(5,075)	(299)
776	15,128		29,704	1,749

25.1 Loans to related parties

Loans to related parties are carried at amortised cost and consist of the following:

Robor has provided a loan to PR Todd, a shareholder of Robor, for the amount of R7.7 million (£0.5 million). The loan bears interest at the South African Prime Rate and is repayable over 5 years. The loan is secured by cession of the loan and the shares held by Robor in Pro-Fix Robor Proprietary Limited.

25.2 Loans to other entities

Loans to other entities are carried at amortised cost and consist of the following:

CSI has provided an interest free loan to Stampede Equipment Proprietary Limited ("Stampede") for the amount of R9.8 million (£0.6 million). The loan has been subordinated in favour of the borrowers other creditors and is unsecured. There are 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 provided a loan for the amount of R250,000 (£15,000) to Sky Blue Capital Proprietary Limited, the loan was secured, bore no interest and was repayable by 31 December 2016.

CSI provided a loan to Roama Gate in the amount of R287,000 (£17,000), the loan is unsecured, bears no interest and there are no fixed terms of repayment.

25. Other investments, loans and receivables (continued)

25.3 Loans from other entities

Loans from other entities are carried at amortised cost and consist of the following:

CSI obtained a loan from Tafadwa Chigumba in the amount of R4.1 million (£0.2 million), the loan is unsecured, bears no interest and has no fixed terms of repayment.

CSI obtained other loans, which are unsecured, bear no interest and have no fixed terms of repayment.

26. Deferred taxation

26.1 Movement in net deferred taxation

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
160	3,067	Net deferred tax asset at the beginning of the year	**2,259**	**116**
—	—	Deemed Acquisitions	**(247,827)**	**(14,769)**
(4)	(86)	Recognised in statement of comprehensive income for continuing and discontinued operations	**(1,416)**	**(102)**
—	—	Under provision for prior years	**(15,369)**	**(900)**
—	—	Change in tax rates	**(9,560)**	**(554)**
(34)	(722)	Recognised on disposal of business	**(7,731)**	**(448)**
—	—	Recognised on acquisition of business	**(40)**	**(2)**
(6)	—	Currency exchange gains (losses) during the year	**—**	**191**
116	2,259	**Net deferred tax (liability) asset at the end of the year**	**(279,684)**	**(16,468)**

26.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Net R'000	Liabilities R'000	Assets R'000	30 June 2017	Assets £'000	Liabilities £'000	Net £'000
(111,589)	**(111,589)**	**—**	Property, plant and equipment	**—**	**(6,571)**	**(6,571)**
(638)	**(638)**	**—**	Investment property	**—**	**(38)**	**(38)**
(155,295)	**(155,295)**	**—**	Intangible assets	**—**	**(6,981)**	**(6,981)**
(1,965)	**(1,965)**	**—**	Trade and other receivables	**—**	**(116)**	**(116)**
22,527	**—**	**22,527**	Other financial liabilities	**1,327**	**—**	**1,327**
(2,990)	**(2,990)**	**—**	Provisions	**—**	**(2,339)**	**(2,339)**
85,170	**—**	**85,170**	Trade and other payables	**5,015**	**—**	**5,015**
36,076	**—**	**36,076**	Assessed losses	**2,124**	**—**	**2,124**
(150,980)	**(150,980)**	**—**	Other	**—**	**(8,889)**	**(8,889)**
(279,684)	**(423,457)**	**143,773**		**8,466**	**(24,934)**	**(16,468)**
—	**48,700**	**(48,700)**	Set-off of assets and liabilities	**(2,868)**	**2,868**	**—**
(279,684)	**(374,757)**	**95,073**	Deferred tax assets (liabilities) per statement of financial position	**5,598**	**(22,066)**	**(16,468)**

26. Deferred taxation (continued)

26.2 Deferred tax assets and liabilities (continued)

Net R'000	Liabilities R'000	Assets R'000	30 June 2016	Assets £'000	Liabilities £'000	Net £'000
(55)	(55)	—	Property, plant and equipment	—	(3)	(3)
(20)	(20)	—	Trade and other receivables		(1)	(1)
(9)	(9)	—	Other financial liabilities	—	—	—
69	—	69	Trade and other payables	4	—	4
2,274	—	2,274	Assessed losses	116		116
2,259	(84)	2,343		120	(4)	116
—	—	—	Set-off of assets and liabilities	—	—	—
2,259	(84)	2,343	Deferred tax assets (liabilities) per statement of financial position	120	(4)	116

Assessed losses of the Group for which no deferred tax asset have been recognised are detailed in note 10.

27. Inventories

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Finished goods on hand	**667,267**	**39,290**
Work in progress	**53,139**	**3,129**
Raw materials and components	**434,475**	**25,582**
	1,154,881	**68,001**
Provision for impairment	**(66,259)**	**(3,901)**
	1,088,622	**64,100**

27.1 Allowance for impairments

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	**—**	**—**
Deemed Acquisitions	**(64,753)**	**(3,322)**
Provision raised during the year	**(5,296)**	**(307)**
Recognised on acquisition of business	**(1,707)**	**(99)**
Recognised on disposal of business	**5,497**	**318**
Currency exchange losses during the year	**—**	**(491)**
At the end of the year	**(66,259)**	**(3,901)**

The cost of inventories recognised as an expense during the year in respect of continuing operations was R7,421.4 million (£429.9 million).

The cost of inventories recognised as an expense includes R22.7 million (£1.3 million) in respect of write-downs of inventory to net realisable value.

Inventories with a carrying value of R884.3 million (£52.1 million) has been pledged as security. For details of inventories pledged as security refer to note 29.

There were no inventories for the year ended 30 June 2016.

28. Trade and other receivables

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
—	—	Trade receivables	1,400,412	82,459
—	—	Less: Allowance for credit notes	(12,275)	(723)
—	—	Less: Allowance for doubtful debts	(34,280)	(2,018)
—	—		1,353,857	79,718
4	73	Fee income receivable	37,723	2,221
202	3,935	Prepayments, supplier deposits and accrued income	142,689	8,402
—	—	VAT receivable	14,166	834
—	—	Staff loans and advances	424	25
—	—	Other receivables	107,594	6,337
206	4,008		1,656,453	97,537

Trade receivables with a carrying value of R774.1 million (£45.0 million) has been pledged as security. For details of trade and other receivables pledged as security refer to note 29.

The Group considers the carrying value of trade and other receivables to approximate its fair value.

Trade receivables disclosed above include amounts (refer to 28.1 trade receivables age analysis) 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.

The average credit period on sales of goods is 30 days. The method of calculating the provision varies from close contact with customer, Credit Guarantee Insurance Corporation ("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. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experiment of the counterparty and an analysis of the counterparty's current financial position.

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.

28.1 Age of impaired trade receivables

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Neither past due nor impaired	1,003,656	59,098
Past due but not impaired		
0 – 30 days past due	221,002	13,013
31 – 60 days past due	73,851	4,348
61 – 90 days past due	34,060	2,006
91 – 120 days past due	33,563	1,976
121 plus days past due	—	—
	362,476	21,343
Impaired		
Not past due but not impaired	—	—
Past due and impaired	—	—

28. Trade and other receivables (continued)

28.2 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.

28.2.1 Allowance for credit notes

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	—	—
Deemed Acquisitions	(6,502)	(334)
Provision raised during the year	(8,308)	(481)
Provision released during the year	2,906	168
Recognised on acquisition of business	(371)	(21)
Currency exchange losses during the year	—	(55)
At the end of the year	**(12,275)**	**(723)**

28.2.2 Allowance for doubtful debts

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	—	—
Deemed Acquisitions	(47,688)	(2,446)
Provision raised during the year	(15,662)	(907)
Provision released during the year	22,821	1,322
Recognised on disposal of business	15,743	912
Recognised on acquisition of business	(15,549)	(901)
Amounts written off during the year as uncollectible	6,055	351
Currency exchange losses during the year	—	(349)
At the end of the year	**(34,280)**	**(2,018)**

29. 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.

29. Net cash and cash equivalents (continued)

Net cash and cash equivalents consist of:

On a fair value basis (Investment Entity): 30 June 2016 £'000	On a fair value basis (Investment Entity): 30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	On a consolidated basis (Trading Entity): 30 June 2017 £'000
671	13,086	**Cash and cash equivalents**	**174,901**	**10,298**
—	—	Cash on hand	**526**	**31**
671	13,086	Deposits and cash at bank	**128,430**	**7,562**
—	—	Other cash and cash equivalents	**45,945**	**2,705**
—	—	**Bank overdrafts and other short term borrowing facilities**	**(886,842)**	**(52,219)**
—	—	Bank overdrafts	**(94,194)**	**(5,546)**
—	—	Working capital facilities	**(792,648)**	**(46,673)**
671	13,086	**Net cash and cash equivalents**	**(711,941)**	**(41,921)**

Cash and cash equivalents held by South African subsidiaries of R2,443,000, £144,000 (2016: R1,574,000, £81,000) 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 R8,188,000, £482,000 (2016: R11,512,000, £590,000) at year end.

Cash and cash equivalents have been ceded as security at 30 June 2017 and 30 June 2016 (refer notes 28 and 31).

29.1 Facilities

Working capital facilities available to Group companies for utilisation consist of:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	On a consolidated basis (Trading Entity): 30 June 2017 £'000
Consignment facility	**300,000**	**17,665**
Invoice discounting facility	**580,000**	**34,151**
Foreign exchange contract facility	**15,000**	**883**
Asset financing facility	**62,230**	**3,664**
Overdraft facility	**138,000**	**8,126**
	1,095,230	**64,489**

The following security has been provided for facilities in place during the year:

Working capital facilities

Secured by inventories R150.0 million, £8.8 million (2016: R150.0 million, £7.7 million)
Secured by receivables R380.0 million, £22.4 million (2016: 380.0 million, £19.5 million)
Direct Working Capital S/T R18.0 million, £1.1 million (2016: R18.0 million, £0.9 million)
Direct Working Capital L/T R70.0 million, £4.1 million (2016: R70.0 million, £3.6 million)

Refer notes 27 and 28 for further details.

Security

General notarial bonds over movables (inventory, plant and equipment), debtors and insurance policies amounting to R250.0 million (£14.7 million) registered in June 2011 in favour of Security SPV, Business Venture Investments No 1327 Proprietary Limited and R350.0 million (£20.6 million) registered in March 2014 in favour of RMB.

29. Net cash and cash equivalents (continued)

29.1 Facilities (continued)

During the current year, Robor breached their covenant, however the Group along with RMB are in the process of restructuring the debt facilities of Robor. The Group will provide additional guarantees to RMB and these additional guarantees will not impede the Group's ability to service its own debt for at least the next twelve months.

30. Share capital and reserves

30.1 Share capital

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Authorised		
223,638	4,282,418	400,000,000 ordinary shares of €0.76 each	**4,282,418**	**223,638**
		Issued and fully paid		
164,201	2,554,036	268,291,260 ordinary shares of €0.76 each	**2,554,036**	**164,201**

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 2015	266,665,287	—	266,665,287
Repurchase of own shares	—	(1,182,310)	(1,182,310)
Shares issued as part of the Robor acquisition	1,625,973	114,385	1,740,358
Balance as at 30 June 2016	268,291,260	(1,067,925)	267,223,335
Repurchase of own shares	—	(1,944,424)	(1,944,424)
Forfeitable shares awarded as part of the long term Management Incentive Scheme^	—	—	—
Balance as at 30 June 2017	**268,291,260**	**(3,012,349)**	**265,278,911**

^ The Company awarded 3,012,349 forfeitable shares, subject to achievement of performance conditions, under the long term Management Incentive Scheme for the year ended 30 June 2017 (refer note 47). This award was issued from the Company's treasury shares but are not considered issued for IFRS purposes

During the current year Tiso Blackstar repurchased 1,944,424 (2016: 1,182,310) ordinary shares on the open market.

During October 2015, Tiso Blackstar Holdings increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares at a price of R17.00 per share, thereby increasing the issued share capital of the Company to 268,291,260 shares.

30.2 Reserves

The nature and purpose of each reserve within equity is described below:

Share premium

Share premium comprises the amount subscribed for share capital in excess of nominal value.

Treasury shares

Treasury shares comprise the cost of the Tiso Blackstar shares acquired and held as treasury shares by the Company.

30. Share capital and reserves (continued)

30.2 Reserves (continued)

Other reserves comprise:

The capital redemption reserve which includes amounts transferred from share capital on redemption of issued shares.

The share based payment reserve which includes amounts arising on the long term Management Incentive Scheme (refer note 47).

The reverse acquisition accounting reserve which includes the effect of IFRS 3.

The actuarial gains on PRMA reserve which includes amounts arising on the valuation of the PRMA provision performed (refer note 34).

Equity loans from non-controlling interest which are unsecured, interest free and have no fixed terms of repayment.

On a fair value basis (Investment Entity):			**On a consolidated basis (Trading Entity):**	
30 June 2016 £'000	30 June 2016 R'000		**30 June 2017 R'000**	**30 June 2017 £'000**
4,599	52,173	Capital redemption reserve	**52,173**	**4,599**
—	—	Share based payment reserve	**(889)**	**(53)**
—	—	Reverse acquisition accounting reserve	**(3,721)**	**(208)**
—	—	Actuarial gains on PRMA reserve	**2,667**	**154**
—	—	Equity loans from non-controlling interest	**16,486**	**956**
4,599	52,173		**66,716**	**5,448**

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising on translation of assets and liabilities denominated in the functional currency (Rands) into the presentational currency (Pounds Sterling).

Retained earnings

Retained earnings comprise net gains and losses recognised in the statement of comprehensive income.

31. Borrowings

Borrowings comprise of:

On a fair value basis (Investment Entity): 30 June 2016 £'000	On a fair value basis (Investment Entity): 30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	On a consolidated basis (Trading Entity): 30 June 2017 £'000
		Unsecured		
—	—	Asset financing which bears interest at 7,4% per annum and has no fixed terms of repayment	**11,642**	**686**
—	—	Non-controlling interest loan which bears interest at the South African Prime Rate and is repayable within five years	**7,734**	**455**
		Secured		
21,227	413,766	Term facility which bears interest at the 3 month Johannesburg Interbank Accepted Rate ("Jibar") plus 500 basis points. Interest is compounded quarterly and settled semi-annually. A mandatory capital repayment is required on 31 December 2017 of 12.5% of the available facility on the date after adjusting for voluntary payments made; and a final bullet payment of the remaining capital in June 2018(1)	**407,170**	**23,975**
—	—	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**	**2,088**
—	—	Term funding loans which bear interest at JIBAR plus 300 basis points and at JIBAR plus 340 basis points(2)	**633,072**	**37,276**
—	—	Term loans which bear interest between 0% and the South African Prime Rate and are repayable within five years(3)	**83,695**	**4,928**
—	—	Mortgage loan taken out by a property company. The loan bears interest at the South African Prime Rate less 50 basis points, repayable in fixed monthly instalments of R128,320 (£7,400) over five years, with the final instalment due in December 2021(4)	**11,370**	**669**
21,227	413,766		**1,190,145**	**70,077**

On acquisition of 22.9% stake in KTH and buyout of the remaining shares in BHG on 8 June 2015, Tiso Blackstar raised a term facility of R500.0 million (£26.2 million) to settle the cash consideration of the purchase price of KTH and a GBF of R65.0 million (£3.4 million) to fund the Group's working capital requirements. A total of R534.0 million (£28.0 million) was utilised from those facilities to settle the cash consideration and to repay the existing facility as full and final settlement. Using available cash, the term facility was reduced to R407.2 million (£24.0 million) and R35.5 million (£2.1 million) of the GBF was utilised by 30 June 2017. 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.

On the buyout of the remaining shares in BHG, term funding loans of R800.0 million (£42.0 million) were raised to settle the existing shareholders, R400.0 million (£21.0 million) by way of a five year amortising loan and R400.0 million (£21.0 million) by way of a five year bullet loan. Using available cash, the term funding loans were reduced to R633.1 million (£37.3 million) by 30 June 2017.

On a fair value basis (Investment Entity): 30 June 2016 £'000	On a fair value basis (Investment Entity): 30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	On a consolidated basis (Trading Entity): 30 June 2017 £'000
20,353	395,000	Non-current portion	**1,069,260**	**62,960**
874	18,766	Current portion	**120,885**	**7,117**
21,227	413,766		**1,190,145**	**70,077**

31. Borrowings (continued)

31.1 Securities provided

(1) The term facility is secured in favour of RMB and Standard Bank, and the security offered is 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 note 22);
- Cession of the shares and loan accounts of KTH (subject to the provisions contained in the KTH MOI) (refer to notes 13 and 24);
- 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 the Group's bank accounts (refer note 29);
- Negative pledge of all investments/assets; and
- Shares in security granted by BHG to its senior lenders.

(2) 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.

(3) Secured by a registered general notarial bond over fixed assets of Robor, cession of the Robor's trade debtors, cession of all other assets of Robor, a second covering mortgage bond registered over some of the properties, as well as suretyships by Robor and a non-controlling shareholder.

(4) Security is provided by the underlying assets.

31.2 Covenants

The following covenants are applicable to the term loans:

(1) • Net asset value cover ratio must be greater than 4.5.

(2) • Senior Net Debt to EBITDA ratio not greater than 2.25; and
• Senior Debt Service Cover ratio not less than 1.25.

(3) • Net Debt/Equity must be less than 150% and > R360m;
• Current assets to current liabilities must be greater than 1.0; and
• EBITDA to net interest must be > 3 times.

31.3 Undiscounted contractual cash flows

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
2,623	51,134	Due within one year	**247,738**	**14,556**
23,692	461,817	Due between two to five years	**1,134,316**	**66,790**
—	—	Due after more than five years	**9,894**	**583**
—	—	No fixed maturity	**19,376**	**1,172**
26,315	512,951		**1,411,324**	**83,101**

31. Borrowings (continued)

31.3 Undiscounted contractual cash flows (continued)

The above cash flows in respect of the Group's borrowings are disclosed on the assumption that the term loan is held to maturity. The Group's investment in KTH is currently held for sale (refer note 13) and the proceeds from the disposal of this investment are required to be applied in the settlement of the amount outstanding under the loan 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:

	On a consolidated basis (Trading Entity):	
	30 June 2017 R'000	30 June 2017 £'000
Deferred revenue	**4,118**	**242**
Financial liabilities carried at amortised cost	**5,452**	**321**
Forward cover contracts	**2,542**	**150**
Financial liabilities carried at fair value through profit and loss	**3,039**	**179**
	15,151	**892**

	On a consolidated basis (Trading Entity):	
	30 June 2017 R'000	30 June 2017 £'000
Non-current portion	**8,491**	**500**
Current portion	**6,660**	**392**
	15,151	**892**

33. Finance lease and instalment sale obligations

33.1 Leasing arrangements

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Finance lease obligations		
Bearing interest at rates varying between 9% and 15% which are repayable within three to five years and are secured by the underlying assets	159,401	9,385
With Merchant West which bears interest at 10.10% and is repayable in twelve quarterly instalments, secured by motor vehicles	13,605	801
With FirstRand Bank Limited which bears interest at the South African Prime Rate plus 50 basis points and is repayable in 36 monthly instalments, secured by motor vehicles ^	5,906	348
With Sunlyn Investments Proprietary Limited which bears interest at rates varying between the South African Prime Rate plus 250 basis points and 300 basis points and is repayable in 48 monthly instalments, secured by motor vehicles and office equipment	16,539	974
	195,451	11,508

^ Secured by the following:
— 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.

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current portion	135,956	8,005
Current portion	59,495	3,503
	195,451	11,508

33.2 Finance lease liabilities

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Minimum lease payments due		
Due within one year	83,823	4,935
Due between two to five years	126,513	7,449
	210,336	12,384
Less: Future finance charges	(14,885)	(876)
Present value of minimum lease payments	195,451	11,508

There were no finance lease and instalment sale obligations for the year ended 30 June 2016.

34. Post-retirement benefits liabilities

Certain BHG operations have unfunded obligations to provide post-retirement medical aid ("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 risks faced by Tiso Blackstar as a result of the post-employment healthcare obligation can be summarised as follows:

Inflation

The risk that future Consumer Price Index ("CPI") inflation and healthcare cost inflation are higher than expected and uncontrolled; and

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 liabilities is the Projected Unit Credit Method prescribed by IAS 19. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over expected working lifetime.

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

Principal actuarial assumptions	
Discount rate	8.90% p.a.
Healthcare cost inflation rate	7.90% p.a.
CPI Inflation	5.90% p.a.
Salary Inflation	7.40% p.a.
Expected Retirement Age	60 or 62 or 65
Number of members	
In-service	30
Pensioners	316
	346

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	81,355	4,792
Current service costs	107	6
Interest costs	6,733	396
Expected employer benefit payments	(9,893)	(583)
	78,302	4,611
Actuarial gain	(2,667)	(157)
Settlement of liabilities (refer note 35)	(13,729)	(808)
At the end of the year	61,906	3,646

34. Post-retirement benefits liabilities (continued)

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current portion	54,355	3,201
Current portion	7,551	445
	61,906	3,646

The present value of the unfunded obligation is fully provided.

When assessing the effect of the one percentage point movement in the assumed healthcare cost trend rate, the following sensitivities arise:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Aggregate of current service costs and interest costs		
- 1%	—	—
+ 1%	—	—
Accumulated post-retirement benefits liabilities		
- 1%	19	1
+ 1%	(16)	(1)
Contributions expected to be paid in the next financial year	7,551	445

There were no post-retirement benefits liabilities for the year ended 30 June 2016.

Proceedings were instituted by a number of pensioners in relation to claims for increases to PRMA subsidies. The matter was settled during June 2017 for an amount of R13.7 million (£0.8 million), which was paid subsequent to year end.

35. Provisions

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Provision for overage(1)	18,549	1,092
Product warranties(2)	—	—
Rectification(3)	—	—
Export claims(4)	670	39
Onerous contracts(5)	9,063	534
PRMA settlement provision(6)	13,729	808
Commissions and rebates	27,226	1,603
Contingent liabilities raised on deemed acquisitions	31,403	1,849
Payroll related provisions	17,122	1,008
Other provisions	8,925	526
	126,687	7,459

(1) The provision represents royalties payable by Times Media Films to studio houses. The provision is calculated based on royalty percentages and the expected performance of the films
(2) The warranty provision represents Robor management's best estimate of the liability expected to be utilised within the next 12 months granted on certain machinery and potential failure on pipes supplied and/or installed, based on prior experience of returned goods for repair or exchange
(3) 5 to 20 years guarantees are provided by CSI against the product performance specific to the peeling and fading of the paint on the roof sheeting. This risk is, in the main, mitigated by a reciprocal guarantee from suppliers of the painted coils used to manufacture the roof sheeting. Provision is based on specific problems identified through communications with customers
(4) Export claims relate to expected claims on exports. Expected to be utilised within the next twelve months
(5) Provision for lease agreement commitments arising on the cancellation of a lease
(6) Refer note 34

35. Provisions (continued)

30 June 2017	Provision for overage R'000	Product warranties R'000	Rectification R'000	Export claims R'000	Onerous contracts R'000	PRMA R'000	Commissions and rebates R'000	Contingent liabilities raised on deemed acquisitions R'000	Payroll related provisions R'000	Other 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
Additional provisions recognised	27,115	—	—	—	9,063	13,729	—	—	171	35,343	85,421
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

30 June 2017	Provision for overage £'000	Product warranties £'000	Rectification £'000	Export claims £'000	Onerous contracts £'000	PRMA £'000	Commissions and rebates £'000	Contingent liabilities raised on deemed acquisitions £'000	Payroll related provisions £'000	Other £'000	Total £'000
At the beginning of the year	—	—	—	—	—	—	—	—	—	—	—
Deemed Acquisitions	715	54	107	121	—	—	1,407	2,185	1,627	(5,829)	387
Additional provisions recognised	1,571	—	—	—	525	795	—	—	10	1,707	4,608
Utilised during the year	(1,304)	(61)	(121)	(97)	—	—	(12)	(64)	(855)	88	(2,426)
Transferred to inventories	—	—	,—	—	—	—	—	(585)	—	—	(585)
Currency exchange losses during the year	110	7	14	15	9	13	208	313	226	4,560	5,475
At the end of the year	1,092	—	—	39	534	808	1,603	1,849	1,008	526	7,459

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current portion	11,246	662
Current portion	115,441	6,797
	126,687	7,459

There were no provisions for the year ended 30 June 2016.

