tiso blackstar group.

Tiso Blackstar Group SE
Unaudited Condensed Consolidated Financial Statements for the six months ended 31 December 2017

Incorporated in England and Wales

Company number SE 000110

Registered as an external company with limited liability in the Republic of South Africa under registration number 2011/008274/10

Share codes: TBGR and TBG

ISIN: GB00BF37LF46

("Tiso Blackstar" or the "Company" or the "Group")

Highlights

- Good performance from core businesses despite tough trading conditions in the six months to 31 December 2017.
- An increase of 8.7% in earnings per share and an increase of 570.2% in headline earnings per share from the comparative reporting period.
- Combined EBITDA from core businesses up 6.2%, revenues up 2.4%.
- Hirt & Carter Group delivered 16.3% revenue growth and 12.5% EBITDA improvement.
- Media EBITDA is marginally lower as soft advertising flowing from negative sentiment from political instability market impacted revenues.
- Broadcast and Content produced 71.6% growth in EBITDA.
- Restructuring of Media legacy structures delivered good savings while new revenues from digital and events showed promising growth.
- Successful launch of BusinessLive premium paywall product created a significant new revenue stream from digital subscribers.
- Closure of loss-making Times newspaper and launch of digital Times Select has had a positive impact on the bottom line in the second half.
- The start of the second half of the 2018 financial year has seen improved trading, as improved business confidence drives growth in marketing spend.
- Hirt & Carter Group achieved growth across most units, and its integration with Uniprint is expected to yield positive results going forward.
- Non-core results from steel interests and KTH pulled down a good performance from the core results.
- The operating environment has been exceptionally difficult, but the performance of core Media and related operations in this difficult period bodes well for the second half and beyond.

Overview

The six months to 31 December 2017 were some of the most difficult in recent times, dogged by political uncertainty and the resulting decline in business confidence and reduction in marketing spend nationally.

The Group's core businesses performed exceptionally well under such circumstances, delivering a mix of sustainable new revenue streams and tight cost management. The core businesses delivered combined growth in earnings and revenue and are well placed to benefit from the improving economic climate.

Unfortunately, the results from the Group's non-core steel interests, namely Robor Proprietary Limited ("Robor") and Consolidated Steel Industries Proprietary Limited ("CSI"), as well as Kagiso Tiso Holdings Proprietary Limited ("KTH") dragged down a good performance from the core results, but plans are in place to resolve and reduce exposure to these assets. By year end, the Group is aiming for non-core assets not to be consolidated, as the Group will have either reduced its controlling interest, disposed of them entirely or classified them as non-current assets held for sale.

The strong performance from the marketing solutions business Hirt & Carter Group, solid earnings from Media and decent earnings growth from the Broadcast and Content business, all contributed to an overall commendable performance.

The restructuring of the Group's cost base and growth in new revenue streams bodes well for the future as the economically leveraged media environment benefits from expected macro-economic improvement.

Core businesses

Blackstar Holdings Group Proprietary Limited ("BHG") – 100.0% owned
BHG consists of the following segments: Media, Broadcast and Content, and Hirt & Carter Group.

Media

Media remained hamstrung by a weak economy with political uncertainty having an effect on advertising across the industry, especially in the final quarter of the calendar year. Revenues in the traditional Media business were down 5.9% from the comparative reporting period but continued tight cost management limited EBITDA declines to 4.6%.

Softer trading at the book distribution company, New Holland S.A. Proprietary Limited trading as Booksite Afrika, and 50.0% owned mobile solutions business Smartcall Technology Solutions Proprietary Limited ("STS"), resulted in an overall decrease in EBITDA. Early indications are that 2018 is expected to be less pressured, with positive sentiment emerging and beginning to reflect in marketing spend.

The brands entrenched themselves as leaders in quality journalism, thanks to the editorial team's ground breaking and award winning coverage of state capture allegations. The division continues to invest in new talent and has made several key appointments including Lukanyo Mnyanda as Editor of Business Day, Sthembiso Msomi as Editor of Sowetan and Mapula Nkosi as Editor of Sunday World.

The closure of the unprofitable Times newspaper ushered in a new era for digital journalism with the launch of Times Select, a subscription-based digital product offering curated quality reporting and commentary by some of the country's leading voices. A major focus on distribution costs and restructuring of delivery networks is underway and is expected to yield positive results in the coming months, removing significant costs from newspaper titles.