36. Trade and other payables

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
—	—	Trade payables	1,137,355	66,969
—	—	Amounts received in advance	142,542	8,393
—	—	Tenant deposits	205	12
—	—	VAT payable	28,084	1,654
23	459	Salary related accruals	37,676	2,218
242	4,711	Other payables and accrued expenses	536,261	31,577
265	5,170		1,882,123	110,823

No interest is charged on the 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 is 30 days.

The Group considers the carrying value of trade and other payables to approximate its fair value.

37. Cash generated (utilised) by operations

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
(42,234)	(906,869)	Loss for the year	**(15,447)**	**(869)**
		Taxation		
45	955	Continuing operations	**58,508**	**3,409**
37	793	Discontinued operation	**1,937**	**112**
(42,152)	(905,121)	**Profit (loss) before taxation**	**44,998**	**2,652**
		Adjustments for non-cash items:		
57,976	1,244,924	Fair value adjustments on investments held at fair value through profit and loss	**—**	**—**
—	—	Depreciation	**121,129**	**7,016**
—	—	Reversal of impairment of property, plant and equipment	**(11,379)**	**(659)**
—	—	Profit on disposal of property, plant and equipment	**(22,133)**	**(1,282)**
—	—	Amortisation on intangible assets	**63,340**	**3,628**
—	—	Profit on disposal of intangible assets	**(49)**	**(3)**
—	—	Gains arising on investment properties	**(2,858)**	**(165)**
—	—	Losses relating to disposal of subsidiaries and associates	**2,413**	**140**
—	—	Gains recognised on acquisition of subsidiaries, step up acquisitions	**(41,697)**	**(2,414)**
—	—	Impairment of equity investments (listed and unlisted)	**25,270**	**1,464**
—	—	Gains arising on financial assets held for trading	**(256)**	**(15)**
—	—	Loss on remeasurement of fair value less costs to sell	**20,000**	**1,158**
—	—	Gain on bargain purchase	**(1,745)**	**(90)**
(20,509)	(440,402)	Dividends and interest accrued from loans and investments from continuing operations	**(4,732)**	**(274)**
—	—	Dividends and interest accrued from loans and investments from discontinued operations	**(13,195)**	**(764)**
—	—	Share of profit of associates	**(7,395)**	**(416)**
—	—	Non-controlling interest share of total comprehensive loss for the year	**(3,964)**	**1,049**
2,276	48,865	Net finance costs	**240,700**	**13,942**
—	—	Net movement in provisions and other financial assets/liabilities	**(37,593)**	**(2,020)**
—	—	Unrealised/realised foreign exchange losses on assets and liabilities not denominated in Rands	**2,293**	**133**
—	—	On acquisition/disposals of business/subsidiary	**(55,842)**	**4,561**
1	165	Other non-cash items	**(17,785)**	**(10,865)**
—	—	Cash settled share based payment expense	**4,836**	**280**
		Changes in working capital:		
1,315	28,240	(Increase) Decrease in trade and other receivables	**(102,910)**	**(5,930)**
—	—	Decrease in inventory	**78,940**	**4,572**
(1,001)	(21,582)	Increase (Decrease) in trade and other payables	**183,061**	**10,558**
61	1,312	Decrease (Increase) in lease accrual	**(5,656)**	**(328)**
(2,033)	(43,599)	**Cash generated (utilised) by operations**	**457,791**	**25,928**
		Changes in investments		
(759)	(16,864)	Cash flows from investment additions:	**—**	**—**
(17,497)	(375,721)	Additions to investments	**—**	**—**
15,812	339,539	Investments in Radio Africa group and Multimedia group received as a dividend in specie	**—**	**—**
926	19,318	Issue of shares to settle share consideration on acquisition of investments	**—**	**—**
2,588	55,840	Proceeds arising on disposal of investments and repayments of loans from investment companies	**—**	**—**
1,829	38,976	**Net cash flows from investments**	**—**	**—**

38. Net taxation paid

On a fair value basis (Investment Entity): 30 June 2016 £'000	On a fair value basis (Investment Entity): 30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	On a consolidated basis (Trading Entity): 30 June 2017 £'000
5	78	Taxation receivable at the beginning of the year	**38**	**2**
—	—	Deemed Acquisitions	**19,447**	**998**
—	19	On acquisition/disposal of business	**(3,998)**	**(232)**
(54)	(1,149)	Total tax charge for the year from continuing operations	**(57,410)**	**(3,325)**
(24)	(513)	Total tax charge for the year from discontinued operation	**(1,619)**	**(94)**
(2)	(38)	Taxation payable (receivable) at the end of the year	**1,861**	**111**
—	—	Other	**850**	**49**
—	—	Currency exchange gains during the year	**—**	**126**
(75)	(1,603)	**Net taxation paid during the year**	**(40,831)**	**(2,365)**

39. Business combinations

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.

39.1 Deemed Acquisitions

Subsidiaries which are no longer carried at fair value but rather consolidated ("the Deemed Acquisitions") comprise of:

Principal place of business	Principal activity	Name of consolidated subsidiaries	Proportion of ownership rights held on Deemed Acquisition Date
South Africa	Media	Blackstar Holdings Group Proprietary Limited (previously Times Media 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 businesses acquired

During the year other less significant acquisitions of subsidiaries and businesses took place ("Other Business Acquisitions") and comprise of:

Principal place of business	Principal activity	Name of business acquired	Proportion of ownership rights held on acquisition date
South Africa	Web Applications	Smartcall Technology Solutions Proprietary Limited ("STS")	**50.0%**
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%**

39. Business combinations (continued)

39.3 Assets acquired and liabilities recognised at the date of acquisition

The book values of the assets and liabilities acquired approximate the fair value on Acquisition/Deemed Acquisition Date.

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
Tangible assets	270,607	116,827	386,571	98,181	46,859	919,045
Intangible assets	1,226,823	88,760	660	—	—	1,316,243
Investments in associates, joint ventures, other investments, loans 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	678,003	364,733	408,603	665	136,373	1,588,377
Cash and cash equivalents	86,154	16,783	23,176	3,746	47,636	177,495
Non-controlling interest	10,674	(5,803)	(4,486)	—	—	385
Net deferred taxation	(223,015)	(4,928)	(30,352)	(4,659)	4,580	(258,374)
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	453,852	148,561	413,421	40,136	97,945	1,153,915
Non-controlling interest	—	—	(202,576)	(2,103)	4,199	(200,480)
Goodwill	996,148	109,439	—	—	114,780	1,220,367
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)
Consolidated cash from acquisitions	(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)

39. Business combinations (continued)

39.3 Assets acquired and liabilities recognised at the date of acquisition (continued)

30 June 2017	BHG £'000	CSI £'000	Robor £'000	TBRE and the property subsidiaries £'000	Other Business Acquisitions £'000	Total £'000
Tangible assets	13,882	5,995	19,830	5,036	2,714	47,457
Intangible assets	62,938	4,553	34	—	—	67,525
Investments in associates, joint ventures, other investments, loans and receivables	1,798	316	1,186	—	—	3,300
Inventories	11,035	21,047	26,775	—	2,170	61,027
Trade and other receivables	34,782	18,711	20,962	34	7,899	82,388
Cash and cash equivalents	4,420	861	1,189	192	2,759	9,421
Non-controlling interest	548	(298)	(230)	—	—	20
Net deferred taxation	(11,441)	(253)	(1,557)	(239)	265	(13,225)
Borrowings and other liabilities	(50,132)	(2,519)	(6,860)	(2,937)	(1,602)	(64,050)
Contingent liabilities	(609)	(1,461)	(115)	—	—	(2,185)
Trade and other payables	(39,035)	(25,935)	(21,413)	(29)	(7,810)	(94,222)
Bank overdrafts and other short term borrowing facilities	(4,903)	(13,395)	(18,592)	—	(723)	(37,613)
Identifiable assets and liabilities at fair value at Acquisition/Deemed Acquisition Date	23,283	7,622	21,209	2,057	5,672	59,843
Non-controlling interest	—	—	(10,392)	(107)	243	(10,256)
Goodwill	51,103	5,614	—	—	6,648	63,365
Gain on bargain purchase	—	—	(90)	—	—	(90)
	74,386	13,236	10,727	1,950	12,563	112,862
Less Deemed Consideration on change in status as an Investment Entity and fair value of existing shareholding on step up acquisitions	(74,386)	(13,236)	(10,727)	(1,950)	(3,303)	(103,602)
Purchase consideration paid in cash	—	—	—	—	9,260	9,260
Cash flow						
Cash consideration paid for Other Business Acquisitions	—	—	—	—	(9,260)	(9,260)
Consolidated cash from acquisitions	(483)	(12,534)	(17,403)	192	2,035	(28,193)
Cash flow on acquisition	(483)	(12,534)	(17,403)	192	(7,225)	(37,453)

39. Business combinations (continued)

39.4 Non-controlling interest

The non-controlling interest relates to a 49.0% ownership interest in Robor, a 30.0% ownership interest in Firefly and a 50.0% ownership interest in STS, and was recognised at the fair value of the identifiable assets and liabilities at Acquisition/Deemed Acquisition Date.

Summarised financial information in respect of each of the Group's material non-controlling interest in consolidated subsidiaries.

39.4.1 49.0% interest in Robor

Summarised financial information of Robor at 30 June 2017 is as follows:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current assets	632,170	37,223
Current assets	1,029,331	60,609
Non-current liabilities	(148,449)	(8,741)
Current liabilities	(1,071,037)	(63,065)
Revenue	2,479,901	143,640
Loss before finance costs and taxation	(42,709)	(2,474)
Loss for the year	(70,202)	(4,066)

Non-controlling interest in Robor consists of the following:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	—	—
Deemed Acquisitions	202,576	10,392
Loss for the year	(35,742)	(2,070)
Dividends paid	(4,214)	(235)
Gain on revaluation of property, plant and equipment	1,551	90
Currency exchange gains during the year	—	1,490
At the end of the year	**164,171**	**9,667**

39.4.2 50.0% interest in STS

Summarised financial information of STS at 30 June 2017 is as follows:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Non-current assets	2,139	126
Current assets	124,135	7,309
Non-current liabilities	—	—
Current liabilities	(114,472)	(6,740)
Revenue	491,459	28,466
Profit before finance costs and taxation	6,526	378
Profit for the year	3,940	228

39. Business combinations (continued)

39.4 Non-controlling interest (continued)

39.4.2 50.0% interest in STS (continued)

Non-controlling interest in STS consists of the following:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
At the beginning of the year	—	—
On acquisition of business	4,114	211
Profit for the year	2,025	117
Currency exchange gains during the year	—	33
At the end of the year	**6,139**	**361**

39.5 Goodwill arising on acquisitions

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
Consideration transferred	1,450,000	258,000	209,100	38,033	159,903	2,115,036
Plus: Non-controlling interest	—	—	202,576	2,103	(4,199)	200,480
Less: Fair value of net identifiable assets acquired	(453,852)	(148,561)	(413,421)	(40,136)	(40,924)	(1,096,894)
Goodwill arising on acquisition (Gain on bargain purchase)	996,148	109,439	(1,745)	—	114,780	1,218,622

30 June 2017	BHG £'000	CSI £'000	Robor £'000	TBRE and the property subsidiaries £'000	Other Business Acquisitions £'000	Total £'000
Consideration transferred	74,386	13,236	10,727	1,950	9,260	109,559
Plus: Non-controlling interest	—	—	10,392	107	(243)	10,256
Less: Fair value of net identifiable assets acquired	(23,283)	(7,622)	(21,209)	(2,057)	(2,369)	(56,540)
Goodwill arising on acquisition (Gain on bargain purchase)	51,103	5,614	(90)	—	6,648	63,275

The goodwill arising on the business combinations has been tested for impairment, refer note 19.

39.6 Impact of acquisitions on the results of the Group

Included in the profit for the year is R78.8 million (£4.5 million) attributable to the additional businesses generated by the Deemed Acquisitions and Other Business Acquisitions. Revenue for the year includes R9.4 million (£0.5 million) in respect of the Deemed Acquisitions and Other Business Acquisitions.

40. Disposal of subsidiaries

40.1 Disposals during the year

During the year, the Group disposed of Times Media Home Entertainment, a division of Tiso Blackstar Group Proprietary Limited ("TBG"). A decision was taken to merge two entities within TBG who conducted the same line of business.

In line with Tiso Blackstar's strategy to dispose of certain of its smaller investments, during 2016 the Group disposed of its entire investment in the fund management business Blackstar Fund Managers Proprietary Limited ("BFM"). Given the negative equity position of BFM at the time of disposal, no consideration was receivable.

40. Disposal of subsidiaries (continued)

40.2 Reconciliation of disposals

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
—	—	Property, plant & equipment	**34**	**2**
—	—	Inventories	**7,076**	**410**
—	—	Trade and other receivables	**19,183**	**1,111**
—	9	Cash and cash equivalents	**—**	**—**
—	—	Trade and other payables	**(16,955)**	**(982)**
—	9	**Identifiable assets and liabilities disposed of**	**9,338**	**541**
—	—	Consideration received	**(7,643)**	**(443)**
—	—	Non-controlling interest	**—**	**—**
—	9	**Gain on disposal**	**1,695**	**98**
		Consideration received		
—	—	Cash consideration received in cash	**(7,643)**	**(443)**
—	—	Deferred sales proceeds	**—**	**—**
—	—	**Total consideration received**	**(7,643)**	**(443)**
		Cash flow		
—	—	Consideration received in cash and cash equivalents	**(7,643)**	**(443)**
—	(9)	Less: cash and cash equivalents balances disposed of	**—**	**—**
—	(9)	**Net cash flow on disposal of subsidiaries**	**(7,643)**	**(443)**

The gain on disposal is included in Other gains (losses), refer to note 8.

41. Financial instruments and financial risk management

41.1 Categories of financial assets

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Financial assets		
199,559	3,889,958	**Financial assets at fair value through profit and loss**	**1,529,837**	**90,080**
100,300	1,955,133	Net investments in subsidiaries (refer note 22)	**—**	**—**
20,505	399,697	Net investments in associates (refer note 23)	**—**	**—**
—	—	Investment property (refer note 17)	**12,674**	**746**
776	15,128	Financial assets held for trading (refer note 25)	**17,163**	**1,011**
77,978	1,520,000	Non-current asset held for sale (refer note 13)	**1,500,000**	**88,323**
877	17,094	**Loans and receivables**	**1,764,852**	**103,917**
—	—	Other investments, loans and receivables (refer note 25)	**12,541**	**738**
206	4,008	Trade and other receivables (refer note 28)	**1,577,410**	**92,881**
671	13,086	Cash and cash equivalents (refer note 29)	**174,901**	**10,298**
200,436	3,907,052		**3,294,689**	**193,997**
		Financial liabilities		
(21,555)	(420,164)	**Financial liabilities measured at amortised cost**	**(4,141,628)**	**(243,865)**
(21,227)	(413,766)	Borrowings (refer note 31)	**(1,190,145)**	**(70,077)**
—	—	Finance lease and instalment sale obligations (refer note 33)	**(195,451)**	**(11,508)**
(63)	(1,228)	Other financial liabilities (refer note 32)	**(15,151)**	**(892)**
(265)	(5,170)	Trade and other payables (refer note 36)	**(1,854,039)**	**(109,169)**
—	—	Bank overdrafts and other short term borrowing facilities (refer note 29)	**(886,842)**	**(52,219)**
(21,555)	(420,164)		**(4,141,628)**	**(243,865)**

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 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 companies' Boards of Directors.

41. Financial instruments and financial risk management (continued)

41.2 Financial risk management overview (continued)

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. Due to the change in the Company's status as an Investment Entity, the Group's segments for the current year differ to those identified in the prior comparative period. Refer note 50 for further information. 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.

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 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 28 and 29.

Refer note 28 for further analyses of trade receivables.

41.3.1 Trade and other receivables

Refer note 28 for Trade and other receivables.

On a consolidated basis (Trading Entity):

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful debts of R34.3 million (£2.0 million) and allowance for credit notes of R12.3 million (£0.7 million), estimated by the investee companies 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.

On a fair value basis (Investment Entity):

In the prior year, the reported consolidated Group did not carry out daily trading activities with customers. Trade and other receivables in the prior year arose from support, guarantee and director fees from related parties, deposits and prepayments and Value Added Tax. The nature of each of those items were such that there was an underlying amount against which the amount receivable was recoverable. As a result, no impairment allowance was raised in the prior year, as the Group was satisfied that all amounts were recoverable.

Due to the nature of items held as trade and other receivables, there was no formal Group credit policy. Each item was assessed on an individual basis and appropriate mitigating controls were enforced to reduce the respective credit risk. No collateral was held for trade and other receivables.

41.3.2 Investments

Refer note 25 for Other Investments, loans and receivables.

On a consolidated basis (Trading Entity) and on a fair value basis (Investment Entity):

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 in which the Group has invested.

41. Financial instruments and financial risk management (continued)

41.3 Credit risk (continued)

41.3.2 Investments (continued)

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, including investments at fair value through profit and loss, are set out in the tables below. No single industry is considered to be materially more risky in nature than another.

41.3.2.1 *On a consolidated basis (Trading Entity):*

	30 June 2017 R'000	30 June 2017 £'000
Loans and receivables carried at amortised cost		
CSI	**4,807**	**283**
Robor	**7,734**	**455**
Total loans exposed to credit risk	**12,541**	**738**

Credit risk exposure on investments

	2017		2017	
	Exposure %	**Exposure R'000**	**Exposure %**	**Exposure £'000**
Robor	**38%**	**4,807**	**38%**	**283**
Other	**62%**	**7,734**	**62%**	**455**
	100%	**12,541**	**100%**	**738**

41.3.2.2 *On a fair value basis (Investment Entity):*

	30 June 2016 R'000	30 June 2016 £'000
Loans forming part of investments at fair value through profit and loss	239,658	12,295
Industrial	233,631	11,985
Other	6,027	310
Total investment loans exposed to credit risk	239,658	12,295

Credit risk exposure on investments

	2016		2016	
	Exposure %	Exposure R'000	Exposure %	Exposure £'000
Industrial	97%	233,631	97%	11,985
Other	3%	6,027	3%	310
	100%	239,658	100%	12,295

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 amounted to R174.9 million, £10.3 million (2016: R13.1 million, £0.6 million) and bank overdrafts and other short term borrowing facilities amounted to R886.8 million, £52.2 million (2016: nil). In 2017 and 2016, all cash and cash equivalents were held in financial institutions with a BBB+ or lower rating.

41. Financial instruments and financial risk management (continued)

41.3 Credit risk (continued)

41.3.4 Guarantees

Refer note 45 Contingencies and guarantees 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 amounts disclosed in note 11.

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 maintain relationships with the Group's bankers and monitor cash reserves on an on going basis to ensure there are sufficient cash resources to meet liabilities in the short term.

The Board of each Group company are responsible for ensuring they have sufficient funds to meet their operational requirements. The Group has access to cash on hand of R8,188,000, £482,000 (2016: R11,512,000, £590,000) 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.

As at 30 June 2017	Carrying amount R'000	Undiscounted contractual cash flows 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
Other financial liabilities (refer note 32)	(15,151)	(15,151)	(9,699)	—	(5,452)	—	—
Borrowings (refer note 31) ^	(1,190,145)	(1,411,324)	(144,942)	(102,796)	(1,134,316)	(9,894)	(19,376)
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)**

As at 30 June 2017	Carrying amount £'000	Undiscounted contractual cash flows Total £'000	6 months or less £'000	6-12 months £'000	1-5 years £'000	More than 5 years £'000	No fixed maturity £'000
Other financial liabilities (refer note 32)	(892)	(892)	(571)	—	(321)	—	—
Borrowings (refer note 31)^	(70,077)	(83,101)	(8,503)	(6,053)	(66,790)	(583)	(1,172)
Finance lease and instalment sale obligations (refer note 33)	(11,508)	(12,395)	(2,680)	(2,256)	(7,159)	(290)	(10)
Trade and other payables (refer note 36)	(109,169)	(109,169)	(109,169)	—	—	—	—
Total financial liabilities	**(191,646)**	**(205,557)**	**(120,923)**	**(8,309)**	**(74,270)**	**(873)**	**(1,182)**

^ 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 is currently held for sale (refer note 13) and the proceeds from the disposal of this investment is 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

41. Financial instruments and financial risk management (continued)

41.4 Liquidity risk (continued)

41.4.1 Contractual maturities of non-derivative financial liabilities (continued)

As at 30 June 2016	Carrying amount R'000	Undiscounted contractual cash flows 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)^	(413,766)	(512,951)	(25,637)	(25,497)	(461,817)	—	—
Trade and other payables (refer note 36)	(5,170)	(5,170)	(5,170)	—	—	—	—
Total financial liabilities	(418,936)	(518,121)	(30,807)	(25,497)	(461,817)	—	—

As at 30 June 2016	Carrying amount £'000	Undiscounted contractual cash flows Total £'000	6 months or less £'000	6-12 months £'000	1-5 years £'000	More than 5 years £'000	No fixed maturity £'000
Borrowings (refer note 31)^	(21,227)	(26,315)	(1,315)	(1,308)	(23,692)	—	—
Trade and other payables (refer note 36)	(265)	(265)	(265)	—	—	—	—
Total financial liabilities	(21,492)	(26,580)	(1,580)	(1,308)	(23,692)	—	—

^ 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 is currently held for sale (refer note 13) and the proceeds from the disposal of this investment is 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

41.4.2 Undrawn facilities and securities provided

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
		Unsecured facilities		
		Bank overdraft facility, reviewed annually and payable on call		
—	—	Utilised	**148,259**	**8,730**
51	1,000	Unutilised	**241,391**	**14,214**
51	1,000		**389,650**	**22,944**
		Secured facilities		
		Term facility taken out to finance the acquisition of KTH and BHG investments (refer note 31 for securities provided)		
21,227	413,766	Utilised	**407,170**	**23,975**
4,423	86,234	Unutilised	**92,830**	**5,466**
		GBF to fund working capital requirements * (refer note 31 for securities provided)		
—	—	Utilised	**35,462**	**2,088**
3,335	65,000	Unutilised	**29,538**	**1,739**
		Term funding loans of BHG (refer note 31)		
—	—	Utilised	**633,072**	**37,276**
—	—	Unutilised	**166,928**	**9,829**
		Bank overdraft facility, reviewed annually and payable on call (refer note 29 for securities provided)		
—	—	Utilised	**—**	**—**
—	—	Unutilised	**50,000**	**2,944**
		Working capital facilities		
—	—	Utilised	**792,648**	**46,673**
—	—	Unutilised	**252,582**	**14,872**
28,985	565,000		**2,460,230**	**144,862**

* A GBF of R30.0 million, £1.7 million (2016: R65.0 million, £3.3 million) is available to fund the Group's working capital requirements

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 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 currency (Rands) and presentational currencies (Rands and Pounds Sterling). The financial results of these operations are exposed to currency risk on translation into Pounds Sterling and 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 currencies (Rands and Pounds Sterling). The Tiso Blackstar Board meet on a quarterly basis to review the performance of all businesses and consequently monitors currency risk on an on going basis. To mitigate this risk, the Group may hedge its currency exposure from time to time.