The most significant revenue impact was felt in government advertising, while digital revenues began to improve in the final quarter of 2017, driven by the Group's focus on multiple revenue streams such as Native and Programmatic Advertising as well as new revenues from digital subscribers to the BusinessLive digital platform. Circulation declines continued to level off and revenue streams from the Group's new events business more than doubled. Magazines grew EBITDA by 33.0% from the comparative reporting period thanks to a successful focus on niche publishing areas.

Broadcast and Content

EBITDA for the combined Broadcast and Content business was up 71.6% from the comparative reporting period despite 12.8% softer revenues.

The TV channels business (Home Channel, Ignition, BDTV), Blackstar TV, was similarly impacted by negative advertising trends, with revenue down 7.3%, however EBITDA was up by 6.5%.

A focus on innovative new revenue streams helped limit this impact and second half prospects are brighter. Television Production business, Ochre, had a slow start due to limited new commissioning from free to air channels, although it is well positioned with a solid pipeline in the coming year. Radio stations, Rise and Vuma, both continued to improve, growing revenues and reducing losses. Vuma has trebled its audience over the past year due to a new programming and music strategy, while Rise has held steady. These remain in investment phase, as expected, but are both growing audiences and advertising traction. Combined, the two stations grew revenue by almost 8.7% and reduced losses by almost 30.0%.

The Films business, Empire Entertainment ("Empire"), had a better first half than the comparative reporting period, as the effects of a restructuring after the market disruption in previous years began to pay off. Revenue was up 3.2% and EBITDA nearly tripled from the comparative reporting period.

The business was also appointed to represent Metro-Goldwyn-Mayer ("MGM"), in addition to Warner Bros and 20th Century Fox, while Empire's independent films unit remains a market leader. The business continues to diversify by investing directly in local films through Indigenous Film Distribution, including the internationally acclaimed film, Inxeba.

Music as an industry remains in transition with the shift to digital, but Gallo Record Company is well positioned for the anticipated growth in revenues from subscription streaming services such as Spotify. The Group is actively pursuing new opportunities for catalogues and frontline in South Africa and the rest of Africa. Half year performance was muted, and the business will in the short term be pressured by continued declines in physical consumption. Gallo Music Publishing performed ahead of expectations, but the bulk of performance is expected to be delivered in the second half of the financial year. Music EBITDA declined by 39.1% and revenues were down over 23.7% partly due to timing differences.

Hirt & Carter Group

The Hirt & Carter Group delivered just over R1.0 billion in sales for the six months to 31 December 2017, which equates to a growth of 16.3% over the comparative reporting period.

The Hirt & Carter Group achieved growth across most of its marketing solutions, driven by the ability to offer clients a unique offering, including the integration of the labels, forms and packaging products offered by Uniprint from July 2017.

In addition, the technology solutions unit, comprising the Group's Software Solutions and digital engagement products continued to gain traction with customers.

The Hirt & Carter Group achieved an EBITDA of R163.8 million, an increase of 12.5% over the comparative reporting period. The tight management of overhead costs and the new digital equipment acquired during the prior year in the Hirt and Carter division ("H&C") continued to deliver the required contribution to improved earnings. In the Uniprint division, earnings remained flat due to pressure on pricing and margins on the commoditised products. In addition, there has been no election work in the period under review, compared to the comparative reporting period, which usually delivers a strong margin contribution.

There has been a great deal of work done on the full integration of H&C and Uniprint during the first six months, in preparation for the move to new premises in Durban in July 2018. This integration will unlock savings and translate into a better product and service offering for our clients.

Africa (excluding South Africa)

This segment comprises the Group's African interests outside South Africa: a 32.3% interest in Multimedia Group Limited ("Multimedia group") in Ghana, a 49.0% interest in Radio Africa Limited ("Radio Africa group") in Kenya, and an effective 36.5% interest in Cooper Communications Limited ("Coopers") which includes Lagos Talk, Nigeria.

Ghanaian TV and radio business, Multimedia group, delivered a strong performance, reporting a 26.0% rise in revenue and a 45.5% increase in pre-tax profits for the six months ended 31 December 2017, when compared to the comparative reporting period. The results were driven by the turnaround to profitability in the TV business and improved economic prospects for the country. Kenya's Radio Africa group had a difficult six months amid political turmoil which impacted on advertising in the Kenyan market. It reported a 12.9% decrease in revenue and a 44.4% decrease in EBITDA for the six months ended 31 December 2017, when compared to the comparative reporting period.