Exposure to currency risk

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							
Other Investments, loans and receivables (refer note 25)	12,541	—	—	—	—	—	12,541
Financial assets held for trading (refer note 25)	158	—	—	—	—	17,005	17,163
Investment property (refer note 17)	12,674	—	—	—	—	—	12,674
Non-current asset held for sale (refer note 13)	1,500,000	—	—	—	—	—	1,500,000
Trade and other receivables (refer note 28)	1,576,168	1,232	—	10	—	—	1,577,410
Cash and cash equivalents (refer note 29)	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)
Finance lease and instalment sale obligations (refer note 33)	(195,451)	—	—	—	—	—	(195,451)
Other financial liabilities (refer note 32)	(15,151)	—	—	—	—	—	(15,151)
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 29)	(886,842)	—	—	—	—	—	(886,842)
Total financial liabilities	**(4,120,729)**	**(4,986)**	**(6,873)**	**(8,152)**	**(888)**	**—**	**(4,141,628)**

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

As at 30 June 2017 Functional and presentational currency exposure	South African Rand £'000	Pounds Sterling £'000	US Dollar £'000	Euro £'000	Swiss Franc £'000	Zambian Kwacha £'000	Total £'000
Financial assets							
Other Investments, loans and receivables (refer note 25)	**738**	**—**	**—**	**—**	**—**	**—**	**738**
Financial assets held for trading (refer note 25)	**10**	**—**	**—**	**—**	**—**	**1,001**	**1,011**
Investment property (refer note 17)	**746**	**—**	**—**	**—**	**—**	**—**	**746**
Non-current asset held for sale (refer note 13)	**88,323**	**—**	**—**	**—**	**—**	**—**	**88,323**
Trade and other receivables (refer note 28)	**92,807**	**73**	**—**	**1**	**—**	**—**	**92,881**
Cash and cash equivalents (refer note 29)	**10,000**	**26**	**246**	**26**	**—**	**—**	**10,298**
Total financial assets	**192,624**	**99**	**246**	**27**	**—**	**1,001**	**193,997**
Financial liabilities							
Borrowings (refer note 31)	**(70,077)**	**—**	**—**	**—**	**—**	**—**	**(70,077)**
Finance lease and instalment sale obligations (refer note 33)	**(11,508)**	**—**	**—**	**—**	**—**	**—**	**(11,508)**
Other financial liabilities (refer note 32)	**(892)**	**—**	**—**	**—**	**—**	**—**	**(892)**
Trade and other payables (refer note 36)	**(107,938)**	**(294)**	**(405)**	**(480)**	**(52)**	**—**	**(109,169)**
Bank overdrafts and other short term borrowing facilities (refer note 29)	**(52,219)**	**—**	**—**	**—**	**—**	**—**	**(52,219)**
Total financial liabilities	**(242,634)**	**(294)**	**(405)**	**(480)**	**(52)**	**—**	**(243,865)**

As at 30 June 2016 Functional and presentational currency exposure	South African Rand R'000	Pounds Sterling R'000	US Dollar R'000	Euro R'000	Kenyan Shilling R'000	Ghanaian Cedi R'000	Zambian Kwacha R'000	Total R'000
Financial assets								
Net investments in subsidiaries (refer note 22)	1,955,133	—	—	—	—	—	—	1,955,133
Net investments in associates (refer note 23)	—	—	10,797	—	206,000	182,900	—	399,697
Financial assets held for trading (refer note 25)	—	—	—	—	—	—	15,128	15,128
Straight lining of lease asset (refer note 18)	33	—	—	—	—	—	—	33
Non-current asset held for sale (refer note 13)	1,520,000	—	—	—	—	—	—	1,520,000
Trade and other receivables (refer note 28)	172	3,818	—	18	—	—	—	4,008
Cash and cash equivalents (refer note 29)	7,209	4,975	488	414	—	—	—	13,086
Total financial assets	3,482,547	8,793	11,285	432	206,000	182,900	15,128	3,907,085
Financial liabilities								
Straight lining of lease liability (refer note 18)	—	(1,228)	—	—	—	—	—	(1,228)
Borrowings (refer note 31)	(413,766)	—	—	—	—	—	—	(413,766)
Trade and other payables (refer note 36)	(1,671)	(2,379)	—	(1,120)	—	—	—	(5,170)
Total financial liabilities	(415,437)	(3,607)	—	(1,120)	—	—	—	(420,164)

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

As at 30 June 2016 Functional and presentational currency exposure	South African Rand £'000	Pounds Sterling £'000	US Dollar £'000	Euro £'000	Kenyan Shilling £'000	Ghanaian Cedi £'000	Zambian Kwacha £'000	Total £'000
Financial assets								
Net investments in subsidiaries (refer note 22)	100,300	—	—	—	—	—	—	100,300
Net investments in associates (refer note 23)	—	—	554	—	10,568	9,383	—	20,505
Financial assets held for trading (refer note 25)	—	—	—	—	—	—	776	776
Straight lining of lease asset (refer note 18)	2	—	—	—	—	—	—	2
Non-current asset held for sale (refer note 13)	77,978	—	—	—	—	—	—	77,978
Trade and other receivables (refer note 28)	9	196	—	1	—	—	—	206
Cash and cash equivalents (refer note 29)	370	255	25	21	—	—	—	671
Total financial assets	178,659	451	579	22	10,568	9,383	776	200,438
Financial liabilities								
Straight lining of lease liability (refer note 18)	—	(63)	—	—	—	—	—	(63)
Borrowings (refer note 31)	(21,227)	—	—	—	—	—	—	(21,227)
Trade and other payables (refer note 36)	(86)	(122)	—	(57)	—	—	—	(265)
Total financial liabilities	(21,313)	(185)	—	(57)	—	—	—	(21,555)

Sensitivity analysis for exposure to foreign current risk

The following table demonstrates, in Rands, what the impact on equity 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% strengthening in the Rand			**10% weakening in the Rand**	
30 June 2016 R'000	**30 June 2017 R'000**	**Currency exposed to:**	**30 June 2017 R'000**	30 June 2016 R'000
(519)	**331**	Pounds Sterling	**(331)**	519
(1,129)	**270**	US Dollar	**(270)**	1,129
69	**770**	Euro	**(770)**	(69)
—	**89**	Swiss Franc	**(89)**	—
(20,600)	**—**	Kenyan Shilling	**—**	20,600
(18,290)	**—**	Ghanaian Cedi	**—**	18,290
(1,513)	**(1,701)**	Zambian Kwatcha	**1,701**	1,513

The following table demonstrates, in Pounds Sterling, what the impact on equity would be if the Pounds Sterling strengthened (weakened) by 10%, being a change considered reasonably possible given historic fluctuations, and all other variables remained constant:

10% strengthening in the Pounds Sterling			**10% weakening in the Pounds Sterling**	
30 June 2016 £'000	**30 June 2017 £'000**	**Currency exposed to:**	**30 June 2017 £'000**	30 June 2016 £'000
15,735	**(5,001)**	South African Rand	**5,001**	(15,735)
58	**(16)**	US Dollar	**16**	(58)
(4)	**(45)**	Euro	**45**	4
—	**(5)**	Swiss Franc	**5**	—
1,057	**—**	Kenyan Shilling	**—**	(1,057)
938	**—**	Ghanaian Cedi	**—**	(938)
78	**100**	Zambian Kwatcha	**(100)**	(78)

41. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.1 Currency risk (continued)

The following significant exchange rates applied during the year:

	30 June 2017	30 June 2016
South African Rands/Pounds Sterling		
Average rate	**17.265**	21.473
Closing Rate	**16.983**	19.493

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.

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Variable rate instruments		
		Financial assets		
310	6,027	Net investments in subsidiaries^ (refer note 22)	—	—
—	—	Other investments, loans and receivables (refer note 25)	**26,887**	**1,583**
671	13,086	Cash and cash equivalents (refer note 29)	**174,901**	**10,298**
		Financial liabilities		
(21,227)	(413,766)	Borrowings (refer note 31)	**(1,190,145)**	**(70,077)**
—	—	Other financial liabilities (refer note 32)	**(5,452)**	**(321)**
—	—	Finance lease and instalment sale obligations (refer note 33)	**(195,451)**	**(11,508)**
—	—	Bank overdrafts and other short term borrowing facilities (refer note 29)	**(886,842)**	**(52,219)**
(20,246)	(394,653)		**(2,076,102)**	**(122,244)**

^ Comprised equity loans to subsidiaries reflected at their carrying value (being the value on which the interest is calculated if applicable) prior to any fair value adjustments. These loans have been eliminated on consolidation in the current year

Investments

The Group's exposure to interest rates on investments is detailed in note 22 Net investments in subsidiaries. Interest rate risk in respect of investments falling within the various segments is managed by the respective Group 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 on going 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 on going 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. Financial instruments and financial risk management (continued)

41.5 Market risk (continued)

41.5.2 Interest rate risk (continued)

Sensitivity analyses

The sensitivity analyses below have been 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 R20.8 million, £1.3 million (2016: R3.9 million, £0.2 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 R20.8 million, £1.3 million (2016: R3.9 million, £0.2 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 market price risk exposure arises from the Group's investments in equity securities. The Group manages this risk by closely monitoring underlying investments and Group companies performance and reviewing this on a quarterly basis by the Tiso Blackstar Board.

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 meet 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 on going basis.

Investments exposed to market price risk

On a fair value basis (Investment Entity):			**On a consolidated basis (Trading Entity):**	
30 June 2016 £'000	30 June 2016 R'000		**30 June 2017 R'000**	**30 June 2017 £'000**
		Financial assets with exposure to listed equities		
776	15,128	Financial assets held for trading (refer note 25)	**17,005**	**1,001**

Sensitivity analysis

The Group is invested in equities whose underlying value is derived from investments on listed exchanges. Should global equity indices increase 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 increase by R1.7 million, £0.1 million (2016: R1.5 million, £0.8 million). Should global equity indices decrease 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 decrease by R1.7 million, £0.1 million (2016: R1.5 million, £0.8 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 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 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 entirely 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 vale is based on:

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

Recurring fair value measurement of assets and liabilities

Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000	On a consolidated basis (Trading Entity): As at 30 June 2017	Total £'000	Level 3 £'000	Level 2 £'000	Level 1 £'000
				Financial assets				
—	—	12,674	12,674	Investment property	746	746	—	—
17,005	—	158	17,163	Financial assets held for trading	1,011	10	—	1,001
17,005	—	—	17,005	Listed equity securities	1,001	—	—	1,001
—	—	158	158	Other investments	10	10	—	—
—	1,500,000	—	1,500,000	Non-current asset held for sale	88,323	—	88,323	—
—	1,500,000	—	1,500,000	Investment in KTH	88,323	—	88,323	—
17,005	1,500,000	12,832	1,529,837	**Total**	90,080	756	88,323	1,001

Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000	On a Fair value basis (Investment Entity): As at 30 June 2016	Total £'000	Level 3 £'000	Level 2 £'000	Level 1 £'000
				Financial assets				
—	—	1,955,133	1,955,133	Net investments in subsidiaries	100,300	100,300	—	—
—	—	1,450,000	1,450,000	Investment in BHG	74,386	74,386	—	—
—	—	258,000	258,000	Investment in CSI	13,235	13,235	—	—
—	—	209,100	209,100	Investment in Robor	10,727	10,727	—	—
—	—	38,033	38,033	Investment in TBRE and the property subsidiaries	1,952	1,952	—	—
—	10,797	388,900	399,697	Net investments in associates	20,505	19,951	554	—
—	—	206,000	206,000	Investment in Radio Africa group	10,568	10,568	—	—
—	—	182,900	182,900	Investment in Multimedia group	9,383	9,383	—	—
—	10,797	—	10,797	Investment in Coopers	554	—	554	—
15,128	—	—	15,128	Financial assets held for trading	776	—	—	776
15,128	—	—	15,128	Listed equity securities	776	—	—	776
—	1,520,000	—	1,520,000	Non-current asset held for sale	77,978	—	77,978	—
—	1,520,000	—	1,520,000	Investment in KTH	77,978	—	77,978	—
15,128	1,530,797	2,344,033	3,889,958	Total	199,559	120,251	78,532	776

Transfers between levels

As at 30 June 2016, the investment in KTH was classified as a non-current asset held for sale and carried at its fair value less costs to sell (refer note 13). As a result, the investment in KTH was transferred from Level 3 to Level 2. There were no transfers in the current year.

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

Investment in KTH

The investment in KTH is classified as a non-current asset held for sale at 30 June 2017 and 30 June 2016, and is carried at its fair value less costs to sell (refer note 13). The fair value of KTH has been determined by the anticipated value expected to be realised in the next twelve months.

Investment in Coopers

In the prior year, Coopers was valued using the cost price paid on acquisition during the year. In the current year, the investment has been equity-accounted as an investment in associate and is no longer fair valued, due to the change in the Group's status from an Investment Entity effective 1 July 2016 (refer note 1.2).

42.2.3 Level 3

Investments in subsidiaries and investments in associates

The investments in subsidiaries have been consolidated and the investments in associates have been equity-accounted during the current year and are no longer fair valued, due to the change in the Group's status from an Investment Entity effective 1 July 2016 (refer note 1.2).

For investments in subsidiaries and associates at fair value through profit and loss in the prior year, the Group's investment manager determined comparable public companies (peers) based on industry, size, leverage and strategy and calculated a WACC. This WACC was then applied to the future cash flows of the respective investment to calculate a value based on a discounted cash flow model. The value derived from the discounted cash flow model was then sense checked against a valuation based on earnings multiple model and the Group's share of the investment's net asset value. In the prior year, the Group classified the fair value of the investments in BHG, Radio Africa group, Multimedia group, CSI and Robor as Level 3.

Investment in TBRE and the property subsidiaries

Where the Group has investments in TBRE and the property subsidiaries, the Group values these investments using a yield percentage on an adjusted profit before interest and tax ("PBIT") basis. The adjustment made to the PBIT is to take out items which are on a non-recurring basis. In the prior year, the Group classified the fair value of these investments as Level 3.

Investment property

The fair value of the investment property in the current year is based on the directors' valuation of R12.7 million (£0.7 million), which includes the straight lining of leases asset amounting to R0.2 million (£0.01 million). The valuation is performed annually by the directors and is based on available market information of similar properties in the same condition and location.

The investment property was valued independently during the prior financial year at R17.8 million (£0.9 million), which included the straight lining of leases asset amounting to R0.2 million (£0.01 million). The independent valuation was performed in the prior year by Valuetec Property Valuations, which have 50 years of valuation experience through all facets of the industry nationally. The valuator is registered with South African Council for the Property Valuers Profession (SACPVP) and the South African Institute of Valuers (SAIV).

42. Fair value of assets (continued)

42.2 Valuation techniques (continued)

42.2.3 Level 3 (continued)

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 is 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 in the latest valuation 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.

In the prior year when the Company was classified as an Investment Entity, the Intrinsic NAV calculation (which included the investments at fair value) was presented to the Tiso Blackstar Board on a quarterly basis. This report included discussions of the major assumptions used in the valuations, with an emphasis on the more significant investments.

Any changes in valuation methods were discussed and agreed by the Tiso Blackstar Board.

Quantitative information of significant unobservable inputs – Level 3

Description	Fair value 2017 R'000	Fair value 2016 R'000	Fair value 2017 £'000	Fair value 2016 £'000	Valuation technique	Unobservable input	2017 Range (weighted average)	2016 Range (weighted average)
Investment in BHG	—	1,450,000	—	74,386	Discounted cash flows	Perpetual growth	—	3% – 8%
						WACC	—	15% – 20%
Investment in Radio Africa group	—	206,000	—	10,568	Discounted cash flows	Perpetual growth	—	3% – 8%
						WACC	—	17% – 22%
Investment in Multimedia group	—	182,900	—	9,383	Discounted cash flows	Perpetual growth	—	3% – 8%
						WACC	—	25% – 30%
Investment in CSI	—	258,000	—	13,235	Discounted cash flows	Perpetual growth	—	3% – 8%
						WACC	—	18% – 23%
Investment in Robor	—	209,100	—	10,727	Discounted cash flows	Perpetual growth	—	3% – 8%
						WACC	—	18% – 23%
Investment in TBRE and the property subsidiaries	—	38,033	—	1,952		Estimated operating profit before interest and tax	—	*
						Occupancy rate	—	*
					Yield on profit before interest and tax	Yield	—	9% – 15%
Investment property	**12,674**	—	**746**	—	Yield of market related rentals	Occupancy rate	*	—
Other investments	**158**	—	**10**	—	#	#	#	#
Total	**12,832**	2,344,033	**756**	120,251				

* TBRE and the property subsidiaries have been identified as a non-core asset. As a result, the valuation of TBRE and the property subsidiaries is based on the yield of market related rentals

Other investments are not material and the valuation is based on directors' valuation

42. Fair value of assets (continued)

42.2 Valuation techniques (continued)

42.2.3 Level 3 (continued)

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

The following table illustrates the impact of 1% increase in each of the major valuation inputs, with a 1% variance considered to be reflective of reasonably possible assumption. A 1% decrease in each of the major valuation inputs would have a materially comparable impact in the opposite direction.

			Effect on fair value increase (decrease)			
Description	**Input**	**Sensitivity used – increase**	**2017 R'000**	2016 R'000	**2017 £'000**	2016 £'000
Investment in BHG	WACC	1%	—	(133,676)	—	(6,858)
	Perpetual growth	1%	—	158,611	—	8,137
			—		—	
Investment in Radio Africa group	WACC	1%	—	(11,943)	—	(613)
	Perpetual growth	1%	—	13,563	—	696
			—		—	
Investment in Multimedia group	WACC	1%	—	(6,932)	—	(356)
	Perpetual growth	1%	—	893	—	46
			—		—	
Investment in CSI	WACC	1%	—	(13,131)	—	(674)
	Perpetual growth	1%	—	15,658	—	803
			—		—	
Investment in Robor	WACC	1%	—	(16,902)	—	(867)
	Perpetual growth	1%	—	21,374	—	1,096
			—		—	
Investment in TBRE and the property subsidiaries	Estimated rental per annum	R1,000,000 or £100,000	—	^	—	^
	Occupancy rate	5%	—	^	—	^
	Yield	1%	—	10,271	—	527
Investment property	Occupancy rate	5%	—	^	—	^
Other investments	#	#	**#**	#	**#**	#

^ TBRE and the property subsidiaries have been identified as a non-core asset. As a result, the valuation of TBRE and the property subsidiaries is based on the yield of market related rentals. No sensitivity analysis has been performed for rental per annum as this has been identified as observable data, and no sensitivity analysis has been performed on the occupancy rate as the market expectation is that the properties will be fully occupied

Other investments are not material and the valuation is based on directors' valuation

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 between the beginning and the end of the reporting year.

	Investment in BHG R'000	Investment in KTH 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 in Bataung Capital Advisors Proprietary Limited ("Bataung") R'000	Investment property R'000	Other investments R'000
2017										
Balances at 1 July 2016	**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**	**—**
Proceeds on disposals	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(80,669)**	**—**
Balance as at 30 June 2017	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**12,674**	**158**
2016										
Balances at 1 July 2015	—	1,729,513	—	—	365,131	80,000	76,598	4,500	—	—
Transfer from (to) Level 2	2,541,707	(1,520,000)	—	—	—	—	—	—	—	—
Realised losses recognised in profit and loss	—	—	—	—	—	—	—	(737)	—	—
Unrealised gains (losses) recognised in profit and loss	(1,091,707)	(209,513)	10,842	38,519	(85,131)	109,782	(14,478)	—	—	—
Interest and dividends accrued	—	—	—	—	—	—	674	—	—	—
Additions	—	—	195,158	144,381	—	19,318	—	910	—	—
Proceeds on disposals	—	—	—	—	—	—	—	(1,000)	—	—
Repayments of equity and equity loans	—	—	—	—	(22,000)	—	(24,761)	(3,673)	—	—
Balance as at 30 June 2016	1,450,000	—	206,000	182,900	258,000	209,100	38,033	—	—	—

^ Due to the change in the Group's status from an Investment Entity effective 1 July 2016 (refer note 1.2), the investments in subsidiaries have been consolidated and the investments in associates have been equity-accounted during the current year and are no longer fair valued

42. Fair value of assets (continued)
42.2 Valuation techniques (continued)
42.2.3 Level 3 (continued)
Level 3 reconciliation (continued)

	Investment in BHG £'000	Investment in KTH £'000	Investment in Radio Africa group £'000	Investment in Multimedia group £'000	Investment in CSI £'000	Investment in Robor £'000	Investment in TBRE and the property subsidiaries £'000	Investment in Bataung £'000	Investment property £'000	Other investments £'000
2017										
Balances at 1 July 2016	**74,386**	**—**	**10,568**	**9,383**	**13,235**	**10,727**	**1,952**	**—**	**—**	**—**
Deemed Acquisitions^	**(74,386)**	**—**	**(10,568)**	**(9,383)**	**(13,235)**	**(10,727)**	**(1,952)**	**—**	**5,022**	**10**
Fair value adjustments	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(287)**	**—**
Additions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**24**	**—**
Proceeds on disposals	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,673)**	**—**
Exchange gains	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**660**	**—**
Balance as at 30 June 2017	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**746**	**10**
2016										
Balances at 1 July 2015	—	90,522	—	—	19,111	4,187	4,009	236	—	—
Transfer from (to) Level 2	133,033	(77,977)	—	—	—	—	—	—	—	—
Realised losses recognised in profit and loss	—	—	—	—	—	—	—	(34)	—	—
Unrealised gains (losses) recognised in profit and loss	(50,840)	(9,757)	505	1,794	(3,964)	5,112	(674)	—	—	—
Interest and dividends accrued	—	—	—	—	—	—	31	—	—	—
Additions	—	—	9,088	6,724	—	900	—	42	—	—
Proceeds on disposals	—	—	—	—	—	—	—	(47)	—	—
Repayments of equity and equity loans	—	—	—	—	(1,025)	—	(1,153)	(171)	—	—
Exchange gains (losses)	(7,807)	(2,788)	975	865	(887)	528	(261)	(26)	—	—
Balance as at 30 June 2016	74,386	—	10,568	9,383	13,235	10,727	1,952	—	—	—

^ Due to the change in the Group's status from an Investment Entity effective 1 July 2016 (refer note 1.2), the investments in subsidiaries have been consolidated and the investments in associates have been equity-accounted during the current year and are no longer fair valued

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 (£8.9 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 position, 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.