Non-core businesses

Tiso Blackstar management has been actively trying to sell the non-core investments but market conditions have made it difficult to achieve an acceptable solution. The Group hopes to resolve the steel interests realisations over the upcoming months. The sale of the KTH shareholding was inconclusive during the period under review which also impacted overall performance.

KTH – 22.9% owned

Subsequent to the end of this reporting period, KTH commenced negotiations with Tiso Blackstar on the basis that the intended buy-back of the Group's investment of 213,235 ordinary shares in KTH (constituting 22.9% of KTH's issued ordinary share capital, excluding treasury shares), as announced on 6 July 2017 could no longer be completed. Due to adverse market conditions in the latter half of 2017, which resulted in a decline in the KTH portfolio valuation, it was not in the best interests of KTH to continue with the full quantum of the buy-back.

Based on this, all parties concerned have agreed to terminate this agreement and pursue a transaction which would realise value for Tiso Blackstar, which is expected to be achieved in two phases. Phase one of this process has resulted in the Group signing a new share purchase agreement with KTH and Kagiso Trust Strategic Investments Proprietary Limited ("Kagiso"), on 23 March 2018, whereby Kagiso has agreed to purchase 33,645 of the Group's holding in the ordinary shares in KTH constituting 3.61% of KTH's issued ordinary share capital (excluding treasury shares), for a cash purchase price of R197.9 million. The proceeds are expected to be received by 30 April 2018.

Following the implementation of this buy-back, the Group's effective interest will be 20.01% of the issued ordinary shares of KTH (excluding treasury shares). Despite the cancellation of the intended transaction, the remaining interest in KTH will continue to be classified as a non-current asset held for sale, as Tiso Blackstar management are committed to a plan to sell. As part of phase two, negotiations are currently underway, to successfully realise this investment which has been identified as non-core to the Group. The Group's remaining interest in KTH has subsequently declined in value as a result of the adjustments to the KTH portfolio valuation. In light of the events as detailed above, the special dividend of R40.0 million, which was conditional upon completion of the original KTH sale agreement, will be reconsidered as part of phase two.

Steel businesses

The Group's steel interests comprise two principle assets, being the Robor and CSI groups of companies.

Robor – 51.0% owned

Sales volumes in the South African steel and related fabrication industries were negatively impacted during the first quarter of the 2018 financial year by the uncertainty created from the threat of widespread industrial action.

Robor showed a recovery in sales to third parties mainly due to significantly improved export sales, which now accounts for 22.0% of total revenues, together with growth in sales in the group's 'value-adding' Mine Support Products Proprietary Limited ("MSP") subsidiary, which is well set for a record year during the 2018 fiscal period.

Sales margins have shown a decrease of approximately 2.0%, mainly as a consequence of ArcelorMittal's unilateral decision to discontinue volumetric rebates.

During the period under review, Robor achieved profit after tax of R7.8 million compared to a loss of R22.8 million incurred during the comparative reporting period. The strong improvement in profitability was driven by cost saving measures and revisions of the group's property leases.

Robor anticipates continued growth in export sales, which it expects will reach 30.0% of total revenues by year end. This growth area, together with solid trading performances from both MSP and Pro Fix Robor Proprietary Limited, form a robust trading platform in anticipation of the long-awaited resurgence of sales into the power transmission, telecommunications, water reticulation and the renewable energy sectors.

CSI – 100.0% owned

CSI comprises two principle trading divisions, namely: Global Roofing Solutions ("GRS") and Stalcor, both of which continue to maintain their respective 'top tier' status in the markets in which they operate.

South African downstream steel fabrication and distribution businesses experienced unseasonably depressed sales in July and August 2017 due to the impact of threatened widespread industrial action.
CSI recorded EBITDA of R39.4 million during the period under review compared to R45.5 million for the comparative reporting period.

The group reported a loss after tax of R8.0 million for the six months ended 31 December 2017 compared to a break-even position for the comparative reporting period. This is mostly attributed to significant exchange losses arising on revaluation of loans to foreign subsidiaries as a result of the unexpected strengthening of the volatile South African Rand during December 2017.

Until the South African trading conditions begin to improve and the predictability of the group's African Footprint shows signs of maturing, CSI's management focus will be on improved steel procurement, cost savings and cash management. The group's sales and manufacturing infrastructure remains well placed for growth should general economic conditions improve.

Financial review

Tiso Blackstar generated a profit before interest and tax of R206.1 million compared to R169.5 million for the comparative reporting period. The Group reported improved basic earnings per share and headline earnings per share of 19.02 cents and 20.44 cents, respectively for the current period, compared to 17.50 cents and 3.05 cents, respectively for the comparative reporting period. Tiso Blackstar's Trading Performance, defined as net profit (loss) after adding back depreciation, amortisation, straight lining of leases and share based payment expenses, amounted to R277.6 million for the current reporting period.

Other gains (losses) of R27.7 million mainly comprise of the following: a R5.4 million loss on disposal of assets; a R29.7 million gain arising on movements in other provisions and the post-retirement medical aid ("PRMA") liability; a R3.2 million foreign exchange gain arising on translation of foreign investments and intergroup loans fixed in foreign currency; with the balance relating to exceptional non-recurring expenses.

Share of profit of associates of R10.6 million comprises the Group's share of profits in Radio Africa group, Multimedia group and Coopers (Lagos Talk, Nigeria).

Other comprehensive loss of R24.9 million recognised directly to equity (namely the Foreign currency translation reserve) mainly arose on translation of BHG and CSI's African subsidiaries, and the Group's African based associates to Rands.

The investment in KTH and the Group's interest in the wholly owned property subsidiary Fantastic Investments 379 Proprietary Limited ("Fantastic"), are disclosed as non-current assets held for sale. The investment in KTH is held at its fair value less costs to sell of R1.5 billion, and the consolidated assets and liabilities of Fantastic are held at their carrying values of R14.3 million and R10.7 million, respectively.

Bank overdrafts and other short term borrowing facilities of R924.3 million include working capital facilities and bank overdrafts held by the trading subsidiaries, of which R756.9 million are facilities held by non-core subsidiaries, namely CSI and Robor. Tiso Blackstar generated cash from operations of R139.6 million during the reporting period.

Cash out flow from investing activities of R64.7 million mainly comprise of acquisitions of assets of R69.6 million; proceeds on disposal of assets of R3.5 million; the acquisition of Bothma Branding Solutions Proprietary Limited ("Bothma") by the Hirt & Carter Group of R12.3 million; and net movements in investments, loans and receivables of R13.9 million.

Cash out flow from financing activities of R78.4 million mainly comprise repayment of borrowings of R100.2 million (including repayment of finance leases, instalment sale agreements and other financial labilities) and a R12.5 million dividend paid to shareholders in respect of the 2017 financial year.

During the current period, the Company repurchased a total of 300,000 Tiso Blackstar shares in the open market at an average price per share of R7.19 and a total cost of R2.2 million. These shares are held as treasury shares. At 31 December 2017, Tiso Blackstar held 3,312,349 treasury shares, of which 3,012,349 treasury shares were awarded under the long term Management Incentive Scheme in the prior period, and are not considered issued for International Financial Reporting Standards ("IFRS") purposes.

During the current period, 4,015,973 new shares were issued under the long term Management Incentive Scheme but are also not considered issued for IFRS purposes.

Black economic empowerment

The Group remains committed to transformation. BHG was proud to achieve a level 2 Broad-Based Black Economic Empowerment ("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.

The Company's ownership certificate and BHG's B-BBEE Certificates are available on the Company's website www.tisoblackstar.com/tbg/investors/publications.

Dividend

Tiso Blackstar has taken the prudent approach of not declaring an interim dividend in light of its current gearing levels which will be addressed as soon as some or most of the non-core investments are realised in the near future.

The special dividend of R40.0 million, which was conditional upon completion of the original KTH sale agreement, will be reconsidered as part of phase two of the KTH disposal.

Post balance sheet events

Disposal of KTH
As previously mentioned, the initial sale transaction has been cancelled subsequent to 31 December 2017 and a new transaction entered into for the disposal of 3.61% of KTH's issued ordinary share capital (excluding treasury shares) for a cash purchase price of R197.9 million. Progress is also being made to dispose of the Group's remaining interest in KTH.