43. Capital management (continued)

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 review 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 bought back 1,944,424 (2016: 1,182,310) ordinary shares in the open market. The award under the long term Management Incentive Scheme (refer note 47) was issued from treasury shares but are not considered issued for IFRS purposes. In the prior year, Tiso Blackstar issued 1,625,973 ordinary shares and 114,385 treasury shares to settle part of the consideration due on acquisition of the investment in Robor. Refer to note 30 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.

43.1 Gearing ratio

The gearing ratio at the end of the reporting year was as follows:

On a fair value basis (Investment Entity):			**On a consolidated basis (Trading Entity):**	
30 June 2016 £'000	30 June 2016 R'000		**30 June 2017 R'000**	**30 June 2017 £'000**
(21,227)	(413,766)	Debt	**(1,385,595)**	**(81,585)**
671	13,086	Cash and cash equivalents (including cash and bank balances in a disposal group held for sale)	**174,901**	**10,298**
(20,556)	(400,680)	Net debt	**(1,210,694)**	**(71,287)**
179,223	3,493,549	Equity	**3,378,132**	**198,913**
11.5%	11.5%	Net debt to equity ratio	**35.8%**	**35.8%**

44. Commitments

44.1 Operating leases

Non-cancellable operating lease rentals are payable as follows:

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(43)	(855)	Land and buildings	**(549,029)**	**(32,328)**
(16)	(321)	Less than one year	**(90,996)**	**(5,358)**
(27)	(534)	Due between one and five years	**(228,988)**	**(13,483)**
—	—	More than five years	**(229,045)**	**(13,487)**
(7)	(153)	Equipment	**(15,888)**	**(936)**
(5)	(106)	Less than one year	**(7,164)**	**(422)**
(2)	(47)	Due between one and five years	**(8,724)**	**(514)**
—	—	More than five years	**—**	**—**
(50)	(1,008)		**(564,917)**	**(33,264)**

44.2 Other

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Authorised capital expenditure		
Already contracted but not provided for*	**(38,177)**	**(2,248)**
Not yet contracted for and authorised by directors	**(17,089)**	**(1,006)**
	(55,266)	**(3,254)**

* The capital expenditure will be partly financed by funds generated from operations and partly financed by an asset facility (medium term) loan

As at 30 June 2016, management of the Group companies consolidated in the prior year had not committed to any contracted capital expenditure nor any non contractual capital expenditure.

45. Contingencies and guarantees

45.1 Guarantees

Tiso Blackstar has provided a guarantee to a bank in respect of a mortgage bond taken out by Fantastic to acquire a property for the amount of R11.6 million, £0.7 million (2016: R15.0 million, £0.8 million).

Tiso Blackstar together with Tiso Blackstar Holdings have 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 by Tiso Blackstar Holdings (refer note 31).

45.2 Contingent liabilities and contingent assets

A legal claim of R7.0 million (£0.4 million) has been brought against Robor by a former customer. The information usually required by *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it may seriously prejudice the outcome of the litigation.

Legal action has been brought against TBG in respect of an alleged oral agreement to do business with the plaintiffs. The plaintiffs are claiming R35.0 million (£2.1 million) in respect of video rental kiosk costs, consulting fees and damages for the loss of future business. TBG is defending the claim, and has also instituted a counter claim. In May 2017, the Supreme Court of Appeal of South Africa ("SCA") granted the plaintiffs leave to appeal and it is estimated this appeal will be heard during the course of 2018.

There are no other contingent liabilities or assets to report as at 30 June 2017 (2016: nil).

45. Contingencies and guarantees (continued)

45.3 Contingencies and guarantees in CSI and Robor

Contingent short term R19.0 million, £1.1 million (2016: R19.0 million, £1.0 million)
Contingent long term R1.0 million, £0.06 million (2016: R1.0 million, £0.05 million)

Trading Settlement R250.0 million, £14.7 million (2016: R250.0 million, £12.8 million)
Trading Pre Settlement R15.0 million, £0.9 million (2016: R15.0 million, £0.8 million)
Fleet Management R1.2 million, £0.07 million (2016: R1.2 million, £0.06 million)

Consignment Finance facility R100.0 million, £5.9 million
Forward Exchange Contracts facility R5.0 million, £0.3 million
Import Solutions facility R100.0 million, £5.9 million

Guarantees facility R200.0 million, £11.8 million (2016: R200.0 million, £10.3 million)

46. Directors' remuneration

Total	**Short term benefits earned as employee of a consolidated subsidiary of the Group**		**Non-executive Directors fees**		**Non-executive Directors fees**	**Short term benefits earned as employee of a consolidated subsidiary of the Group**		**Total**
	Other benefits*	**Salary and other fees****				**Salary and other fees****	**Other benefits***	
R'000	**R'000**	**R'000**	**R'000**		**£'000**	**£'000**	**£'000**	**£'000**
				30 June 2017				
—	—	—	—	David Adomakoh^^	—	—	—	—
727	—	—	727	John Mills	42	—	—	42
6,744	432	5,830	482	Andrew Bonamour#	28	338	25	391
607	—	—	607	Marcel Ernzer	35	—	—	35
369	—	—	369	Harish Mehta$	22	—	—	22
—	—	—	—	Nkululeko Sowazi^^	—	—	—	—
251	—	—	251	Richard Wight^	15	—	—	15
8,698	**432**	**5,830**	**2,436**		**142**	**338**	**25**	**505**

Total	Short term benefits earned as employee of a consolidated subsidiary of the Group		Non-executive Directors fees		Non-executive Directors fees	Short term benefits earned as employee of a consolidated subsidiary of the Group		Total
	Other benefits*	Salary and other fees**				Salary and other fees**	Other benefits*	
R'000	R'000	R'000	R'000		£'000	£'000	£'000	£'000
				30 June 2016				
—	—	—	—	David Adomakoh^^	—	—	—	—
720	—	—	720	John Mills	34	—	—	34
2,729	368	1,871	490	Andrew Bonamour#	23	87	17	127
611	—	—	611	Marcel Ernzer	28	—	—	28
205	—	—	205	Harish Mehta$	10	—	—	10
—	—	—	—	Nkululeko Sowazi^^	—	—	—	—
253	—	—	253	Richard Wight^	12	—	—	12
4,518	368	1,871	2,279		107	87	17	211

* Other benefits include medical aid, subsistence allowance, security and motor vehicle allowance
** Due to the change in status of the Company, BHG is now consolidated and therefore Andrew Bonamour's salary for the year ended 30 June 2017 includes his salary earned from BHG
\# Andrew Bonamour is the CEO of the investment advisor Tiso Blackstar SA and BHG, and with effect from 17 July 2017 his capacity changed from non-executive director to CEO of the Company
^ Richard Wight resigned effective 20 July 2017
^^ David Adomakoh and Nkululeko Sowazi both have interests in SAI Holdings Limited ("SAI") and Tiso Investment Holdings Proprietary Limited ("TIH"). Refer below for further information
$ Harish Mehta was appointed as a non-executive director on 29 March 2016

In addition to the amounts reported above, on successful implementation of the BHG and KTH acquisitions in the prior period, the Directors were awarded a consulting fee which was made up as follows: John Mills R609,000 (£34,000); Andrew Bonamour R419,000 (£23,000); Marcel Ernzer R505,000 (£28,000); Richard Wight R209,000 (£12,000). The fees were accrued for at 30 June 2015 and were paid during the prior year.

46. Directors' remuneration (continued)

During the current year, the Company paid consulting fees to SAI of R8.3 million, £0.5 million (2016: R8.4 million, £0.4million) and Tiso Blackstar SA paid consulting fees to TIH amounting to R2.7 million, £0.1 million (2016: R2.7 million, £0.2 million). Please refer to Elements of remuneration on page 32 for further information.

46.1 Awards through the Company's long term Management Incentive Scheme

There were no shares granted to Directors in terms of the Company's previous long term Management Incentive Scheme (refer note 47) in both the current and prior financial years.

A cash award of R1,900,000, £110,000 (2016: R1,097,000, £51,000) was awarded to Andrew Bonamour as a short term incentive award through the Company's previous shareholder approved long term Management Incentive Scheme (refer note 47).

As per note 47, the Company replaced its previous long term Management Incentive Scheme with a shareholder approved forfeitable share plan during the current financial year. Andrew Bonamour was awarded 443,468 forfeitable shares on 30 June 2017 under the FSP. Refer note 47 for further details.

46.2 Share options

No Directors of the Company held any share options in the Company and no options were granted or exercised during the year (2016: nil).

46.3 Settlement of subsidiary's share options

Aggregate emoluments disclosed above for BHG do not include any amounts for the value of options to acquire ordinary shares in BHG granted to or held by the Directors. Andrew Bonamour received R2,742,000 (£158,800) during the current financial year.

46.4 Other Directors' interests

The Group is not considered to have any key management personnel as defined by *IAS 24 Related Party Disclosures*, other than its Directors. The total remuneration paid to key management personnel, which was all in the form of short term benefits, therefore amounted to R11,440,000, £663,000 (2016: R5,615,000, £262,000).

The Company does not operate a pension scheme for its Directors.

All Directors' fees payable to John Mills are payable to Maitland Luxembourg S.A. ("Maitland").

Details of Directors' beneficial interests in the ordinary share capital of the Company at year end are provided in the Directors' Report.

47. Tiso Blackstar long term Management Incentive Scheme

47.1 Forfeitable Share Plan ("FSP") of the Company

The Directors 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 and funds who vie for the talent it has. Therefore, the Directors 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.

The Company, as of 1 July 2016, no longer reports its financial results as an entity that: (i) obtains funds from one or more investors for the purpose of providing investment management services; (ii) its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of its investments on a fair value basis and now consolidates the earnings of its underlying subsidiaries. The Board believes that the share price of the Company will be driven over time by the Company's consolidated earning and cash flows, making the existing management incentive scheme redundant. As of 1 July 2016, the Board cancelled the existing incentive scheme (refer note 47.2) and no further awards have been or will be made under it.

47. Tiso Blackstar long term Management Incentive Scheme (continued)

47.1 Forfeitable Share Plan ("FSP") of the Company (continued)

With the existing scheme being cancelled and Tiso Blackstar Board approval obtained, 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 decided by the remuneration committee each time that awards of shares are made, by taking into account the limits within the Rules and the particular circumstances at that time. The 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 Condition and Employment Condition 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.

47. Tiso Blackstar long term Management Incentive Scheme (continued)

47.1 Forfeitable Share Plan ("FSP") of the Company (continued)

47.1.1 Performance conditions and vesting

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 CFO, 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 [ ]

Linear Vesting will be applied for performance between levels.

47. Tiso Blackstar long term Management Incentive Scheme (continued)

47.1 Forfeitable Share Plan ("FSP") of the Company (continued)

47.1.2 Shares granted during the year

The following share-based payment arrangements were in existence during the current year:

Grant date	30 June 2017
Fair value of share on grant date	R 9.31
Vesting date	31 October 2019

The number of shares that may be utilised by the scheme is 3,012,349.

All forfeitable share awards will vest on the vesting date and expire within 28 months of their issue, or one month after the resignation of the executive or employee, whichever is the earlier.

	30 June 2017 Number of shares
At the beginning of the year	—
Granted during the year	**3,012,349**
Surrendered during the year	—
Vested during the year	—
At the end of the year	**3,012,349**

47.1.3 Fair value of forfeitable share awards granted in the year

The weighted average fair value of the forfeitable share awards granted during the financial year is R12.9 million (£0.8 million). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects on non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past three years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after vesting date when the share price is two and a half times the exercise price.

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the 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 at grant date. The estimated fair value of the equity-settled shares subject to market conditions was calculated at grant using a Monte Carlo simulation model.

47. Tiso Blackstar long term Management Incentive Scheme (continued)

47.1 Forfeitable Share Plan ("FSP") of the Company (continued)

47.1.3 Fair value of forfeitable share awards granted in the year (continued)

The estimated fair value of the shares is as follows:

Non-market conditions:	
Number of shares granted	2,837,717
Share price at grant date	R 9.31
Estimated vesting percentage	53.1%
Annual attrition	6.0%
Estimated fair value per share	**R 4.27**

Market conditions:	
Number of shares granted	174,632
Share price at grant date	R 9.31
Expected volatility	35.0%
Expected dividend yield	0.5%
Risk-Free Rate	7.1%
Annual attrition	6.0%
Estimated fair value per share	**R 4.95**

47.2 Previous Scheme Rules and details of valuation method

The Company's previous long term Management Incentive Scheme was cancelled during the current financial year, 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 receive the value of their share incentives incrementally, over a defined period of time.

The long term Management Incentive Scheme is summarised into two components:

Increase in Intrinsic NAV

The Intrinsic NAV provided a measure of the underlying value of the Group's assets whose fair values were calculated based on quoted bid prices for investments listed on recognised stock exchanges, and for unlisted investments at Directors' valuation determined using a discounted cash flow methodology.

The intrinsic NAV was determined on a annual basis (the Relevant Dates being 30 June) and adjusted for corporate events including share buy-backs, dividends and capital raisings, plus interest thereon. The Intrinsic NAV at the end of each year was compared to a Hurdle Amount and 10.0% of the increase was allocated to the Incentive Pool, which was settled on an annual basis. The Hurdle Amount was equal to the aggregate of the Intrinsic NAV at the beginning of the year plus interest accruing on this Intrinsic NAV to the end of the year at the South Africa Short Term Fixed Interest Benchmark Rate ("STEFI"). Any shortfall in achieving the Hurdle Amount was subject to a catch up so should the Intrinsic NAV decline over a reporting period, the Company's Intrinsic NAV would need to recover that decline and the NAV would need to increase to the cumulative Hurdle Amount before any amount would be allocated to the Incentive Pool.

47. Tiso Blackstar long term Management Incentive Scheme (continued)

47.2 Previous Scheme Rules and details of valuation method (continued)

The Incentive Pool calculated at 30 June was settled in Tiso Blackstar shares. The number of shares to be issued was calculated by dividing the Incentive Pool by the Tiso Blackstar share price on the Relevant Date as quoted by the Altx stock market of South Africa. The shares issued pursuant to the long term Management Incentive Scheme have a restriction on selling of three years or such shorter period as the Chairman may determine in his absolute discretion. Unless there are exceptional circumstances, the Chairman will not exercise this discretion save that, if conditions warrant it, he may do so to release one third of the shares from lock-up on the first anniversary of the date of issue or transfer and a further third on the second anniversary of the date of issue or transfer.

Portfolio performance

The Tiso Blackstar Board had the ability to issue up to 0.5% of the shares in issue per year depending on performance criteria including but not limited to: cost management and control and the extent of the work performed during the period to manage the investment portfolio. The chief executive officer of Tiso Blackstar SA would provide the Tiso Blackstar Board with a written recommendation as to the amount of the additional award as well as the motivation behind this allocation.

47.2.1 Shares issued under the Scheme

During both the current and the prior reporting periods, no shares were issued under the previous long term Management Incentive Scheme.

47.2.2 Short term incentive awards

Both the FSP and the previous long term Management Incentive Scheme permitted a short term incentive award scheme. This short term incentive award scheme permits the award of a short term incentive bonus, in the form of a cash bonus, at the discretion of the Tiso Blackstar Board on the recommendation of the Company's remuneration committee, which is linked to both the individual and the Group's performance in respect of the financial year.

The total cost of the cash award recognised in profit and loss was as follows:

30 June 2016 £'000	30 June 2016 R'000		**30 June 2017 R'000**	**30 June 2017 £'000**
215	4,617	Incentive Bonus awarded for the prior financial year	**4,836**	**280**

48. Related parties

Please refer note 46 Directors' remuneration for further disclosure and nature of relationships.

48.1 On a consolidated basis (Trading Entity):

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, 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.

30 June 2017	**SAI R'000**	**TIH R'000**	**KTH R'000**	**Navigare Securities Proprietary Limited ("Navigare") R'000**
Fee income	**—**	**—**	**1,136**	**247**
Dividend income	**—**	**—**	**13,195**	**—**
Consulting fees	**(8,334)**	**(2,682)**	**—**	**—**
	(8,334)	**(2,682)**	**14,331**	**247**

48. Related parties (continued)

48.1 On a consolidated basis (Trading Entity): (continued)

30 June 2017	SAI £'000	TIH £'000	KTH £'000	Navigare £'000
Fee income	—	—	66	14
Dividend income	—	—	764	—
Consulting fees	(483)	(155)	—	—
	(483)	(155)	830	14

48.2 On a fair value basis (Investment Entity):

The Company's subsidiaries and associates which were designated at fair value through profit and loss in the prior year, were considered to be related parties of the Company and its consolidated subsidiaries. Balances with these related parties took the form of equity loans and are disclosed in notes 22, 23 and 24. Transactions between these related parties were disclosed within this note. Balances and transactions between the Company and its consolidated subsidiaries (which are also related parties of the Company), were eliminated on consolidation and were therefore not disclosed in this note.

30 June 2016	CSI R'000	TBRE R'000	Firefly R'000	Domel Investments Proprietary Limited ("Domel") R'000	Fantastic R'000	BHG R'000	Navigare R'000	KTH R'000	Bataung R'000	BFM R'000
Fee income	1,488	2,451	129	94	49	7,375	235	1,001	53	(10)
Dividend and interest income on investments	—	14,517	674	—	—	55,500	—	29,452	—	—
	1,488	16,968	803	94	49	62,875	235	30,453	53	(10)

30 June 2016	CSI £'000	TBRE £'000	Firefly £'000	Domel £'000	Fantastic £'000	BHG £'000	Navigare £'000	KTH £'000	Bataung £'000	BFM £'000
Fee income	69	114	6	4	2	343	11	47	2	—
Dividend and interest income on investments	—	676	31	—	—	2,585	—	1,372	—	—
	69	790	37	4	2	2,928	11	1,419	2	—

48.3 Other related party transactions and balances

David Adomakoh and Nkululeko Sowazi are deemed to be related parties as in addition to being Directors, both have interests in SAI and TIH, of which consulting fees were paid to during the current year.

Andrew Bonamour is deemed to be a related party as in addition to being a Director, funds associated with Andrew Bonamour are interested in 3.3% (2016: 3.3%) of the issued share capital of the Company as at 30 June 2017. 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 R147,000, £9,000 (2016: R140,000, £7,000) during the year.

Andrew Bonamour has an interest in Main Street 505 Proprietary Limited ("Main Street"). TBRE disposed of Gowrie Farm in December 2016 to Main Street for R3.5 million (£0.2 million) 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 interested in 4.23% (2016: 4.23%) of the issued share capital of the Company as at 30 June 2017.

John Mills is deemed to be a related party, as in addition to being a Director, funds associated with John Mills are interested in 0.28% (2016: 0.28%) of the issued share capital of the Company.

Details of Directors' remuneration are provided in note 46. There are no other related parties transactions as defined by IAS 24 to disclose, although the following transactions were entered into with other connected parties:

48. Related parties (continued)

48.3 Other related party transactions and balances (continued)

John Mills is a Director of 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. During the year ended 30 June 2017, total fees paid to Maitland Malta amounted to R131,000, £8,000 (2016: R116,000, £5,000). At year end, amounts owing to Maitland Malta amounted to R30,000, £2,000 (2016: nil).

Argus Voting Trust ("Argus") is deemed to be a related party to BHG and the Company. During the current year, Argus contributed R60.8 million (£3.6 million) to the building and move costs of BHG to its new premises, Hill on Empire. In the prior year, Argus contributed R31.2 million (£1.6 million) to journalism training initiatives.

Stampede is deemed to be a related party to CSI as two directors of CSI are main shareholders of Stampede. At 30 June 2017, CSI had provided Stampede with an interest free loan, which is unsecured and has been subordinated, of R9.4 million (£0.6 million), and an amount owing by Stampede of R400,000 (£24,000).

49. Post balance sheet events

49.1 Change of listing to JSE Main Board

Following the successful migration of its registered office from Malta to the UK on 30 June 2017, the Company's listing was transferred from AltX to the Main Board of the JSE with effect from commencement of trade on 13 July 2017. The Company now has a dual primary listing on AIM and JSE.

49.2 Disposal of KTH

Following on from the announcements released on 13 December 2016 and 19 May 2017, the Company announced that on 5 July 2017 it signed a share purchase agreement with KTH and Kagiso Trust Strategic Investments Proprietary Limited ("Kagiso") whereby Kagiso has conditionally agreed to purchase the Company's entire shareholding of 213,235 ordinary shares in KTH constituting 22.9% of KTH's issued ordinary share capital (excluding treasury shares), held through its wholly owned subsidiary Tiso Blackstar Holdings. The KTH purchase price, which is the same as previously announced, is R1.5 billion (£88.3 million) and will be paid over an 18 month period. This will have a no effect on the net asset value of the Group.

49.3 Change of capacity of a Director

The capacity of Andrew Bonamour changed from a non-executive director to CEO with effect from 17 July 2017. This appointment culminated as a result of the Company's change in status from an Investment Entity to a consolidated group, its migration to the UK and in light of the fact that Andrew is the CEO of the Company's investment advisor Tiso Blackstar SA as well as CEO of the Group's core business BHG.

49.4 Resignation of a Director

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

49.5 New acquisitions

Effective 1 July 2017, Hirt & Carter Group acquired a 51.0% interest in Botha Branding Solutions Proprietary Limited ("BBS") for R17.0 million (£1.0 million). BBS design, produce and execute branding solutions in the formal and informal retail markets.

Robor acquired Aegion South Africa Proprietary Limited ("Aegion SA") on the 22 August 2017. A joint venture was formed with Robor owning 40.0% and Aegion International Holdings Limited owning the remaining 60.0%. Robor's purchase consideration was R8.7 million (£0.5 million). Aegion SA supply and strengthen sewer, water, energy and mining piping systems, buildings, bridges and tunnels and waterfront structures.

50. Segmental information

50.1 On a consolidated basis (Trading Entity)

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. It is the CODM's strategy for the Group to focus on owning and growing diversified revenues streams from media businesses with leading market position, strong cash flows, historic earnings growth and ability to continue as a going concern.

50. Segmental information (continued)

50.1 On a consolidated basis (Trading Entity) (continued)

As a result of its change in status from an Investment Entity, the Group has reviewed its segments and identified its operating segments based on the nature of the operating segment. The reportable segments are as follows:

- 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, films 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;
- 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 51.0% interest is a manufacturer and supplier of welded steel tube and pipe and cold formed steel profiles; 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 adviser Tiso Blackstar SA.

KTH was disclosed as a discontinued operation, and classified and disclosed as a non-current asset held for sale in accordance with IFRS 5 at 30 June 2017 and 30 June 2016. The segment information reported does not include any amounts for KTH, which is described in more detail in note 13.

50.1.1 Segmental revenues

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	**2,045,556**	**118,482**
Hirt & Carter Group	**1,733,554**	**100,410**
Broadcast and Content	**441,186**	**25,554**
CSI	**2,428,645**	**140,671**
Robor	**2,478,212**	**143,542**
Other	**13,857**	**803**
Total revenue for continuing operations	**9,141,010**	**529,462**

Segmental revenue reported above represents revenue generated from external customers. Inter-segment sales in the current year, which arose between Robor and CSI, amounted to R1.4 million (£0.1 million).