Cancellation of AIM listing
On 13 March 2018, the Company announced that it has decided to apply for the cancellation of the primary listing of its shares on the Alternative Investment Market of the London Stock Exchange ("AIM") to be effective from 17 April 2018. The primary listing of Tiso Blackstar shares on the exchange operated by the JSE Limited ("JSE") will continue and is not affected by the cancellation of the AIM listing. On cancellation of the AIM listing, the shares held on the United Kingdom ("UK") Register will be transferred to the South African Register.

Tiso Blackstar's AIM shareholding has declined significantly since listing on the JSE and the liquidity of the shares on AIM has been low. The cancellation of the AIM listing will result in substantial savings for the Company in both recurring and future deal-related costs and will reduce complexity.

Debt restructure
Due to the failure to finalise the KTH sale as originally envisaged, the Company is currently in discussions with its funders about the restructuring of the KTH acquisition debt raised in 2015.

Outlook

Core operations have performed reasonably well during tough economic conditions and the prospects for these media operations look promising in the latter half of the financial year, assuming a more positive recovery of the South African economy.

AD Bonamour
Chief Executive Officer
27 March 2018

Condensed consolidated statement of income and other comprehensive income
for the six months ended 31 December 2017

	Notes	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
Continuing operations				
Revenue		**4,499,639**	4,534,350	9,141,010
Cost of sales		**(3,601,058)**	(3,684,806)	(7,421,440)
Gross profit		**898,581**	849,544	1,719,570
Operating expenses		**(710,948)**	(605,633)	(1,420,826)
Depreciation and amortisation		**(103,706)**	(99,028)	(184,470)
Straight lining of leases		**35,955**	(17,989)	5,656
Other income		**58,520**	19,534	93,849
Operating profit		**178,402**	146,428	213,779
Other gains (losses)		**27,696**	23,047	70,194
Net profit		**206,098**	169,475	283,973
Net finance costs		**(121,504)**	(114,116)	(240,700)
Finance income		**2,696**	4,211	8,175
Finance costs	2	**(124,200)**	(118,327)	(248,875)
Share of profit of associates - equity accounted		**10,570**	995	7,395
Profit before taxation		**95,164**	56,354	50,668
Taxation		**(32,887)**	(28,679)	(58,508)
Profit (Loss) from continuing operations		**62,277**	27,675	(7,840)
Profit (Loss) from discontinued operation, net of taxation	3	**507**	12,136	(7,607)
Profit (Loss) for the period		**62,784**	39,811	(15,447)
Profit (Loss) for the period attributable to:				
Equity holders of the parent		**50,449**	46,745	7,823
Non-controlling interests		**12,335**	(6,934)	(23,270)
		62,784	39,811	(15,447)
Other comprehensive (loss) income, net of taxation				
Items that may subsequently be reclassified to profit and loss:				
Currency translation differences on the translation of foreign operations and associates		**(25,241)**	(45,522)	(70,471)
Actuarial gains on PRMA		**340**	-	2,667
Other comprehensive loss, net of taxation	4	**(24,901)**	(45,522)	(67,804)
Total comprehensive income (loss) for the period		**37,883**	(5,711)	(83,251)
Total comprehensive income (loss) attributable to:				
Equity holders of the parent		**25,548**	1,223	(58,701)
Non-controlling interests		**12,335**	(6,934)	(24,550)
		37,883	(5,711)	(83,251)
Basic earnings per ordinary share (in cents) attributable to equity holders	5	**19.02**	17.50	2.95
Diluted earnings per ordinary share (in cents) attributable to equity holders	5	**18.71**	17.50	2.93
Basic earnings per ordinary share (in cents) attributable to equity holders from continuing operations	5	**18.83**	12.95	5.82
Diluted earnings per ordinary share (in cents) attributable to equity holders from continuing operations	5	**18.53**	12.95	5.78
Weighted average number of shares in issue (net of treasury shares, in thousands)	5	**265,259**	267,175	265,279
Weighted average number of shares in issue (in thousands)	5	**269,578**	267,175	266,879