50. Segmental information (continued)

50.1 On a consolidated basis (Trading Entity) (continued)

50.1.2 Segmental operating profit

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	126,033	7,300
Hirt & Carter Group	243,836	14,123
Broadcast and Content	41,071	2,379
CSI	92,852	5,378
Robor	(28,037)	(1,624)
Other	(83,162)	(4,813)
Segmental operating profit	392,593	22,743
Depreciation, amortisation and straight lining of leases	(178,814)	(10,317)
Operating profit	213,779	12,426
Other gains (losses)	70,194	4,081
Net finance costs	(240,700)	(13,942)
Share of profit of associates – equity accounted	7,395	416
Profit before taxation for continuing operations	**50,668**	**2,981**

50.1.3 Segmental assets

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	1,781,729	104,911
Hirt & Carter Group	1,620,681	95,428
Broadcast and Content	547,806	32,256
CSI	1,111,444	65,444
Robor	1,575,378	92,761
Other	1,780,776	104,861
Total assets	**8,417,814**	**495,661**

50.1.4 Segmental liabilities

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	329,464	19,399
Hirt & Carter Group	554,597	32,656
Broadcast and Content	578,730	34,077
CSI	1,084,776	63,873
Robor	1,220,536	71,867
Other	1,080,817	63,640
Total liabilities	**4,848,920**	**285,512**

50. Segmental information (continued)

50.1 On a consolidated basis (Trading Entity) (continued)

50.1.5 Segmental depreciation, amortisation and impairment losses

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	(17,920)	(1,038)
Hirt & Carter Group	(54,560)	(3,160)
Broadcast and Content	(4,606)	(267)
CSI	(14,281)	(827)
Robor	(26,776)	(1,551)
Other	(2,986)	(173)
Total depreciation	**(121,129)**	**(7,016)**
Media	(33,090)	(1,876)
Hirt & Carter Group	(23,946)	(1,387)
Broadcast and Content	(1,676)	(97)
CSI	(4,165)	(241)
Robor	(463)	(27)
Total amortisation	**(63,340)**	**(3,628)**
Media	(2,899)	(168)
Hirt & Carter Group	14,815	858
Broadcast and Content	(25,297)	(1,465)
CSI	(658)	(38)
Robor	(8,517)	(493)
Other	15,824	916
Total impairment losses	**(6,732)**	**(390)**

50.1.6 Segmental additions to non-current assets

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Media	44,190	2,560
Hirt & Carter Group	85,654	4,961
Broadcast and Content	9,720	563
CSI	47,412	2,746
Robor	92,303	5,346
Other	505	30
Total additions to non-current assets	**279,784**	**16,206**

50. Segmental information (continued)

50.1 On a consolidated basis (Trading Entity) (continued)

50.1.7 Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Goods	6,834,857	395,886
Services	1,248,562	72,319
Publications	1,050,222	60,831
Service level agreements	97	6
Royalty income	7,272	420
Total revenue from major products and services	**9,141,010**	**529,462**

50.1.8 Geographical information

The Group operates in eleven principal geographical areas.

The Group's revenue from continuing operations from external customers by location of operations is detailed below.

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
South Africa	8,453,028	489,613
UK	4,582	265
Namibia	71,088	4,118
Botswana	89,381	5,177
Zimbabwe	73,187	4,239
Rest of Africa	263,451	15,259
North America	58,231	3,373
South America	70,885	4,106
Asia	29,684	1,719
Australia	25,936	1,502
Europe	1,557	91
Total revenue by geographic location	**9,141,010**	**529,462**

50.1.9 Major customers

As been disclosed in note 28, the Group does not rely on any one major customer (i.e. revenues from any one single customer do not exceed 10.0% of the Group's total revenue).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1.

50. Segmental information (continued)

50.2 On a fair value basis (Investment Entity)

In the prior year, the Company was considered to be an Investment Entity and the following segments were identified: BHG, KTH, African investments, Industrial and Other. These segments performance were compared by considering both the growth in their fair value as well as the returns on the respective segment. In addition to these segments were the non-segmental entities. The non-segmental entities housed the overhead costs of the Group which were not directly linked to returns on investments and as a result, these entities could not be compared to the segmental entities.

The accounting policies of the segments were the same as those described in the summary of significant accounting policies in the prior years annual report.

The segments for the prior year are further explained as follows:

BHG

BHG is a media company that informs, educates, entertains and connects people. They aim to provide compelling content and creative solutions to enrich lives, helping people to know more, do more and to live inspired. They focus on building internal and external partnerships, investing in quality content delivered via physical and digital channels to best serve our customers' needs. In a continent where economic progress and social reform are critical goals, they believe that concentrating on their core drivers will ensure appropriate investments to best achieve our vision.

Refer to note 51 for the subsidiaries of BHG that also form part of the Group.

KTH

KTH boasts a track record of investment performance and creating long term sustainable shareholder value. Historically, the KTH's impeccable black empowerment credentials allowed them to partner with strong companies (as an empowerment partner) and assisted those companies to create wealth for all shareholders. As a result, KTH has a portfolio of investments comprising market leading companies across key sectors. KTH is poised to leverage this experience to become a leading investment company across Africa.

African investments

African investments was a new segment created in the prior year. In December 2015, the shares held by BHG in Radio Africa group and Multimedia group, were transferred to Tiso Blackstar Holdings as a dividend in specie, refer note 23. In October 2015, the Group also acquired an interest in Coopers.

The Group holds a 49.0% interest in Radio Africa group in Kenya. Radio Africa group has the top 3 radio brands (Jambo, Classic and Kiss) in Kenya with a total cumulative audience of almost 18 million nationally and represents three of the top five most listened to radio stations in the country. Radio Africa group has also invested in an early stage DTT television business called Bamba TV.

The Group holds a 32.2% interest in Multimedia group in Ghana. Multimedia group is the leading independent media player in Ghana and holds three of the top six radio stations in the country with significant advertising market share.

The Group holds a 24.5% interest in Coopers in Nigeria. Coopers owns Lagos Talks 91.3 FM, a radio station in Lagos operating a talk format.

Industrial

The Industrial segment for the prior year included investments in the steel sector, namely, CSI (which includes the Stalcor and GRS operations) and Robor:

CSI

CSI (previously Stalcor) 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 is a steel roofing and cladding company.

50. Segmental information (continued)

50.2 On a fair value basis (Investment Entity) (continued)

Robor

During October 2015, Tiso Blackstar Holdings increased its interest in Robor from 19.4% to 51.0%. The purchase consideration was settled through the issue of 1,740,358 (1,625,973 ordinary shares and 114,385 treasury shares) Tiso Blackstar shares at a price of R17.00 per share. Robor is a manufacturer and supplier of welded steel tube and pipe and cold formed steel profiles.

Other

This segment consists of investments that are not deemed to be material to the Group. This segment consists of the following investments: TBRE and the property subsidiaries, Shoprite and other smaller investments.

A reconciliation between the returns on the segments (fair value movements, interest and dividends) and the profit before interest and tax of the Group, and a reconciliation between the total assets of the segments to the total assets of the Group for the prior year is presented as follows:

Segmental loss before interest and tax reconciliation:

	On fair value basis (Investment Entity): 30 June 2016 R'000	30 June 2016 £'000
BHG	(1,028,832)	(47,912)
Net losses on financial assets at fair value through profit and loss	(1,091,707)	(50,840)
Dividend income	55,500	2,585
Fee income	7,375	343
KTH	(179,060)	(8,338)
Net losses on financial assets at fair value through profit and loss	(209,513)	(9,757)
Dividend income	29,452	1,372
Fee income	1,001	47
African investments	389,543	18,141
Net gains on financial assets at fair value through profit and loss	50,004	2,329
Dividend income	339,539	15,812
Industrial	26,171	1,219
Net gains on financial assets at fair value through profit and loss	24,651	1,148
Fee income	1,520	71
Other	568	24
Net losses on financial assets at fair value through profit and loss	(18,359)	(856)
Dividend income	15,237	709
Interest income	674	31
Fee income	3,016	140
Non-segmental entities	(64,646)	(3,010)
Loss before interest and tax reported by the Group from continuing and discontinued operations	(856,256)	(39,876)

50. Segmental information (continued)

50.2 On a fair value basis (Investment Entity) (continued)

Segmental total assets reconciliation:

	On fair value basis (Investment Entity)*: 30 June 2016 R'000	30 June 2016 £'000
Total assets per segment	3,913,957	200,788
BHG	1,450,000	74,386
KTH	1,520,000	77,978
African Investments	399,697	20,505
Industrial	467,100	23,962
Other	53,161	2,728
Non-segmental entities	23,999	1,229
Total assets reported by the Group	3,913,957	200,788

*Refer note 4

51. Consolidated 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 company. Below is a list of all the underlying subsidiaries within the Group:

Summary of consolidated subsidiaries	Principal place of business/ Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2017	30 June 2016
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%
Gallo Properties Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	At Velocity Logistics Proprietary Limited	**100.0%**	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%
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%
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%
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%
TBG Publishing Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment holding	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%
At Velocity Logistics 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%
TB Retail Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
Hirt & Carter Proprietary Limited	1 Iintersite Avenue, Umbeni Business Park, Durban, 4001, South Africa	Investment holding	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
New Holland Publishing SA 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	Dormant	BlackstarTiso Proprietary Limited	**100.0%**	100.0%
BDFM Publishers 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%
New Africa Publications Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	TBG Publishing Proprietary Limited	**100.0%**	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%
One Africa Television Proprietary Limited (previously African Business Channel Proprietary Limited)	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Television production	BDFM Publishers Proprietary Limited	**100.0%**	100.0%
Bates Printing Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Printing	Colosan Trading Proprietary Limited	**75.0%**	75.0%
CDT Export Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Compact Disc Technologies Proprietary Limited	**100.0%**	100.0%
Country Roofing Proprietary Limited	61 Bismark Street, Windhoek, Namibia	Investment property 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 Express Proprietary Limited	Room B11, Mountain Estates, Lesotho	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**100%**	100%

51. Consolidated subsidiaries of the Group (continued)

Summary of consolidated subsidiaries	Principal place of business/ Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2017	30 June 2016
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%
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%
Global Roofing Solutions Zimbabwe (Private) Limited*	Kudenga House, 3 Baines Avenue, Harare, Zimbabwe	Steel roofing and cladding company	Consolidated Steel Industries Proprietary Limited	**49.0%**	49.0%
Tepzmurt Proprietary Limited	Plot 2644 Phuti Crescent, Extension 9, Gaborone, Botswana	Steel trading company	Consolidated Steel Industries Proprietary Limited	**51.0%**	51.0%
Hirt & Carter (South Africa) Proprietary Limited	1 lintersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Printing	Hirt & Carter Proprietary Limited	**100.0%**	100.0%
Omnigraphics Express Proprietary Limited	1 lintersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Dormant	Hirt & Carter (South Africa) Proprietary Limited	**100.0%**	100.0%
Paton Tupper Proprietary Limited	1 lintersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Advertising agency	Hirt & Carter (South Africa) Proprietary Limited	**51.8%**	51.8%
Quickcut Pre Press Netowrk SA Proprietary Limited	1 lintersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Retail solutions	Hirt & Carter (South Africa) Proprietary Limited	**100.0%**	100.0%
Skuworks Proprietary Limited	1 lintersite Avenue, Umgeni Business Park, Durban, 4001, South Africa	Dormant	Hirt & Carter (South Africa) 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%
Macquarie Corporation SA Limited	Palm Grove House, Road Town, Tortola, British Virgin Islands	Investment holding	New Holland Publishing Proprietary Limited	**100.0%**	100.0%
New Holland Publishing (SA) Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Book distribution	New Holland Publishing Proprietary Limited	**100.0%**	100.0%
Hive Connect Proprietary Limited	1 lintersite Avenue, Umbeni Business Park, Durban, 4001, South Africa	Dormant	Quickcut Pre Press Network SA Proprietary Limited	**100.0%**	100.0%
Hirt & Carter Software Solutions Proprietary Limited	1 lintersite Avenue, Umbeni Business Park, Durban, 4001, South Africa	Software solutions	Quickcut Pre Press Network SA Proprietary Limited	**100.0%**	100.0%
Mine Support Products Proprietary Limited	233 Barbara Road, Elandsfontein, Gauteng, 1428, South Africa	Manufactures innovative support systems for the mining industry	Robor Proprietary Limited	**100.0%**	50.0%
Robor Pipe Systems Proprietary Limited	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%**	100%
Profix Robor Scaffolding Proprietary Limited	233 Barbara Road, Elandsfontein, Gauteng, 1428, South Africa	Access scaffolding material and management of the erection, inspection, handover and dismantling	Robor Proprietary Limited	**75.0%**	75.0%
Tricom Structures Proprietary Limited	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%**	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%
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%
Capacity Holdings Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Dormant	Tiso Blackstar Group Proprietary Limited	**100.0%**	100.0%
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%

*The company is considered to be a subsidiary, as CSI has control and manage the company's board

51. Consolidated subsidiaries of the Group (continued)

Summary of consolidated subsidiaries	Principal place of business/ Registered Address	Principal activity	Direct parent company	Proportion of ownership rights 30 June 2017	30 June 2016
Indigenous Film Distribution Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Film distribution	Tiso Blackstar Group Proprietary Limited	**100.0%**	51.0%
Marble Gold 322 Proprietary Limited	65 Fifth Avenue, Highlands North, Gauteng, 2192	Trading and investment company	Tiso Blackstar Group Proprietary Limited	**85.0%**	50.0%
Times Media 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	**51.0%**	50.8%
Rise FM Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Radio station	Tiso Blackstar Group Proprietary Limited	**100.0%**	88.3%
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%
Backbone Studios Proprietary Limited	3rd floor, Fairweather House, 176 Sir Lowry Road, Woodstock, Cape Town, 7925, South Africa	Digital media	Tiso Blackstar Group Proprietary Limited	**51.0%**	51.0%
Vuma 103 FM Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Radio station	Tiso Blackstar Group Proprietary Limited	**100.0%**	72.0%
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%
New Bond Capital Limited	4 Biermann Avenue, Rosebank, Gauteng, 2196, South Africa	Investment company	Tiso Blackstar Holdings SE	**100.0%**	100.0%
Mvelaphanda Treasury and Financial Services Proprietary Limited	4 Biermann Avenue, Rosebank, Gauteng, 2196, South Africa	Treasury and financial services company	Tiso Blackstar Holdings SE	**100.0%**	100.0%
Robor Proprietary Limited	233 Barbara Road, Elandsfontein, Gauteng, 1429, South Africa	Engineering steel, tube and pipe company	Tiso Blackstar Holdings SE	**51.0%**	51.0%
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%
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%
Blackstar GP Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	General Partner	Tiso Blackstar Group SE	**100.0%**	100.0%
Fantastic Investments 379 Proprietary Limited	Hill on Empire, 16 Empire Road, Parktown, 2193, South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited	**100.0%**	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%

Company statements of income and other comprehensive income

for the year ended 30 June 2017

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(2,125)	(44,540)	Operating expenses	3	**(35,239)**	**(2,041)**
(75)	(1,606)	Depreciation and straight lining of leases		**1,004**	**58**
54	40	Other income	4	**6,018**	**349**
(2,146)	(46,106)	**Operating loss**		**(28,217)**	**(1,634)**
(40,056)	(860,143)	Other gains (losses)	5	**(1,849)**	**(107)**
(42,202)	(906,249)	**Net loss**		**(30,066)**	**(1,741)**
12	264	Finance income	6	**215**	**12**
(42,190)	(905,985)	**Loss before taxation**		**(29,851)**	**(1,729)**
—	—	Taxation	8	**—**	**—**
(42,190)	(905,985)	**Loss for the year**	7	**(29,851)**	**(1,729)**
		Other comprehensive income (loss), net of taxation items that may subsequently be reclassified to profit and loss:			
(8,879)	—	Currency translation differences on the translation of Rand to presentational currency		**—**	**4,817**
(51,069)	(905,985)	**Total comprehensive (loss) income for the year**		**(29,851)**	**3,088**

The notes on pages 169 to 178 form part of the Company financial statements.

Company statement of financial position

as at 30 June 2017

Company registration number: SE 000110

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		ASSETS			
158,091	3,081,635	**Non-current assets**		**3,062,346**	**158,752**
175	3,404	Equipment	9	**115**	**7**
—	—	Investment in consolidated subsidiaries	10	**3,062,231**	**158,745**
		Financial assets designated at fair value through profit and loss			
157,916	3,078,231	Net investments in subsidiaries	11	**—**	**—**
21,264	414,499	**Current assets**		**392,677**	**23,122**
20,766	404,789	Trade and other receivables	12	**390,383**	**22,989**
—	—	Current tax receivable		**36**	**—**
498	9,710	Cash and cash equivalents	13	**2,258**	**133**
179,355	3,496,134	**TOTAL ASSETS**		**3,455,023**	**181,874**
		EQUITY			
203,564	3,255,248	Share capital and premium	14	**3,255,248**	**203,564**
(468)	(9,797)	Treasury shares	14	**(78)**	**117**
4,599	52,173	Other reserves	14	**51,129**	**4,539**
(58,287)	—	Foreign currency translation reserve	14	**—**	**(53,470)**
29,727	194,224	Retained earnings	14	**140,570**	**26,644**
179,135	3,491,848	**TOTAL EQUITY**		**3,446,869**	**181,394**
		LIABILITIES			
220	4,286	**Current liabilities**		**8,154**	**480**
63	1,228	Straight lining of lease liability	15	**—**	**—**
157	3,058	Trade and other payables	16	**8,154**	**480**
220	4,286	**TOTAL LIABILITIES**		**8,154**	**480**
179,355	3,496,134	**TOTAL EQUITY AND LIABILITIES**		**3,455,023**	**181,874**

The notes on pages 169 to 178 form part of the Company financial statements.

The Company financial statements were approved by the Tiso Blackstar Board and authorised for issue on 27 September 2017.

AD Bonamour
Chief Executive Officer

DKT Adomakoh
Non-executive Chairman

Company statement of changes in equity
for the year ended 30 June 2017

	Notes	Share capital R'000	Share premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Total equity R'000
Balance as at 1 July 2015		**2,535,442**	**701,781**	**—**	**52,173**	**1,110,222**	**4,399,618**
Total comprehensive loss for the year:		—	—	—	—	(905,985)	(905,985)
Loss for the year		—	—	—	—	(905,985)	(905,985)
Other comprehensive loss for the year		—	—	—	—	—	—
Transactions with owners:		18,594	(569)	(9,797)	—	(10,013)	(1,785)
Shares issued for investment acquisitions	14	18,594	(569)	1,293	—	—	19,318
Purchase of treasury shares	14	—	—	(11,090)	—	—	(11,090)
Dividends paid		—	—	—	—	(10,013)	(10,013)
Balance as at 30 June 2016		**2,554,036**	**701,212**	**(9,797)**	**52,173**	**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:		—	—	9,719	(1,044)	(23,803)	(15,128)
Issued in terms of the long term Management Incentive Scheme		—	—	28,045	(1,044)	—	27,001
Purchase of treasury shares	14	—	—	(18,326)	—	—	(18,326)
Dividends paid		—	—	—	—	(23,803)	(23,803)
Balance as at 30 June 2017		**2,554,036**	**701,212**	**(78)**	**51,129**	**140,570**	**3,446,869**

	Notes	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 July 2015		**163,310**	**39,391**	**—**	**4,599**	**(49,408)**	**72,383**	**230,275**
Total comprehensive loss for the year:		—	—	—	—	(8,879)	(42,190)	(51,069)
Loss for the year		—	—	—	—	—	(42,190)	(42,190)
Other comprehensive loss for the year		—	—	—	—	(8,879)	—	(8,879)
Transactions with owners:		891	(28)	(468)	—	—	(466)	(71)
Shares issued for investment acquisitions	14	891	(28)	62	—	—	—	925
Purchase of treasury shares	14	—	—	(530)	—	—	—	(530)
Dividends paid		—	—	—	—	—	(466)	(466)
Balance as at 30 June 2016		**164,201**	**39,363**	**(468)**	**4,599**	**(58,287)**	**29,727**	**179,135**
Total comprehensive income for the year:		—	—	—	—	4,817	(1,729)	3,088
Loss for the year		—	—	—	—	—	(1,729)	(1,729)
Other comprehensive income for the year		—	—	—	—	4,817	—	4,817
Transactions with owners:		—	—	585	(60)	—	(1,354)	(829)
Issued in terms of the long term Management Incentive Scheme		—	—	1,625	(60)	—	—	1,565
Purchase of treasury shares	14	—	—	(1,040)	—	—	—	(1,040)
Dividends paid		—	—	—	—	—	(1,354)	(1,354)
Balance as at 30 June 2017		**164,201**	**39,363**	**117**	**4,539**	**(53,470)**	**26,644**	**181,394**

A 2016 final dividend of 4.47 South Africa cents, 0.25 pence per ordinary share was paid on 15 December 2016.

A 2017 interim dividend of 4.47 South Africa cents, 0.28 pence per ordinary share was paid on 20 March 2017.

A 2017 final dividend of 4.65912 South Africa cents, 0.25935 pence per ordinary share was recommended on 19 September 2017.

The notes on pages 169 to 178 form part of the Company financial statements.

Company statement of cash flows

for the year ended 30 June 2017

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		Notes	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Cash flow from operating activities			
—	—	*On a consolidated basis (Trading Entity):*		**(51,047)**	**(2,975)**
—	—	Cash utilised by operations	17	**(51,262)**	**(2,987)**
—	—	Finance income		**215**	**12**
(1,527)	(33,057)	*On a fair value basis (Investment Entity):*		**—**	**—**
(1,445)	(31,294)	Cash utilised by operations	17	**—**	**—**
12	264	Finance income		**—**	**—**
(94)	(2,027)	Additions to investments		**—**	**—**
(1,527)	(33,057)	**Net cash utilised by operating activities**		**(51,047)**	**(2,975)**
		Cash flow from investing activities			
(169)	(3,629)	Acquisition of equipment		**—**	**—**
—	—	Proceeds on disposal of equipment		**1,496**	**87**
(42)	(910)	Acquisition of associates		**—**	**—**
31	673	Proceeds from disposal of associates		**—**	**—**
—	—	Acquisition of consolidated subsidiary		**(217,631)**	**(12,606)**
1,849	39,713	Movement in intergroup loans		**274,858**	**11,373**
1,669	35,847	**Net cash generated (utilised) by investing activities**		**58,723**	**(1,146)**
		Cash flow from financing activities			
(530)	(11,090)	Purchase of treasury shares		**(18,326)**	**(1,040)**
—	—	Treasury shares issued to employees in consolidated subsidiaries		**27,001**	**1,565**
(466)	(10,013)	Dividends paid		**(23,803)**	**(1,354)**
900	19,318	Issue of shares		**—**	**—**
(96)	(1,785)	**Net cash utilised by financing activities**		**(15,128)**	**(829)**
46	1,005	Net (decrease) increase in cash and cash equivalents		**(7,452)**	**(4,950)**
456	8,705	Cash and cash equivalents at the beginning of the year		**9,710**	**498**
(4)	—	Exchange gains (losses) on cash and cash equivalents		**—**	**4,585**
498	9,710	**Cash and cash equivalents at the end of the year**	13	**2,258**	**133**

The notes on pages 169 to 178 form part of the Company financial statements.

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 Pounds Sterling 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 IFRS published by the IASB as endorsed for use by the European Union, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited's Listing Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act 2006. The 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 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 64 to 82 of the consolidated financial statements:

Note 1.15	Financial instruments
Note 1.16	Offsetting of financial instruments
Note 1.12	Cash and cash equivalents
Note 1.18	Dividend distributions
Note 1.19	Equity instruments and treasury shares
Note 1.21	Dividend and interest revenue
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

2. Loss for the year

Under the Malta Companies Act, 1995, the Company took advantage of the exemption allowed under section 183(8) and did not present its own profit and loss in the prior period financial statements. In the current year, the Company has presented a statement of comprehensive income with comparative figures for 30 June 2016.

3. Operating expenses

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(215)	(4,617)	Long term Management Incentive Scheme – cash element	**(4,836)**	**(280)**
(652)	(14,028)	Transaction related costs, non-recurring and exceptional costs	**(5,291)**	**(306)**
(1,258)	(25,895)	Operational expenses:	**(25,112)**	**(1,455)**
(92)	(1,975)	Staff salary costs	**(876)**	**(51)**
(106)	(2,279)	Directors' remuneration	**(3,075)**	**(178)**
(1,060)	(21,641)	Administrative expenses	**(21,161)**	**(1,226)**
(2,125)	(44,540)		**(35,239)**	**(2,041)**

4. Other income

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
52	—	Other income	**1,268**	**74**
—	—	Bad debts recovered	**4,750**	**275**
2	40	Dividend income	**—**	**—**
54	40		**6,018**	**349**

5. Other gains (losses)

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(41)	(882)	**Net foreign exchange losses**	**(215)**	**(12)**
(39,981)	(858,524)	Net changes in fair value of subsidiaries and associates designated at fair value through profit and loss	**—**	**—**
(53)	(1,137)	Realised losses	**—**	**—**
(39,928)	(857,387)	Unrealised losses	**—**	**—**
(34)	(737)	Impairment of investment in associate	**—**	**—**
—	—	Loss on disposal of equipment	**(1,634)**	**(95)**
(40,056)	(860,143)		**(1,849)**	**(107)**

6. Finance income

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
12	264	Interest income on bank balances	**215**	**12**

7. Loss for the year

Loss for the year has been arrived at after (charging) crediting the following:

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
(11)	(239)	Depreciation	**(160)**	**(9)**
(64)	(1,367)	Straight lining of leases	**1,164**	**67**
(34)	—	Impairment losses	**—**	**—**
		Auditor's remuneration – Deloitte (current year's auditors)		**—**
—	(1,257)	Audit fees of the Group and Company annual accounts	**(1,945)**	**(113)**
—	—	Audit fees of the Company's subsidiaries	**—**	**—**
—	(23)	Other services	**—**	**—**
		Auditor's remuneration – BDO (prior year's auditors)		**—**
(60)	(676)	Audit fees of the Group and Company annual accounts	**(384)**	**(22)**
(27)	—	Paid to associates of BDO Malta for audit of subsidiaries	**—**	**—**
(4)	—	Other services	**(181)**	**(10)**
		Auditor's remuneration – Other		**—**
—	—	Paid to audit firms (other than Deloitte and BDO) for audits of subsidiaries	**—**	**—**
		Employee benefits expense		**—**
(92)	(1,975)	Staff salary costs	**(876)**	**(51)**
(106)	(2,279)	Directors' remuneration	**(3,075)**	**(178)**

8. Taxation

The Company migrated its operations to the UK during the year ended 30 June 2017. 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 18% with effect from 1 April 2020.

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% in the current year, and in Malta of 35% in the prior year, are as follows:

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		**On a consolidated basis (Trading Entity): 30 June 2017 R'000**	**30 June 2017 £'000**
(42,190)	(905,985)	Loss before taxation	**(29,851)**	**(1,729)**
—	—	Deduct share of profit of associates – equity accounted	**—**	**—**
(42,190)	(905,985)	Loss before taxation and share of profit from associates	**(29,851)**	**(1,729)**
(14,767)	(317,095)	**Tax at standard rate of corporate tax**	**(5,672)**	**(329)**
14,767	317,095	**Tax losses unutilised**	**5,672**	**329**
—	—	**Total tax charge for the year**	**—**	**—**

The Company was not able to utilise the assessed losses recognised in Malta once it migrated to the UK.

9. Equipment

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
188	3,655	Cost	**188**	**11**
(13)	(251)	Accumulated depreciation	**(73)**	**(4)**
175	3,404	**Carrying amount**	**115**	**7**
—	14	At the beginning of the year	**3,404**	**175**
169	3,629	Additions	**—**	**—**
—	—	Disposals	**(3,129)**	**(182)**
(11)	(239)	Depreciation	**(160)**	**(9)**
17	—	Currency exchange gains during the year	**—**	**23**
175	3,404	**At the end of the year**	**115**	**7**

10. Investment in consolidated subsidiaries

Effective 1 July 2016, there was a change in the Group's status from an Investment Entity as defined in IFRS 10 and some subsidiaries are no longer carried at fair value through profit and loss but rather accounted for as Deemed Acquisitions of subsidiaries on 1 July 2016 and consolidated from this date forward. The net identifiable assets of these subsidiaries have been recognised in the statement of financial position at fair value on 1 July 2016 resulting in goodwill being recognised. Investments in associates which were previously held at fair value have been equity accounted from 1 July 2016.

Investment in consolidated subsidiaries comprises the following:

Principal place of business	Principal activity	Summary of consolidated subsidiaries**	Proportion of ownership rights 30 June 2017	30 June 2016
United Kingdom	Investment company	Tiso Blackstar Holdings SE (previously Tiso Blackstar (Cyprus) Public Limited) ("Tiso Blackstar Holdings")#*	**100.0%**	100.0%
United Kingdom	Administrative centre	Tiso Blackstar Holdings PLC ("TBHPLC")#$	**100.0%**	100.0%
United Kingdom	Administrative centre	Tiso Blackstar Limited ("TBL")#	**100.0%**	100.0%
South Africa	Investment advisory company	Tiso Blackstar SA Proprietary Limited (previously Tiso Blackstar Group Proprietary Limited) ("Tiso Blackstar SA")#	**100.0%**	100.0%
South Africa	Media	Blackstar Holdings Group Proprietary Limited (previously Times Media Group Proprietary Limited) ("BHG")^	**100.0%**	100.0%
South Africa	Industrial steel company	Consolidated Steel Industries Proprietary Limited ("CSI")^	**100.0%**	100.0%
South Africa	Industrial steel company	Robor Proprietary Limited ("Robor")^	**51.0%**	51.0%
South Africa	Investment property company	Tiso Blackstar Real Estate Proprietary Limited ("TBRE") ^	**100.0%**	100.0%
South Africa	Investment property company	Fantastic Investments 379 Proprietary Limited ("Fantastic")^^	**100.0%**	100.0%
South Africa	Investment property company	Firefly Investments 223 Proprietary Limited ("Firefly")^^	**70.0%**	70.0%

Subsidiary of the Company
^ Subsidiary of Tiso Blackstar Holdings
^^ Subsidiary of TBRE
* Tiso Blackstar Holdings migrated from Cyprus to the UK on 9 May 2017
** Refer to note 51 for a complete list of consolidated subsidiaries of the Group
$ TBHPLC was deregistered in August 2017

10. Investment in consolidated subsidiaries (continued)

Investment in consolidated subsidiaries comprises the following:

	On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
Investment in Tiso Blackstar Holdings	**2,844,357**	**145,918**
Equity share investment	**2,783,907**	**142,817**
Preference shares	**60,450**	**3,101**
Investment in TBHPLC		
Equity share investment	**243**	**13**
Investment in Tiso Blackstar SA		
Equity share investment	**217,631**	**12,814**
	3,062,231	**158,745**

Change in the Group's ownership interest in a subsidiary

There were no changes in the Group's ownership interests during the current year.

Significant changes in investment in consolidated subsidiaries

Tiso Blackstar Holdings – in the prior year, the Company issued Tiso Blackstar shares to settle part of the consideration owing by Tiso Blackstar Holdings on acquisition of the investment in Robor. As a result Tiso Blackstar Holdings issued additional shares to settle the amount owing to the Company thereby increasing the investment in subsidiary.

Tiso Blackstar SA – the Company ceded the loan held with CSI of R233.6 million (£12.0 million) to Tiso Blackstar SA during the current year. The loan was settled through an issue of 1,019,697 shares in Tiso Blackstar SA thereby increasing the investment in the subsidiary.

Loans and receivables payable by subsidiaries

Shareholder loans to subsidiaries which were considered to be equity loans were accounted for as loans and receivables. The loan held with CSI was ceded to Tiso Blackstar SA during the current year. 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 provided support in the form of equity loans to its subsidiaries in the prior year. Tiso Blackstar has no contractual commitments and may provide further financial or any other support to its subsidiaries should they require it and the Group has funds available to do so.

Bank collateral

All equity instruments in and claims against CSI and BHG are held as security by RMB and Standard Bank (refer note 31 of the consolidated financial statements).

11. Financial assets at fair value through profit and loss

Loans and receivables payable by subsidiaries designated at fair value through profit and loss

Shareholder loans to subsidiaries which were considered to be equity loans (and ordinarily would have been accounted for as loans and receivables) were designated at fair value through profit and loss. On assessment of the fair value of the net investments in subsidiaries, these equity loans were incorporated into the valuation assessment and any decline in fair value was first allocated to the carrying amount of the equity investment and then to the loan to the subsidiary.

Net investments in subsidiaries comprised the following:

	On a fair value basis (Investment Entity): 30 June 2016 R'000	30 June 2016 £'000
Net investments in subsidiaries where equity held by the Company:		
Investment in Tiso Blackstar Holdings	2,844,357	145,918
Equity share investment	2,783,907	142,817
Preference shares	60,450	3,101
Investment in TBHPLC		
Equity share investment	243	13
Net investments in subsidiaries where equity held by Tiso Blackstar Holdings:		
Net investment in CSI		
Interest free loan to CSI with no fixed terms of repayment. Monthly repayments were made by CSI of R2.0 million (£0.09 million) per month	233,631	11,985
	3,078,231	157,916

Maximum credit exposure for loans designated at fair value through profit and loss

The maximum credit exposure for this loan held by the Company in the prior year with CSI, was equal to the original carrying amount of the loan prior to any fair value adjustments, details of which are provided below:

Carrying value 30 June 2016 R'000	Original loan amount prior to fair value adjustments 30 June 2016 R'000		**Carrying value 30 June 2017 R'000**	**Original loan amount prior to fair value adjustments 30 June 2017 R'000**
233,631	233,631	Loan to CSI	—	—

Carrying value 30 June 2016 £'000	Original loan amount prior to fair value adjustments 30 June 2016 £'000		**Carrying value 30 June 2017 £'000**	**Original loan amount prior to fair value adjustments 30 June 2017 £'000**
11,985	11,985	Loan to CSI	—	—

12. Trade and other receivables

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
20,570	400,975	Other receivables due by subsidiary companies	**387,962**	**22,846**
196	3,814	Prepayments, deposits and accrued income	**2,421**	**143**
20,766	404,789		**390,383**	**22,989**

The Company considers the carrying value of trade and other receivables to approximate its fair value.

13. Cash and cash equivalents

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
498	9,710	Deposits and cash at bank	**2,258**	**133**
498	9,710	Cash and cash equivalents per the statement of cash flows	**2,258**	**133**

Cash and cash equivalents include cash in current accounts and term deposits.

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).

14. Share capital and reserves

Details of share capital and reserves are set out in note 30 to the consolidated financial statements.

15. Straight lining of lease liability

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
63	1,228	Liability arising on operating leases as a result of lease payments being recognised as an expense on a straight line basis over the lease term	**—**	**—**

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
—	—	Non-current portion	**—**	**—**
63	1,228	Current portion	**—**	**—**
63	1,228		**—**	**—**

16. Trade and other payables

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
78	1,516	Trade payables due to external parties	**3,313**	**194**
16	309	Other payables due to subsidiary companies	**644**	**38**
63	1,233	Accrued expenses	**4,197**	**248**
157	3,058		**8,154**	**480**

17. Cash utilised by operations

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
(42,190)	(905,985)	Loss for the period	**(29,851)**	**(1,729)**
—	—	Add back taxation	**—**	**—**
(42,190)	(905,985)	Loss before taxation	**(29,851)**	**(1,729)**
		Adjustments for non cash items:		
39,981	858,524	Fair value adjustments on investments held at fair value through profit and loss	**—**	**—**
11	239	Depreciation	**160**	**9**
—	—	Loss on disposal of equipment	**1,634**	**95**
(12)	(264)	Finance income	**(215)**	**(12)**
34	737	Realised losses on investments held at fair value through profit and loss	**—**	**—**
—	—	Unrealised foreign exchange losses on assets and liabilities not denominated in Rands	**5**	**—**
		Changes in working capital:		
962	20,411	(Increase) Decrease in trade and other receivables	**(26,528)**	**(1,588)**
(288)	(6,184)	Increase (Decrease) in trade and other accounts payable	**4,761**	**301**
57	1,228	(Decrease) Increase in lease accrual	**(1,228)**	**(63)**
(1,445)	(31,294)	**Cash utilised by operations**	**(51,262)**	**(2,987)**
		Changes in investments:		
(94)	(2,027)	Cash flows from investment additions:	**(217,631)**	**(12,606)**
(94)	(2,027)	Additions to investments	**(217,631)**	**(12,606)**
—	—	Issue of shares to settle share consideration on acquisition of investments	**—**	**—**
—	—	Proceeds arising on disposal of investments and repayments of loans to investment companies	**—**	**—**
(94)	(2,027)	**Net cash flow from investments**	**(217,631)**	**(12,606)**

18. Employees

The number of employees (excluding Tiso Blackstar Directors) during the year for the Company, by function, were as follows:

	30 June 2017	30 June 2016
Managerial	**1**	1
Operational	**1**	1
	2	2

19. 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.

19.1 Financial instruments by category

On a fair value basis (Investment Entity): 30 June 2016 £'000	30 June 2016 R'000		On a consolidated basis (Trading Entity): 30 June 2017 R'000	30 June 2017 £'000
		Financial assets		
		Financial assets at fair value through profit and loss		
157,916	3,078,231	Net investments in subsidiaries designated at fair value through profit and loss	—	—
21,264	414,499	**Loans and receivables**	**392,641**	**23,122**
20,766	404,789	Trade and other receivables	**390,383**	**22,989**
498	9,710	Cash and cash equivalents	**2,258**	**133**
179,180	3,492,730		**392,641**	**23,122**
		Financial liabilities		
		Financial liabilities measured at amortised cost		
(157)	(3,058)	Trade payables	**(8,154)**	**(480)**

19.2 Credit risk

At the reporting date, the Company had no financial assets that were past due or impaired (other than fair value adjustments to equity loans in the prior year). 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 19.1) The Company's maximum exposure to credit risk on equity loans is set out in note 11. The credit quality of financial instruments that are not past due or impaired is considered to be good.

19.3 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.

19.4 Market risk

19.4.1 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 R54.8 million, £3.2 million (2016: R317.4 million, £16.3 million) in the reported net asset value 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 R54.8 million, £3.2 million (2016: R317.4 million, £16.3 million) in the reported net asset value of the Company.

19.4.2 Interest rate risk

The Company has no interest bearing investments nor liabilities during the current and prior periods.

19.4.3 Market price risk

The Company has no listed investments during the current and prior periods.

19. Financial instruments (continued)

19.5 Fair value

19.5.1 Fair value of financial instruments carried at fair value in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 (as defined in note 42 of the consolidated financial statements) based on the degree to which the fair value is observable. There were no financial assets at fair value at 30 June 2017.

30 June 2016	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Net investments in subsidiaries designated at fair value through profit and loss	—	—	3,078,231	3,078,231

30 June 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Net investments in subsidiaries designated at fair value through profit and loss	—	—	157,916	157,916

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

The fair value of the investment in Tiso Blackstar Holdings, being the Company's material investment, was determined in the prior year based on the underlying net asset value of this company. This net asset value predominantly comprised the wider Group's equity investments in BHG, KTH, Radio Africa group, Multimedia group, CSI, Robor and TBRE, and therefore the significant unobservable inputs to the Tiso Blackstar Holdings valuation and the sensitivities to variations in those inputs were the same as those disclosed in note 42 in the consolidated financial statements.

20. Related parties

Details of related parties are set out in note 48 to the consolidated financial statements. In addition to this, the subsidiaries and associates (set out in note 10 and 11 respectively to the Company financial statements) are related parties to the Company.

The Company pays an advisory fee, paid quarterly in advance, to Tiso Blackstar SA. The advisory fee for the year ended 30 June 2017 amounted to R1,700,000, £98,000 (2016: R1,800,000, £84,000).

21. Long term Management Incentive Scheme

Details of the long term Management Incentive Scheme are set out in note 47 to the consolidated financial statements.

22. Capital management

Information related to capital management is set out in note 43 to the consolidated financial statements.

23. Contingencies and guarantees

Information relating to contingencies and guarantees is set out in note 45 to the consolidated financial statements.

24. Post balance sheet events

Information relating to post balance sheet events is set out in note 49 to the consolidated financial statements.

Reconciliation of net profit (loss) to EBITDA

30 June 2017	Media R'000	Hirt & Carter Group R'000	Broadcast and Content R'000	CSI R'000	Robor R'000	Other R'000	Total R'000
Revenue	2,045,556	1,733,554	441,186	2,428,645	2,478,212	13,857	9,141,010
Cost of sales	(1,670,344)	(1,075,644)	(313,912)	(2,080,785)	(2,280,755)	—	(7,421,440)
Gross profit	**375,212**	**657,910**	**127,274**	**347,860**	**197,457**	**13,857**	**1,719,570**
Operating expenses	(291,194)	(434,634)	(92,652)	(269,094)	(235,483)	(97,769)	(1,420,826)
Inter-group income (costs)	5,204	1,132	(5,403)	(1,960)	(2,000)	3,027	—
Depreciation	(17,920)	(54,560)	(4,606)	(14,281)	(26,776)	(2,986)	(121,129)
Amortisation	(33,090)	(23,946)	(1,676)	(4,165)	(463)	—	(63,340)
Straight lining of lease charge##	(2,156)	6,917	94	(8,542)	(14,233)	23,575	5,655
Other income	42,015	20,560	6,450	14,086	9,989	749	93,849
Operating profit	**78,071**	**173,379**	**29,481**	**63,904**	**(71,509)**	**(59,547)**	**213,779**
Other gains (losses)	17,076	8,843	(62,558)	(3,006)	26,050	83,789	70,194
Net profit (loss)	**95,147**	**182,222**	**(33,077)**	**60,898**	**(45,459)**	**24,242**	**283,973**
Reconciliation to EBITDA:							
Depreciation	17,920	54,560	4,606	14,281	26,776	2,986	121,129
Amortisation	33,090	23,946	1,676	4,165	463	—	63,340
Straight lining of lease charge##	2,156	(6,917)	(94)	8,542	14,233	(23,575)	(5,655)
Share based payment expense	—	—	—	—	—	4,836	4,836
Other (gains) losses	(17,076)	(8,843)	62,558	3,006	(26,050)	(83,789)	(70,194)
Total Segmental EBITDA	**131,237**	**244,968**	**35,669**	**90,892**	**(30,037)**	**(75,300)**	**397,429**
Other gains (losses)	17,076	8,843	(62,558)	(3,006)	26,050	83,789	70,194
Total Consolidated EBITDA	**148,313**	**253,811**	**(26,889)**	**87,886**	**(3,987)**	**8,489**	**467,623**

30 June 2017	Media £'000	Hirt & Carter Group £'000	Broadcast and Content £'000	CSI £'000	Robor £'000	Other £'000	Total £'000
Revenue	118,482	100,411	25,554	140,671	143,542	802	529,462
Cost of sales	(96,749)	(62,303)	(18,182)	(120,523)	(132,105)	—	(429,862)
Gross profit	**21,733**	**38,108**	**7,372**	**20,148**	**11,437**	**802**	**99,600**
Operating expenses	(16,866)	(25,175)	(5,367)	(15,586)	(13,640)	(5,659)	(82,293)
Inter-group income (costs)	301	66	(313)	(114)	(116)	176	—
Depreciation	(1,038)	(3,160)	(267)	(827)	(1,551)	(173)	(7,016)
Amortisation	(1,876)	(1,387)	(97)	(241)	(27)	—	(3,628)
Straight lining of lease charge##	(125)	401	5	(495)	(824)	1,365	327
Other income	2,434	1,191	374	816	579	42	5,436
Operating profit	**4,563**	**10,044**	**1,707**	**3,701**	**(4,142)**	**(3,447)**	**12,426**
Other gains (losses)	989	512	(3,623)	(174)	1,509	4,868	4,081
Net profit (loss)	**5,552**	**10,556**	**(1,916)**	**3,527**	**(2,633)**	**1,421**	**16,507**
Reconciliation to EBITDA:							
Depreciation	1,038	3,160	267	827	1,551	173	7,016
Amortisation	1,876	1,387	97	241	27	—	3,628
Straight lining of lease charge##	125	(401)	(5)	495	824	(1,365)	(327)
Share based payment expense	—	—	—	—	—	280	280
Other (gains) losses	(989)	(512)	3,623	174	(1,509)	(4,868)	(4,081)
Total Segmental EBITDA	**7,602**	**14,190**	**2,066**	**5,264**	**(1,740)**	**(4,359)**	**23,023**
Other gains (losses)	989	512	(3,623)	(174)	1,509	4,868	4,081
Total Consolidated EBITDA	**8,591**	**14,702**	**(1,557)**	**5,090**	**(231)**	**509**	**27,104**

Straight lining of lease charges are required under IAS 17 and are excluded to determine actual operating costs

Each segment within the Group is assessed by the CODM based on EBITDA excluding gains or losses outside of the ordinary scope of business. However, when the CODM assesses the Group as a whole, gains or losses outside of the ordinary scope of business are included in the CODM's assessment. As a result, when EBITDA is discussed in the summarised consolidated financial statements regarding a segment, the amount does not include other gains or losses, while the total consolidated Group EBITDA does include other gains and losses outside the ordinary scope of business.