Condensed consolidated statement of financial position

as at 31 December 2017

Company registration number: SE 000110

	Notes	**Six months ended 31 December 2017 Unaudited R'000**	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
ASSETS				
Non-current assets		**3,889,149**	3,866,350	3,964,466
Property, plant and equipment		**950,503**	904,632	965,816
Investment property		**-**	17,617	12,674
Straight lining of leases asset		**-**	210	169
Goodwill		**1,200,376**	1,139,846	1,224,936
Intangible assets		**1,277,384**	1,296,419	1,289,933
Investments in associates - equity accounted		**336,538**	392,172	346,161
Other investments, loans and receivables		**30,097**	34,320	29,704
Deferred taxation		**94,251**	81,134	95,073
Current assets		**4,211,007**	4,270,488	4,453,348
Inventories		**1,016,673**	1,057,827	1,088,622
Straight lining of leases asset		**6**	-	3,282
Other financial assets		**687**	-	-
Trade and other receivables		**1,556,178**	1,393,037	1,656,453
Current tax assets		**41,933**	26,411	30,090
Cash and cash equivalents	6	**81,277**	273,213	174,901
Non-current assets held for sale	3	**1,514,253**	1,520,000	1,500,000
TOTAL ASSETS		**8,100,156**	8,136,838	8,417,814
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders		**3,376,923**	3,465,863	3,378,132
Share capital and premium		**3,255,248**	3,255,248	3,255,248
Treasury shares		**(30,281)**	(20,494)	(27,079)
Other reserves		**(37,761)**	6,651	(1,739)
Retained earnings		**189,717**	224,458	151,702
Non-controlling interests		**221,018**	200,936	190,762
TOTAL EQUITY		**3,597,941**	3,666,799	3,568,894
LIABILITIES				
Non-current liabilities		**1,189,454**	1,669,855	1,737,972
Borrowings		**623,623**	1,059,656	1,069,260
Straight lining of leases liability		**25,091**	34,072	83,907
Other financial liabilities		**9,152**	-	8,491
Finance leases and instalment sale obligations		**117,030**	136,721	135,956
Post-retirement benefits liabilities		**37,611**	71,837	54,355
Provisions		**9,081**	20,016	11,246
Deferred taxation		**367,866**	347,553	374,757
Current liabilities		**3,312,761**	2,800,184	3,110,948
Borrowings		**532,344**	135,331	120,885
Straight lining of leases liability		**4,163**	55,787	-
Other financial liabilities		**5,852**	-	6,660
Finance leases and instalment sale obligations		**60,582**	44,535	59,495
Post-retirement benefits liabilities		**5,412**	9,518	7,551
Provisions		**75,273**	18,285	115,441
Trade and other payables		**1,632,495**	1,618,872	1,882,123
Current tax liabilities		**61,680**	22,364	31,951
Bank overdrafts and other short term borrowing facilities	6	**924,265**	895,492	886,842
Non-current liabilities held for sale	3	**10,695**	-	-
TOTAL LIABILITIES		**4,502,215**	4,470,039	4,848,920
TOTAL EQUITY AND LIABILITIES		**8,100,156**	8,136,838	8,417,814

Condensed consolidated statement of changes in equity
for the six months ended 31 December 2017

	Notes	**Six months ended 31 December 2017 Unaudited R'000**	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
Balance at the beginning of the period		**3,568,894**	3,493,549	3,493,549
Changes in reserves:				
Total comprehensive income (loss) for the period		**25,548**	1,223	(58,701)
Deemed Acquisitions		**-**	1,235	1,235
On acquisition or disposal of subsidiary/business		**109**	(7,443)	(31,080)
FSP share based payment expense		**4,321**	-	-
Purchase of treasury shares		**(2,158)**	(10,697)	(18,326)
Non-controlling interests equity loan		**(16,485)**	-	15,258
Dividends paid/payable		**(12,545)**	(12,004)	(23,803)
Changes in non-controlling interests:				
Total comprehensive income (loss) for the period		**12,335**	(6,934)	(24,550)
Deemed Acquisitions		**-**	204,295	204,295
On acquisition or disposal of subsidiary/business	7	**5,913**	10,332	20,407
Non-controlling interests equity loan		**16,848**	-	-
Dividends paid to non-controlling interests		**(4,839)**	(6,757)	(9,390)
Balance at the end of the period		**3,597,941**	3,666,799	3,568,894
Comprising:				
Share capital and premium		**3,255,248**	3,255,248	3,255,248
Treasury shares		**(30,281)**	(20,494)	(27,079)
Other reserves		**(37,761)**	6,651	(1,739)
Retained earnings		**189,717**	224,458	151,702
Non-controlling interests		**221,018**	200,936	190,762
		3,597,941	3,666,799	3,568,894