Reconciliation from 30 June 2016 reported financial information to 30 June 2016 pro forma financial information

30 June 2016	Media R'000	Hirt & Carter Group R'000	Broadcast and Content R'000	CSI R'000	Robor R'000	Other R'000	Total R'000
Operating loss as presented for the period ending 30 June 2016	—	—	—	—	—	—	(677,196)
Adjusted for Investment Entity accounting entries:							
Operating expenses	—	—	—	—	—	—	63,877
Net fair value and foreign exchange losses	—	—	—	—	—	—	1,036,271
Investment-related income	—	—	—	—	—	—	(422,952)
Adjusted for pro forma financial information:							
Revenue	1,722,654	1,581,958	508,995	1,928,257	2,271,893	69,900	8,083,657
Cost of sales	(1,467,548)	(982,665)	(356,242)	(1,671,233)	(1,967,417)	(59,065)	(6,504,170)
Other income	—	—	—	18,968	6,220	5,088	30,276
Investment-related income	—	—	—	—	—	16,987	16,987
Inter-group income (costs)	—	—	—	(3,217)	—	3,217	—
Operating expenses	(150,710)	(364,451)	(108,808)	(217,033)	(242,621)	(85,297)	(1,168,920)
Forex profit (loss)	(69)	—	—	—	15,568	(2,610)	12,889
Total pro forma Segmental EBITDA	**104,327**	**234,842**	**43,945**	**55,742**	**83,643**	**(51,780)**	**470,719**
Other gains (losses)	—	(457)	(18,376)	(44,260)	25,507	(73,514)	(111,100)
Total pro forma Consolidated EBITDA	**104,327**	**234,385**	**25,569**	**11,482**	**109,150**	**(125,294)**	**359,619**

30 June 2016	Media £'000	Hirt & Carter Group £'000	Broadcast and Content £'000	CSI £'000	Robor £'000	Other £'000	Total £'000
Operating loss as presented for the period ending 30 June 2016	—	—	—	—	—	—	(31,538)
Adjusted for Investment Entity accounting entries:							
Operating expenses	—	—	—	—	—	—	2,976
Net fair value and foreign exchange losses	—	—	—	—	—	—	48,258
Investment-related income	—	—	—	—	—	—	(19,696)
Adjusted for pro forma financial information:							
Revenue	80,223	73,671	23,704	89,798	105,801	3,254	376,451
Cost of sales	(68,343)	(45,762)	(16,590)	(77,828)	(91,621)	(2,751)	(302,895)
Other income	—	—	—	883	290	237	1,410
Investment-related income	—	—	—	—	—	791	791
Inter-group income (costs)	—	—	—	(150)	—	150	—
Operating expenses	(7,018)	(16,972)	(5,067)	(10,107)	(11,299)	(3,973)	(54,436)
Forex profit (loss)	(3)	—	—	—	725	(122)	600
Total pro forma Segmental EBITDA	**4,859**	**10,937**	**2,047**	**2,596**	**3,896**	**(2,414)**	**21,921**
Other gains (losses)	—	(21)	(856)	(2,061)	1,118	(3,354)	(5,174)
Total pro forma Consolidated EBITDA	**4,859**	**10,916**	**1,191**	**535**	**5,014**	**(5,768)**	**16,747**

Shareholder's analysis

Register date	**30 June 2017**
Issued share capital	**268,291,260**
Number of shareholders	**1,917**

Shareholder spread

	Number of shareholders	%	Number of shares	%
1 – 1,000 shares	950	49%	210,212	0%
1,001 – 10,000 shares	594	31%	2,336,040	1%
10,001 – 100,000	267	14%	6,845,453	2%
100,001 – 1,000,000 shares	73	4%	26,267,103	10%
1,000,001 shares and over	33	2%	232,632,452	87%
Total	**1,917**	**100%**	**268,291,260**	**100%**

Distribution of shareholders

	Number of shares	%
Directors and management	25,056,660	9%
Tiso Investments Holdings Proprietary Limited	53,787,536	20%
Tiso Foundation Charitable Trust	38,984,567	15%
Pensions	58,916,477	22%
Retail	26,026,755	10%
Mutual Funds	20,928,567	8%
Corporate	8,931,738	3%
Trading	13,221,967	5%
Investment Trusts	10,169,140	4%
Insurance	947,024	0%
Central Government	16,380	0%
Company Related	11,500	0%
Individuals	11,292,949	4%
Total	**268,291,260**	**100%**

Public/non-public shareholders

	Number of shareholders	%	Number of shares	%
Non-public shareholders	14	1%	188,749,894	70%
Directors and management	10	1%	25,056,660	9%
Strategic holder (more than 10%)	4	0%	163,693,234	61%
Public shareholders	1,903	99%	79,541,366	30%
Total	**1,917**	**100%**	**268,291,260**	**100%**

Beneficial shareholders holding of 3% or more

	Number of shares	%
Tiso Investment Holdings Proprietary Limited[1]	53,787,536	20.1%
Kagiso Asset Management Proprietary Limited[2]	43,204,988	16.1%
Tiso Foundation Charitable Trust[3]	38,984,567	14.5%
Public Investment Corporation SOC Limited	27,716,143	10.3%
Credit Suisse Private Banking	12,223,500	4.6%
Protea Asset Management LLC and Conduit Capital Limited	10,853,604	4.0%
Other directors and management holding less than 3%	9,704,474	3.6%
Andrew Bonamour[5]	8,781,980	3.3%
HKM Family Trust[4]	6,570,206	2.4%
Total	**211,826,998**	**78.9%**

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 (RF).
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 shares held by Trusts associated with Harish Mehta.
5) This includes shares held by funds associated with Andrew Bonamour.

Notice of annual general meeting

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, 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 ("**Ordinary Shares**") in Tiso Blackstar Group SE (the "**Company**")

Registered Office:
Berkeley Square House,
Berkeley Square, Mayfair,
London
W1J 6BD

(registered in England and Wales under number SE000110)

18 October 2017

Dear Shareholder,

Annual General Meeting 2017
I am pleased to enclose the notice for the annual general meeting (the "**AGM**") of the Company. The AGM will be held at 10:00am GMT (12:00pm SAST) on 21 November 2017 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 187 to 193. The explanatory notes for the business to be transacted at the AGM are set out on pages 194 to 197 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 2017
The Integrated Annual Report and Accounts for the year ended 30 June 2017 are also enclosed. A resolution to receive and consider the auditor's report, the strategic report and the directors' report and the accounts for the year ended 30 June 2017 is included in the business of the AGM (Resolution 1).

Re-election of Directors
Our Articles of Association require that any director appointed by 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 each of the directors, who have confirmed their intention to offer

themselves for re-election at the AGM. Biographical details for each director can be found on pages 24 and 25 of the 2017 Integrated Annual Report

Final Dividend

The Board recognises the importance of both capital growth and dividend income to our existing and potential shareholders. The Board is therefore proposing to recommend a payment of a final dividend of 0.25935 pence per Ordinary Share, or 4.65912 South African cents per Ordinary Share, for the financial year ended 30 June 2017 (the "**Final Dividend**"). The Final Dividend, if approved at the AGM, is expected to be paid on Friday 15 December 2017 to those shareholders on the register at the close of business on Friday, 24 November 2017. A resolution to approve the payment of the Final Dividend is included in the business of the AGM (Resolution 3).

Renewal of Rule 9 Waiver

Background

Following the completion of transfer of the Company's registered office from Malta to the United Kingdom in June of this year, the UK City Code on Takeovers and Mergers (the "**Takeover Code**") applies to the Company as the equivalent of a public limited company with its registered office in the UK.

Under Rule 9 of the Takeover Code, any person that acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the Takeover Code) which, taken together with shares in which he or she is already interested and shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Rule 9 of the Takeover Code also provides that, among other things, where any person who, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold more than 50 per cent. of the voting rights of such a company, and such person, or any person acting in concert with him or her, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he or she is interested, then such person is normally required to make a general offer to all the remaining shareholders to acquire their shares. Neither the Concert Party nor any member of it will be restricted from making an offer for the Company.

If a person (or group of persons acting in concert) holds interests in shares carrying more than 50 per cent. of a company's voting rights, that person (or any person(s) acting in concert with him) will normally be entitled to increase their holding of voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the concert party will not be able to increase their percentage shareholding through or between a Rule 9 threshold without Takeover Panel consent.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Waiver

Pursuant to the Takeover Code, each of (i) Tiso Investment Holdings Proprietary Limited, (ii) Tiso Foundation Charitable Trust, (iii) David Kwame Tandoh Adomakoh and (iv) Nkululeko Leonard Sowazi are together considered to be acting in concert (the "**Concert Parties**" and, together, the "**Concert Party**") .

Rule 37 of the Takeover Code provides that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9. Rule 37 does not normally apply, however, unless the person who would otherwise be required to make a mandatory offer under Rule 9 of the Takeover Code is a director of the company or is acting in concert with the directors of the company.

Were the Company to use the full extent of the buy back authority which is being sought pursuant to Resolution 14, and the Ordinary Shares so purchased were held in treasury or cancelled, the shareholding of the

Concert Party would increase from 35 per cent. of the total voting rights at present to 38 per cent. of the total voting rights then outstanding.

Accordingly, as a consequence of the application of Rule 37, pursuant to Rule 9 of the Takeover Code, members of the Concert Party, as described above, may be required to make a mandatory offer if their shareholdings increase as a result of the Company purchasing some or all of its Ordinary Shares pursuant to the buy back authority that is being proposed at the AGM.

The Takeover Panel has agreed that, conditional on and subject to the approval of the independent shareholders on a poll at the AGM, it will waive the obligation on any member of the Concert Party to make a general offer that would otherwise arise as a result of the exercise of the buy back authority (the "**Rule 9 Waiver**"). That waiver only applies to Ordinary Shares bought back pursuant to the buy back authority granted to the directors at the time of the AGM.

Pursuant to Resolution 14, the directors are again seeking authority to buy back Ordinary Shares to provide flexibility in the management of the Company's capital resources and therefore the Board is seeking the renewal of the shareholders' approval to the waiver previously granted.

Accordingly, Resolution 9 is being proposed at the AGM and will be taken on a poll and requires to be passed by more than 50 per cent. of votes cast by shareholders (other than the Concert Parties) at the AGM present in person or by proxy and voting at the AGM. The members of the Concert Party will not be entitled to vote on Resolution 9.

Shareholders should note that, even if Resolution 9 is approved at the AGM, any further increase in the Concert Party's aggregate interest in Ordinary Shares (other than pursuant to the exercise of the buy back authority) or an acquisition of further Ordinary Shares by any member of the Concert Party or any person acting in concert with it, will be subject to the provisions of Rule 9.

Further details of the Concert Party and relating to the Rule 9 Waiver can be found in Part 3 (Additional Information) of this Notice.

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 without delay. 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 secretaries no later than 10:00am (GMT) and 12:00pm (SAST) Friday 17 November 2017. Full details are set out in the notes to the Notice on pages 191 and 193 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 a Regulatory Information Service and will be available on the Company's website as soon as practicable following the conclusion of the meeting.

Recommendation

The Board considers that the proposals set out in this Notice, other than in Resolution 9, which is addressed below, are in the best interests of Shareholders and the Company as a whole.

The Directors, other than David Adomakoh and Nkululeko Sowazi (the "**Independent Directors**"), who have been so advised by Northland Capital Partners Limited ("**Northland Capital**"), consider the Rule 9 Waiver to be in the best interests of Shareholders and the Company as a whole. In providing advice to the Independent Directors, Northland Capital has taken account of the commercial assessments of the Independent Directors.

Accordingly:

(i) the Independent Directors recommend that shareholders vote in favour of Resolution 9 to be proposed at the AGM, as they intend to do or procure in respect of their own beneficial holdings of shares which in aggregate amount to 16,113,514 Ordinary Shares (representing approximately 6 per cent. of the Ordinary Shares in issue as at the date of this Notice)

(ii) the Directors recommend that shareholders vote in favour of all of the other Resolutions to be proposed at the AGM, as they intend to do or procure in respect of their own beneficial holdings of shares which in aggregate amount to 92,772,103 Ordinary Shares (representing approximately 34.6 per cent. of the Ordinary Shares in issue as at the date of this Notice).

Yours faithfully,

David Adomakoh
Non-executive Chairman

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 21 November 2017 at 10:00am GMT (12:00pm 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 2017.

2. To approve the Directors' Remuneration Report set out on pages 31 to 33 of the Integrated Annual Report for the financial year ended 30 June 2017.

3. To declare a final dividend of 0.25935 pence per ordinary share of €0.76 each in the capital of the Company ("**Ordinary Share**"), being 4.65912 South African cents per Ordinary Share, in respect of the financial year ended 30 June 2017 to shareholders on the register at the close of business on Friday 24 November 2017.

4. To re-elect the following director retiring in accordance with the Company's articles of association: Nkululeko Leonard Sowazi.

5. To re-elect the following director retiring in accordance with the Company's articles of association: David Kwame Tandoh Adomakoh.

6. To re-appoint Deloitte LLP and Deloitte & Touche (JSE Purpose only) as the auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

7. To authorise the Audit Committee to fix the remuneration of the auditors.

8. 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 conclusion of next year's annual general meeting of the Company (or, if earlier, at the close of business on 20 February 2019). 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 exceed £90,000.

9. That, if Resolution 14 is passed, to approve a waiver granted by the UK Panel on Takeovers and Mergers of the obligation under Rule 9 of the UK Code on Takeovers and Mergers (the "**Takeover Code**") that would otherwise arise on each of: (i) Tiso Investment Holdings Proprietary Limited, (ii) Tiso Foundation Charitable Trust, (iii) David Kwame Tandoh Adomakoh and (iv) Nkululeko Leonard Sowazi (the "**Concert Parties**" and

together the "**Concert Party**") if their shareholdings increased as a result of the Company purchasing some or all of its Ordinary Shares, pursuant to the buy back authority granted by resolution 14 (if passed).

10. 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 €20,390,135 being one-tenth of the nominal value of the existing issued share capital as at close of business on 16 October 2017 (the "**Latest Practicable Date**"), such authority to apply until the end of next year's annual general meeting of the Company (or, if earlier, until the close of business on 20 February 2019) 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 13.

11. That the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out on pages 31 to 33 of this Integrated Annual Report.

12. That the Company's implementation report in regard to the remuneration policy, as set out in the remuneration report on pages 31 to 33 and Annexure A of the Notice/this Integrated Annual Report, be and is hereby endorsed by way of a non-binding vote.

To consider and, if thought fit, pass the following resolutions as special resolutions:

13. That, if resolution 10 is passed, then subject to that resolution, the Board be and is hereby given 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,

    (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,

    such power to apply until the end of next year's annual general meeting of the Company (or, if earlier, until the close of business on 20 February 2019) 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 hereunder 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 26,829,126 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;
- 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 10 and this resolution 13.

14. That the Company be and is hereby given power 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 a maximum number of 26,829,126 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 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

    (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 end of next year's annual general meeting of the Company (or, if earlier, until the close of business on 20 February 2019) 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:

(a) 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;

(b) such repurchase shall be done without any prior understanding or arrangement between the Company and the counterparty;

(c) a resolution has been passed by the board of directors approving the purchase, that 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;

(d) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;

(e) 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

(f) 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

Leanna Isaac
Company Secretary
18 October 2017

Notes:

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company (the "**Share Register**") for purposes of being entitled to receive this notice is Friday 13 October 2017.

2. Members registered on the South African Register of Members (the "**SA Register**") as of Friday 10 November 2017 (the "**SA Record Date**") shall have the right to participate and vote at the Annual General Meeting. Accordingly, the last day to trade for shareholders on the SA Register in order to be able to participate and vote at the meeting is Tuesday 7 November 2017. Any change to an entry on the SA Register after the SA Record Date shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

3. Members registered on the United Kingdom Register of Members (the "**UK Register**") as of Friday 17 November 2017 (the "**UK Record Date**") shall have the right to participate and vote at the Annual General Meeting. Any change to an entry on the UK Register after the UK Record Date shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting

4. A member 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 meeting whether by show of hands or on a poll. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such an appointment and give proxy instructions accompanies this Notice

5. 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 Friday 17 November 2017 at 10:00 a.m. (GMT). In order to assist shareholders:

   a. certificated shareholders and own-name registered dematerialised shareholders on the South African sub-register may send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) either in hard copy form by post, by courier or by hand to be received by no later than Friday 17 November 2017 at 12:00 p.m. (SAST); and

   b. certificated shareholders who trade their shares on AIM of the London Stock Exchange and are registered on the AIM part of the register of members may send their signed Form of Proxy to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU either in hard copy form by post, by courier or by hand to be received by no later than Friday 17 November 2017 at 10:00 a.m. (GMT),

   so as to enable the Form of Proxy to be forwarded on your behalf to the Company no later than Friday 17 November 2017 at 10:00 a.m (GMT)/12:00 p.m (SAST)

6. 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.

7. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy please follow the notes contained in the Form of Proxy. If you do not have a Form of Proxy and believe that you should have one or, if you require additional forms, please contact the Company's Registrars, Capita Asset Services ("Capita"), on 0871 664 0300 from within the UK or +44 208 639 3399 from outside the UK (calls cost 12 pence per minute plus your phone company's access charge. Calls outside the UK will be charged at the applicable international rate. Lines are open 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales). Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

8. 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 register of members in respect of the joint holding (the first-named being the most senior).

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   a. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10:00am on 17 November 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   b. CREST members and, where applicable, their CREST sponsors, or voting service provider(s), should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical Limitations of the CREST system and timings.

   c. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 (as amended).

10. Dematerialised shareholders on the South African sub-register, other than own-name registered dematerialised shareholders, who wish to attend the Annual General Meeting 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 Annual General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein. The CSDP or broker must provide all voting instructions to the transfer secretaries by no later than Friday 17 November 2017 at 12:00 p.m. (SAST).

11. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

12. Any person to whom this 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.

13. 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.

14. The Company specifies that only those shareholders included in the Register of Members as at close of business on 17 November 2017 or, in the event that this AGM is adjourned, in the Register of Members 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 meeting (or any adjourned meeting) in respect of the numbers of shares registered in their names at that time. Changes to the Register of Members after close of business on17 November 2017 or, in the event that the AGM is adjourned, in the Register of Members 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 meeting (or any adjourned meeting).

15. A Form of Proxy sent electronically that is found to contain any virus will not be accepted.

16. 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 member provided that they do not do so in relation to the same shares.

17. 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 Regulatory Information Service and will be available on the Company's website as soon as practicable following the conclusion of the meeting.

18. Under section 527 of the Act, members 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 meeting 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.

19. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

20. A copy of this 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.

21. You may not use any electronic address provided either in this Notice or any related documents (including the Chairman's Letter and Form of Proxy) to communicate for any purposes other than those expressly stated.

PART 2 – EXPLANATORY NOTES ON THE RESOLUTIONS

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 12 are proposed as ordinary resolutions.

Resolution 1 – To receive and consider the auditor's report, the strategic report, the directors' report and the accounts for 2017
For each financial year, the directors must present an independent auditor's report on the financial statements, a strategic report, a directors' report and accounts to shareholders at a general meeting. Those to be presented at the AGM are in respect of the year ended 30 June 2017.

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 31 to 33 of the 2017 Integrated Annual Report. The Directors' Remuneration Report sets out the remuneration outcomes for the financial year ended 30 June 2017. This report will be subject to an advisory vote.

Resolution 3 – To declare a final dividend
The directors recommend the payment of a final dividend of 0.25935 pence per ordinary share of €0.76 each in the capital of the Company ("**Ordinary Share**"), being 4.65912 South African cents per Ordinary Share, in respect of the year ended 30 June 2017. If approved, it is expected that the dividend will be paid on Friday 15 December 2017 to those shareholders on the register at the close of business on Friday 24 November 2017.

Resolutions 4 and 5 – 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.

Each of the Non-executive Directors have been subject to a performance evaluation process and it is believed that they each continue to be effective in, to demonstrate commitment to, and to have sufficient time available to perform the duties required of his role.

The biographical details of each director are given in the 2017 Integrated Annual Report in support of the Board's recommendation to re-elect each of the following directors of the Company:

David Kwame Tandoh Adomakoh and Nkululeko Leonard Sowazi

Resolutions 6 and 7 – 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. Deloitte LLP and Deloitte & Touche has indicated that they are willing to continue as the Company's auditors for another year. You are asked to approve their re-appointment and, following normal practice, to authorise the Audit Committee to determine their remuneration.

Resolution 8 – 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 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. It may catch 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 caught by the legislation.

Resolution 9 – Approval of Takeover Code Waiver
Rule 37 of the Takeover Code provides that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9. Rule 37 does not normally apply, however, unless the person who would otherwise be required to make a mandatory offer under Rule 9 of the Takeover Code is a director of the company or is acting in concert with a director of the company. The Concert Party members would therefore be subject to Rule 37.

At the AGM, shareholders are being asked to renew the authority of the board to purchase up to 10 per cent. of the issued share capital of the Company as at close of business on 16 October 2017 (the "**Latest Practicable Date**").

Were the Company to use the full extent of the proposed buy back authority, and the Ordinary Shares so purchased were held in treasury or cancelled, the shareholding of the Concert Parties would increase from 35 per cent. of the total voting rights at present to 38 per cent. of the total voting rights then outstanding. Accordingly, if the Concert Party's aggregate shareholding increased as a result of the Company's exercise of its buy back authority, the Concert Parties would be required to make a mandatory offer, under Rule 9 of the Takeover Code, for the remainder of the Ordinary Shares.

The Takeover Panel agreed that, conditional on and subject to the approval of the independent shareholders it will waive the obligation on any member of the Concert Party to make a general offer that would otherwise arise as a result of the exercise of the buy back authority that is proposed and therefore the Board is seeking the renewal of the shareholders' approval to this waiver, as anticipated in the Notice to Shareholders dated 26 May 2017.

Resolution 10 – 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 €20,390,135 which, as at the Latest Practicable Date, represented approximately one-tenth of the issued share capital of the Company.

The authority sought under resolution 10 will expire at the earlier of the conclusion of the next annual general meeting of the Company and close of business on 20 February 2019. The Board intends to seek renewal of this authority again at next year's 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.

Resolution 11 – Non Binding Advisory Vote on the Remuneration Policy of the Company
The reason for Resolution 11 is that the King Code on Governance for South Africa 2016 ("**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 11 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 12 – Non Binding Advisory Vote on the Implementation of the Remuneration Policy of the Company

The reason for Resolution 12 is that 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 12 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 13 and 14 are proposed as special resolutions which require a 75% majority of the votes to be cast in favour.

Resolution 13 – 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.

Limb (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.

Limb (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 €10,195,068. This aggregate nominal amount represents approximately 5% of the issued share capital of the Company as at the Latest Practicable Date.

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 2019. This authority is granted under section 570 of the Act and is a standard authority taken by most UK listed companies each year.

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 13.

Resolution 14 – 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 26,829,126 Ordinary Shares, which represents 10% of the Company's issued share capital as at the Latest Practicable Date.

The Company may either retain any of its own shares which it has purchased as treasury shares with a view to 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, including pursuant to the authority under resolution 10 above and would provide the Company with additional flexibility in the management of its capital base.

Issued share capital

All references to the Company's "issued share capital" in the explanatory notes above are to the Company's issued share capital as at the Latest Practicable Date, which was 268,291,260 Ordinary Shares. As at the Latest Practicable Date, the Company held no Ordinary Shares as treasury shares. The Company has awarded in total 3,012,349 shares to all participants under the Management Incentive Scheme summarised in schedule 1 of part 2 to the Circular to shareholders dated 26 May 2017 and approved by shareholders at the extraordinary general meeting held on 20 June 2017 (the "Management Incentive Scheme") The vesting of such shares to participants and the quantity of shares vested will be based on achievement of the performance conditions over the performance period. Therefore until the vesting date the shares will be subject to risk of forfeiture if certain conditions are not met. The Management Incentive Scheme shares are disclosed as treasury shares for accounting purposes, however for legal purposes they are not held in treasury. They are held by an escrow agent on behalf of the participants, have been committed to meeting the Company's obligations to participants under the Management Incentive Scheme and the participants have the right to vote the shares. The total voting rights in the Company as at the Latest Practicable Date were 268,291,260 ordinary votes.

PART 3 – ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1. The Directors accept responsibility for the information contained in this Notice and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the document is in accordance with the facts and that it does not omit anything likely to affect the import of the information.

1.2. Each member of the Concert Party accepts responsibility for the information contained in this Notice relating to each of them as members of the Concert Party and, to the best of the knowledge and belief of each member of the Concert Party having taken all 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 such information.