Condensed consolidated statement of cash flows

for the six months ended 31 December 2017

	Notes	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
Cash flow from operating activities				
Cash generated by operations		**139,614**	281,291	457,791
Dividend income received from investments		**2,723**	18,695	24,738
Net finance costs paid		**(109,176)**	(115,001)	(129,572)
Net taxation paid		**(21,179)**	(11,540)	(40,831)
Net cash generated by operating activities		**11,982**	173,445	312,126
Cash flow from investing activities				
Acquisitions of tangible assets		**(57,674)**	(176,056)	(280,196)
Proceeds on disposal of tangible assets		**3,541**	102,957	144,409
Additions to intangible assets		**(11,915)**	(3,774)	(27,890)
Proceeds on disposal of intangible assets		**3**	-	-
Net movement in investments, loans and receivables		**13,910**	(14,958)	(27,867)
Non-controlling interests equity loan		**-**	-	15,258
On acquisition or disposal of subsidiary/business	7	**(12,302)**	(611,268)	(706,329)
Cash and cash equivalents disclosed as non-current assets held for sale		**(239)**	-	-
Net cash utilised by investing activities		**(64,676)**	(703,099)	(882,615)
Cash flow from financing activities				
Borrowings, finance leases and instalment sale obligations raised		**41,829**	101,653	250,028
Borrowings, finance leases and instalment sale obligations repaid		**(100,185)**	(189,910)	(328,919)
Cash settled share based payment of subsidiary		**(455)**	-	(24,128)
Purchase of treasury shares		**(2,158)**	(10,697)	(18,326)
Dividends paid		**(12,545)**	-	(23,803)
Dividends paid to non-controlling interests		**(4,839)**	(6,757)	(9,390)
Net cash utilised by financing activities		**(78,353)**	(105,711)	(154,538)
Net decrease in cash and cash equivalents		**(131,047)**	(635,365)	(725,027)
Net cash and cash equivalents at the beginning of the period		**(711,941)**	13,086	13,086
Net cash and cash equivalents at the end of the period	6	**(842,988)**	(622,279)	(711,941)

Notes to the condensed consolidated financial statements

for the six months ended 31 December 2017

1. Basis of preparation

Investors should consider non-Generally Accepted Accounting Principles ("non-GAAP") financial measures shown in this announcement in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with IFRS. The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures.

The principal accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 31 December 2017 have been consistently applied across all periods presented in the condensed consolidated financial statements. All the condensed consolidated financial statements are presented in South African Rands and all financial information has been rounded to the nearest thousand unless stated otherwise. The condensed consolidated financial statements for the six months ended 31 December 2017 have not been reviewed and reported on by the Company's external auditors.

While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of IFRS published by the International Accounting Standards Board ("IASB") as endorsed for use by the European Union ("EU") and South Africa, this announcement does not itself contain sufficient information to comply with IFRS. The financial information is a set of condensed consolidated financial statements which was approved by the Tiso Blackstar Board on 27 March 2018. The condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets and financial liabilities held at fair value through profit and loss, non-current assets held for sale and investment property that have been measured at fair value.

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

The Company has a dual primary listing on the Main Board of the JSE in South Africa and the AIM market of the LSE. Effective 17 April 2018, the Company's AIM listing will be cancelled and the Company will continue with a primary listing on the JSE.

1.1 JSE listing

The condensed consolidated financial statements for the six months ended 31 December 2017 are prepared in accordance with and containing the information required by *IAS 34 Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

1.2 AIM listing

The financial information for the six months ended 31 December 2017 does not constitute statutory accounts as defined in sections 435(1) and 435(2) of the UK Companies Act 2006 ("Companies Act 2006"). Statutory accounts for the year ended 30 June 2017 have been delivered to the Companies House in the UK following the Company's Annual General Meeting held on Tuesday, 21 November 2017.

1.3 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 condensed consolidated financial statements for the six months ended 31 December 2017, and has found that the Group will remain a going concern for at least the next twelve months.