2. DIRECTORS

2.1. 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*

3. THE COMPANY

3.1. The Company is a European public limited company (*Societas Europaea*), registered and incorporated in England and Wales with registration number SE000110. The Company's shares are admitted to trading on the AIM Market of the London Stock Exchange and the Main Board of the JSE.

3.2. Tiso Blackstar Group is a global media company with roots in Africa, operating market-leading newspaper, broadcast, digital and mobile properties focused on providing quality content and services to its varied audiences. 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.

3.3. The Company was readmitted to trading on AIM on 8 June 2015, following the successful implementation of the acquisition of the entire issued share capital of Blackstar Holdings Group Proprietary Limited (previously Times Media Group Proprietary Limited) not already owned by the Company or Tiso Blackstar Holdings SE (previously Tiso Blackstar (Cyprus) Public Limited)(excluding treasury shares), as well as the acquisition of an effective 22.9% interest in Kagiso Tiso Holdings Proprietary Limited ("**KTH**").

3.4. The audited accounts of the Company for the last two financial period ended 30 June 2017 can be accessed at http://www.tisoblackstar.com/publications/ and are incorporated by reference into this Notice (pursuant to Rule 24.15 of the Takeover Code).

3.5. The Company's interim financial statements for the six months ended 31 December 2016 can be accessed at http://www.tisoblackstar.com/publications/ and are incorporated by reference into this Notice (pursuant to Rule 24.15 of the Takeover Code).

3.6. The members of the Concert Party have confirmed that they do not intend that the future of the business and the location of the Company's place of business will be altered as a result of the proposed Waiver. The members of the Concert Party have further confirmed that they do not intend that any of the Company's fixed assets are redeployed nor that the existing employment rights, including pension rights, and employer pension contributions of any employees or directors of the Company or the admission of new members to any pension schemes, will be prejudiced. The Shares will continue to be admitted to trading on AIM and JSE.

4. DETAILS OF THE CONCERT PARTY MEMBERS

The members of the Concert Party and details of the reason for their membership of the Concert Party are set out below. Their holdings are set out in paragraph 5.

Tiso Investment Holdings Proprietary Limited ("TIH")

TIH is a private investment holding company with a Registration Number 2000/027686/07 incorporated in accordance with the laws of South Africa. David Adomakoh and Nkululeko Sowazi are both beneficially interested in TIH, as each of them indirectly owns 50% of TIH. The directors of TIH are David Adomakoh and Nkululeko Sowazi.

Tiso Foundation Charitable Trust ("Tiso Foundation")

The Tiso Foundation is an inter vivos trust, registered in accordance with the laws of South Africa (Master's Reference No. IT 2962/02). The trust was established in 2001 and first launched in 2005. It is a self-sustained public benefit organisation ("PBO") focusing on supporting youth education, development and leadership. Its website can be accessed at http://tisofoundation.co.za/.

The Tiso Foundation currently has seven trustees, David Adomakoh, Nkululeko Sowazi, Vhonani Mufamadi, Safeera Mayet, Michelle Kimmie, Bridget Shibambu and Chabani Noel Manganyi. TIH has sole rights to appoint and remove the trustees of the Tiso Foundation.

TIH and the Tiso Foundation acquired their shares in Tiso Blackstar in 2015 as part of the consideration for the sale of a 22.9% interest in KTH to the Company. This transaction constituted a reverse takeover pursuant to Rule 14 of the AIM Rules.

David Adomakoh

David Adomakoh is the Chairman of TIH, a co-founder of Tiso Group and served as its Group Managing Director. He is a former Director of Chase Manhattan Limited, London; Head of the Chase Manhattan Bank, Southern Africa; Executive Director of Robert Fleming Holdings South Africa Limited; and Head of Africa Corporate Finance at JPMorgan Chase Bank, N.A. Johannesburg branch. He currently serves as a non-executive director of KTH, and Chairman of its Investment and Valuation Committee. David serves as a non-executive director of Vanguard Group Limited (Ghana).

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 has also served on the boards of a number of South African, Nigerian and Ghanaian companies.

David is a founder trustee of The Tiso Foundation and a World Fellow of the Duke of Edinburgh's International Award. He holds a BSc (Econs) Hons (London School of Economics) and Diplôme de Langue et de Civilisation (La Sorbonne, Université de Paris).

Nkululeko Sowazi

Nkululeko Sowazi is the Chairman of KTH, a leading South African Investment holding company with significant interests in the media, financial services and resources sectors. KTH was formed in July 2011 following the merger of two leading black owned investment firms, KTI and Tiso Group, with combined gross assets of R15 billion. Nkululeko was the Executive Chairman and co-founder of Tiso Group which was formed in 2001 and grew to a multi-billion rand investment company by the time the merger was concluded. He is currently a non-executive director of the JSE listed companies Grindrod Limited and Litha Healthcare Group Limited.

Nkululeko serves as a non-executive director of Actom Holdings Proprietary Limited and Idwala Industrial Holdings Proprietary Limited. He also serves on a number of not for profit organisations. He is a founder trustee of Tiso Foundation, Chairman of the Homeloan Guarantee Company and Housing for HIV Foundation based in Washington D.C. He serves on the board of governors of Michaelhouse College and is a World Fellow of the Duke of Edinburgh's International Award.

Nkululeko holds a BA degree in economics and a MA from the University of California, Los Angeles (UCLA).

5. INTERESTS AND DEALINGS

5.1. **Definitions**

For the purposes of this paragraph 5:

5.1.1 "acting in concert" has the meaning attributed to it in the Takeover Code, a copy of which is available at http://www.thetakeoverpanel.org.uk/wp-content/uploads/2008/11/code.pdf?v=2May2017;

5.1.2 "arrangement" includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

5.1.3 "connected adviser" has the meaning attributed to it in the Takeover Code;

5.1.4 "control" means an interest, or interests in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company, which are exercisable at a general meeting irrespective of whether such interest or interests give de facto control;

5.1.5 "dealing" includes (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of securities; (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities; (c) subscribing or agreeing to subscribe for relevant securities; (d) the exercise or conversion, whether in respect of new or existing relevant securities, of any relevant securities carrying conversion or subscription rights; (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and (g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

5.1.6 "derivative" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

5.1.7 a person has an "interest" or is "interested" in relevant securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular if:

5.1.7.1 he owns them;

5.1.7.2 he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;

5.1.7.3 by virtue of any agreement to purchase, option or derivative, he:

5.1.7.4 has the rights or option to acquire them or call for their delivery; or

5.1.7.5 is under an obligation to take delivery of them,

5.1.7.6 whether the rights, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

5.1.7.7 he is party to any derivative:

5.1.7.8 whose value is determined by reference to their price; and

5.1.7.9 which results, or may result, in his having a long position in them;

5.1.8 "relevant securities" means shares and securities convertible into, rights to subscribe for, derivatives referenced to, and options (including traded options) in respect of shares; and

5.1.9 "short position" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery.

The Company and Directors of the Company

5.2. As at the close of business on the 16 October 2017 (the "**Latest Practicable Date**"), the total number of Ordinary Shares in issue was 268,291,260 and zero treasury shares in issue. The Company has awarded in total 3,012,349 Ordinary Shares to all participants under the management incentive scheme summarised in schedule 1 of part 2 to the circular to shareholders dated 26 May 2017 and approved by shareholders at the extraordinary general meeting held on 20 June 2017 (the "Management Incentive Scheme"). The vesting of such shares to participants and the quantity of shares vested will be based on achievement of the performance conditions over the performance period. Therefore until the vesting date the shares will be subject to risk of forfeiture if certain conditions are not met. The Management Incentive Scheme shares are disclosed as treasury shares for accounting purposes, however for legal purposes they are not held in treasury. They are held by an escrow agent on behalf of the participants, have been committed to meeting the Company's obligations to participants under the Management Incentive Scheme and the participants have the right to vote the shares.

5.3. Save for the Management Incentive Scheme and the grant thereunder to Andrew Bonamour announced on 30 June 2017, no incentivisation arrangements have been entered into and no proposals as to any incentivisation arrangements have reached an advanced stage between the Company and the Directors.

5.4. There are no warrants or options in issue to subscribe for new Ordinary Shares.

5.5. As at the close of business on the Latest Practicable Date, the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them in the share capital of the Company, and of any other person acting in concert with the Company, together with any options in respect of such share capital (all of which holdings are beneficially held unless otherwise stated) required to be notified to the Company or which are required to be entered into the Company's shareholder register, are as set out below:

Director		Number of Shares	% of issued share capital net of treasury shares
John Broadhurst Mills(i)		761,328	0.3
Andrew David Bonamour(ii)		8,781,980	3.3
David Kwame Tandoh Adomakoh	Beneficial(iii)	53,787,536	20.1
	Non-Beneficial(iv)	38,984,567	14.5
Nkululeko Leonard Sowazi	Beneficial(iii)	53,787,536	20.1
	Non-Beneficial(iv)	38,984,567	14.5
Harishkumar Kantilal Mehta(v)		6,570,206	2.4

Notes:

i. These shares are held indirectly.

ii. These shares are held both directly and indirectly. In addition to these interests on 30 June 2017 Andrew Bonamour was awarded 433,468 forfeitable shares under the Management Incentive Scheme.

iii. This shareholding is held by TIH. David Adomakoh and Nkululeko Sowazi each indirectly hold a 50% stake in TIH.

iv. This shareholding is held by Tiso Foundation Charitable Trust. David Adomakoh and Nkululeko Sowazi are non-beneficially interested in this shareholding. Their interest only arises as a result of them being two of the seven trustees on the Tiso Foundation Charitable Trust.

v. This includes shares held by Trusts associated with Harish Mehta.

5.6. None of the Directors, nor any member of their immediate families or related trusts (so far as the Directors are aware having made due enquiry), dealt in relevant securities of the Company during the 12 months prior to the Latest Practicable Date.

5.7. As at the close of business on the Latest Practicable Date and save as disclosed in this Notice, none of (i) the Company, (ii) the Directors; (iii) any of the Directors' immediate families or related trusts; (iv) the pension funds of the Company or its subsidiary undertakings; (v) any employee benefit trust of the Company or its subsidiary undertakings; (vi) any connected adviser to the Company or its subsidiary undertakings or any person acting in concert with the Directors; (vii) any person controlling, controlled by or under the same control as any connected adviser falling within (vi) above (except for an exempt principal trader or an exempt fund manager); nor (viii) any other person acting in concert with the Company; owns or controls, has a short position, or has borrowed or lent (or entered into any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any relevant securities of the Company.

5.8. Save for the interests of David Adomakoh and Nkululeko Sowazi in TIH and the Tiso Foundation as set out in paragraph 4 above, neither the Company nor any of the Directors nor any member of their immediate families or related trusts, owns or controls or is interested, directly or indirectly in or has any short position in, any member of the Concert Party or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any of the foregoing, or has dealt in any such securities in the 12 months prior to the Latest Practicable Date.

5.9. Neither the Company, the Directors, nor any person acting in concert with the Company has borrowed or lent any relevant securities.

The Concert Party's current interest and maximum potential interests following implementation of the Proposals

5.10. As at the close of business on the Latest Practicable Date, the interests of the members of the Concert Party in the relevant shares or securities of the Company, as well as the maximum potential percentage holdings of the Concert Party members and the Concert Party as a whole, based on full exercise of the remaining buy back authority being sought at the AGM to be held on 21 November 2017 are as set out in the table below:

		Current shareholdings	Maximum potential shareholdings
Concert Party members	**Number of Shares**	**% of issued share capital net of treasury shares**	**% of issued share capital net of treasury shares**
Tiso Investment Holdings Proprietary Limited[i]	53,787,536	20.1%	22.28%
Tiso Foundation Charitable Trust[ii]	38,984,567	14.5%	16.15%
Total Holdings	**92,772,103**	**34.6%**	**38.43%**

Notes:

i. David Adomakoh and Nkululeko Sowazi each indirectly hold a 50% stake in TIH.

ii. David Adomakoh and Nkululeko Sowazi are non-beneficially interested in this shareholding. Their interest only arises as a result of them being two of the seven trustees on the Tiso Foundation Charitable Trust.

5.11. As at the close of business on the Latest Practicable Date and save as disclosed in this Notice, none of the members of the Concert Party nor any directors of its members nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the UK Companies Act 2006), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any relevant shares or securities of the Company, or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any such relevant shares or securities of the Company.

5.12. None of the members of the Concert Party, nor any directors of its members, nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the UK Companies Act 2006), nor any person acting in concert with such persons, nor any member of their immediate families or related trusts (so far as the Directors are aware having made due enquiry), dealt in relevant securities of the Company during the 12 months prior to the Latest Practicable Date.

5.13. No member of the Concert Party has entered into any agreement, arrangement or understanding with any of the Directors which has any connection with or dependence upon the Waiver. In addition, there is no agreement, arrangement or understanding having any connection with or dependence upon the Waiver between any member of the Concert Party and any person interested or recently interested in Shares in the Company, or any other recent director of the Company.

5.14. No agreement, arrangement or understanding has been entered into whereby the legal and/or beneficial interest in any Ordinary Shares held by or to be issued to any member of the Concert Party will be transferred to any other person.

Consents

5.15. In connection with the waiver resolutions and in order to comply with the requirements of the Takeover Code, Northland Capital has given and has not withdrawn its written consent to the issue of this Notice with the references to it in the form and context in which they appear.

6. 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 Articles.

Non-executive Director fees are as follows:

Director		GBP Fee per annum	Start date	Term
David Adomakoh	Non-executive Group Chairman	38,976	30 June 2017	one year
John Mills (Maitland Luxembourg S.A.)	Independent Non-executive Group Deputy Chairman	38,976	30 June 2017	one year
Nkululeko Sowazi	Non-executive Director	38,976	30 June 2017	one year
Marcel Ernzer	Independent Non-executive Director	38,976	30 June 2017	one year
Harish Mehta	Independent Non-executive Director	38,976	30 June 2017	one year

Additionally, David Adomakoh and Nkululeko Sowazi both have interests in SAI Holdings Limited ("SAI") and TIH, which have agreements with the Company or its subsidiaries.

Under the agreement between 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 USD$ 600,000 per annum, payable in quarterly instalments.

Under the agreement between 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, £12,945 (excluding Value Added Taxation) per month. The TIH payment will cease following the realisation of KTH.

The capacity of Mr Andrew David Bonamour changed from non-executive director to chief executive officer ("CEO") with effect from 17, July 2017. This appointment culminated as a result of the Company's change in status from an Investment Entity to a consolidated group, its migration to the UK and in light of the fact that Mr Bonamour is the CEO of the Company's investment advisor Tiso Blackstar SA Proprietary Limited as well as CEO of the Group's core business Tiso Blackstar Group Proprietary Limited (previously Times Media Proprietary Limited), "the Employers".

The total remuneration package paid by the Employers to Mr Bonamour for his role as CEO of the three aforementioned companies is R 6,812,811 per annum. The employers may award Mr Bonamour, in addition to the aforementioned remuneration package, a yearly bonus, as a variable component, at the Board's discretion (acting through its Remuneration Committee) based on Mr Bonamour fulfilling the KPI's envisaged in his employment contracts. Accordingly, Mr Bonamour may participate in the Group's approved short term incentive awards scheme and the Management Incentive Scheme applicable to the Group's employees and overseen by the Group's Remuneration Committee in accordance with the rules of such scheme and share plan.

Subject to the conditions of Mr Bonamour's employment contracts, his employment shall continue indefinitely and employment shall be terminable on not less than 3 calendar months advance written notice by the employers or Mr Bonamour provided that no such notice may be given by either parties before the expiry of 2 years from the commencement date being July 2017 except under certain conditions as provided for in his employment agreements.

During the 12 months ended 30 June 2017, Mr Bonamour received salary and fees of R 5,830,000 and other benefits, which included medical aid, security and motor vehicle allowance of R 432,000, pursuant to his service agreement. As a non-executive director of the Company for the 12 months ended 30 June 2017, Mr Bonamour also received a contractual director fee of R 482,000.

In addition, a discretionary amount of R 1,900,000 was awarded to Mr Bonamour as a short term incentive award through the shareholder approved long term Management Incentive Scheme for the year ended 30 June 2017. Mr Bonamour was awarded 443 468 forfeitable shares on 30 June 2017 under the Management Incentive Scheme which is limited to executives, senior management and other key employees selected by the board.

Prior to the arrangements detailed above, there were no other arrangements or service contracts entered into or amended with the Directors save within 6 months of the date of this document save for that Andrew Bonamour entered into a service agreement with Blackstar Group Proprietary Limited, a subsidiary of the Company, on or around 1 June 2009 for an initial fixed term of two years which was extended to an initial four year period from 1 June 2009 pursuant to the terms of an amended agreement dated 8 April 2011. The initial fixed term expired and the agreement then became subject to termination on three months' notice.

7. MATERIAL CHANGES

There has been no significant change in the financial or trading position of the Company and its subsidiaries subsequent to the Company's financial year-end, being 30 June 2017.

8. MATERIAL CONTRACTS

During the period beginning two years before the publication of this Notice, the Company has entered into the following material contracts:

Relationship Agreement

A relationship agreement dated 8 March 2017 entered into between the Company, David Adomakoh, Nkululeko Sowazi, Tiso Investment Holdings Proprietary Limited and Northland Capital, which governs the relationship between each of the parties to it in order to ensure that the Company is able to carry on its business independently.

KTH Disposal

KTH is an investment holding company whose 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. Further details on KTH can be found on www.kagiso.com.

On 6 July 2017, Tiso Blackstar updated shareholders on the conditional sale of its interest in KTH for R1.5 billion (£88.3 million). The Company signed a share purchase agreement with KTH and Kagiso on 5 July 2017 whereby Kagiso will purchase Tiso Blackstar's entire shareholding in KTH, subject to the fulfilment of suspensive conditions.

All the conditions have been completed with the exception of the finalisation of the funding agreements and the approval from the competition authorities.

Robor acquisition

On 22 October 2015, the Company announced that the pre-conditions for the acquisition of additional ordinary shares in Robor Proprietary Limited ("**Robor**") had been completed, effective 21 October 2015, and as a result Tiso Blackstar increased its interest in Robor from 19.4% to 51%, for a consideration of R29.6 million (£1.5 million), settled through the issue of 1,740,358 Shares made up of 1,625,973 new Shares and 114,385 Shares which were held as treasury shares by the Company.

9. MARKET QUOTATIONS

The following are middle market quotations for the Shares for the first Business Day of each of the six months set out below and for the Latest Practicable Date:

Date	Price per share (p)
3 April 2017	62.00
2 May 2017	60.50
1 June 2017	59.25
3 July 2017	57.50
1 August 2017	54.50
1 September 2017	54.50
2 October 2017	54.50
16 October 2017 (the "**Latest Practicable Date**")	51.00

10. DOCUMENTS AVAILABLE FOR INSPECTION

10.1. 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 (Saturdays, Sundays and public holidays excepted) from the date of this Notice at the registered office of the Company and at the place of the AGM for 15 minutes prior to the meeting and during the meeting:

i. the Memorandum and Articles of the Company;

ii. the audited financial statements to 30 June 2017;

iii. the interim financial statements for the six months ended 31 December 2016; and

iv. this Notice.

10.2. Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Notice at the registered office of the Company and at the place of the AGM for 15 minutes prior to the meeting and during the meeting:

10.2.1 the consent letter from Northland Capital; and

10.2.2 All directors service agreements and non-executive director engagement letters.

A person who has received this Notice may request a copy of any documents or information incorporated by reference into this Notice. A copy of any such documents or information incorporated by reference into this 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 this 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, this Notice.

Dated: 18 October 2017

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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 Tuesday 21 November 2017 at 10.00 a.m. GMT (12:00pm 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 18 October 2017.

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 (the "**Company**"), 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 Tuesday 21 November 2017 at 10.00 a.m. GMT (12:00pm 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 2017.			
2.	To approve the Directors' Remuneration Report set out on pages 31 to 33 of the Integrated Annual Report for the financial year ended 30 June 2017.			
3.	To declare a final dividend of 0.25935 pence per Ordinary Share being 4.65912 South African cents per Ordinary Share in respect of the financial year ended 30 June 2017.			
4.	To re-elect Nkululeko Leonard Sowazi as director.			
5.	To re-elect David Kwame Tandoh Adomakoh as a director.			
6.	To re-appoint Deloitte LLP and Deloitte & Touche (JSE Purpose Only) as the auditors of the Company.			
7.	To authorise the Audit Committee to fix the remuneration of the auditors.			
8.	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.			
9.	That, if Resolution 13 is passed, to approve a waiver granted by the UK Panel on Takeovers and Mergers of the obligation under Rule 9 of the Takeover Code that would otherwise arise as a result of the Company purchasing some or all of its Ordinary Shares, pursuant to the buy back authority granted by resolution 14 (if passed).			
10.	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 €20,390,135 being one-tenth of the existing issued share capital .			
11.	To endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out on pages 31 to 33 of this Integrated Annual Report.			
12.	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 31 to 33 and			

Form of Proxy continued

Special Resolutions	For	Against	Abstain
13. That, if resolution 10 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 (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,			
14. To authorise the Company to make market purchases of its Ordinary Shares, to a maximum number of 26,829,126 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 2017

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 and 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 must either reach at Berkeley Square House, Berkeley Square, Mayfair, London W1J 6BD , or be emailed to info@tisoblackstar.com or reach Link Market Services South Africa Proprietary Limited or Capita Asset Services, as set out below, in either case by no later than Friday 17 November 2017 at 10.00 a.m. GMT. In order to assist Shareholders:
   (i) certificated Shareholders and own-name registered dematerialised Shareholders who trade their shares on the South African register are strongly urged to send their signed Form of Proxy to South African Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than Friday 17 November 2017 at 12:00 pm (SAST).
   (ii) certificated Shareholders who trade their shares on AIM of the London Stock Exchange and are registered on AIM part of the register of members are strongly urged to send their signed Form of Proxy to Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than, Friday 17 November 2017 at 10.00 a.m. GMT.
4. Dematerialised Shareholders on the South African register, other than own-name registered dematerialised Shareholders, who wish to attend the AGM in person, will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such Shareholders and the CSDP or broker. Dematerialised Shareholders, other than own-name registered dematerialised Shareholders, who are unable to attend the 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 secretaries by no later than Friday 17 November 2017 at 12.00 pm (SAST).

5. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number RA10) not later than 10.00 am GMT, on 17 November 2017 before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
6. 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.
7. 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.

Administration

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)
R T Wight (Non-executive) – resigned effective 20 July 2017

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E-mail: info@tisoblackstar.com
Website: www.tisoblackstar.com

Auditors
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2 New Street Square
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United Kingdom

Auditors
(South Africa)
Deloitte & Touche
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South Africa

Nominated Adviser and Broker
(United Kingdom)
Northlands Capital Partners Limited
60 Gresham Street
4th Floor
London
EC2V 7BB
United Kingdom

Nominated Adviser and Broker
(South Africa)
PSG Capital Proprietary Limited
1st Floor Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
South Africa

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

Legal Adviser
(as to South African law)
Edward Nathan Sonnenbergs Inc
150 West Street
Sandton
2196
South Africa

Registrars and Receiving Agents
(United Kingdom)
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

Registrar and Receiving Agents
(South Africa)
Link Market Services Proprietary Limited
13th Floor Rennie House
19 Ameshoff Street
Braamfontein
2000
South Africa

Dual primary listing
AIM of the London Stock Exchange
Main Board of the JSE Limited