Subsequent to the end of this reporting period, KTH commenced negotiations with Tiso Blackstar on the basis that the intended buy-back of the Group's investment of 213,235 ordinary shares in KTH (constituting 22.9% of KTH's issued ordinary share capital, excluding treasury shares), as announced on 6 July 2017 could no longer be completed. Due to adverse market conditions in the latter half of 2017, which resulted in a decline in the KTH portfolio valuation, it was not in the best interests of KTH to continue with the full quantum of the buy-back. Based on this, all parties concerned have agreed to terminate this agreement and pursue a transaction which would realise value for Tiso Blackstar, which is expected to be achieved in two phases. Refer to note 14 for further details.

Due to the failure to finalise the KTH sale as originally envisaged, the Company is currently in discussions with its funders about the restructuring of the KTH acquisition debt raised in 2015.

The Tiso Blackstar Board is not aware of any material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

Notes to the condensed consolidated financial statements continued
for the six months ended 31 December 2017

1. Basis of preparation (continued)

1.4 Foreign currencies

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

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

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

2. Finance costs

Finance costs for the reporting periods can be analysed as follows:

	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
BHG (core subsidiary)	**(46,886)**	(49,426)	(97,514)
CSI (non-core subsidiary)	**(23,819)**	(20,908)	(47,025)
Robor (non-core subsidiary)	**(25,421)**	(16,831)	(46,444)
Other:	**(28,074)**	(31,162)	(57,892)
Finance costs on KTH acquisition debt	**(27,557)**	(25,281)	(51,478)
Finance costs within the property subsidiaries	**(517)**	(5,881)	(5,757)
Finance costs on loans from non-controlling interests	**-**	-	(657)
	(124,200)	(118,327)	(248,875)

3. Non-current assets held for sale and discontinued operation

During 2016, Tiso Blackstar announced its change in strategy to focus on investments in media and related industries, and to therefore dispose of its non-core assets. 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 is disclosed as a discontinued operation, and classified and disclosed as a non-current asset held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* during the current and prior periods.

Subsequent to the end of this reporting period, KTH commenced negotiations with Tiso Blackstar on the basis that the intended buy-back of the Group's investment of 213,235 ordinary shares in KTH (constituting 22.9% of KTH's issued ordinary share capital, excluding treasury shares), as announced on 6 July 2017 could no longer be completed. Due to adverse market conditions in the latter half of 2017, which resulted in a decline in the KTH portfolio valuation, it was not in the best interests of KTH to continue with the full quantum of the buy-back. Based on this, all parties concerned have agreed to terminate this agreement and pursue a transaction which would realise value for Tiso Blackstar, which is expected to be achieved in two phases. Refer to note 14 for further details.

At 31 December 2017, the Group's interest in the wholly owned property subsidiary Fantastic met the requirements to be disclosed as a non-current asset held for sale in the consolidated statement of financial position in terms of IFRS 5. The consolidated assets and liabilities of Fantastic are recognised at their carrying values in terms of the measurement criteria of IFRS 5. Fantastic does not meet the criteria to be disclosed as a discontinued operation in the current period, and is therefore included in continuing operations in the consolidated statements of income and other comprehensive income.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2017

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

Other comprehensive (loss) income mainly comprises of the foreign currency translation adjustments recognised in the Foreign currency translation reserve. These currency adjustments arise on translation of the Group's investments in its African based associates Radio Africa group, Multimedia group and Coopers as well as the African based foreign operations held by CSI and BHG to the Group's functional currency Rands at the closing rate at 31 December 2017.

Items recognised in other comprehensive (loss) income comprise of the following:

	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
On translation of the following foreign operations and associates:	**(25,241)**	(45,522)	(70,471)
Foreign operations held by CSI and BHG	**(3,353)**	(2,757)	(3,648)
Investment in associate Radio Africa group	**(8,098)**	(16,126)	(27,388)
Investment in associate Multimedia group	**(12,380)**	(24,929)	(37,297)
Investment in associate Coopers	**(1,410)**	(1,710)	(2,138)
Actuarial gain on PRMA	**340**	-	2,667
	(24,901)	**(45,522)**	**(67,804)**

5. Earnings per share ("EPS")

5.1 Basic and diluted earnings per ordinary share

	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
Profit for the period attributable to equity holders of the parent from continuing operations	**49,942**	34,609	15,430
Profit (Loss) for the period attributable to equity holders of the parent from discontinued operation	**507**	12,136	(7,607)
Profit for the period attributable to equity holders of the parent	**50,449**	46,745	7,823
Weighted average number of shares in issue (net of treasury shares, in thousands)^^	**265,259**	267,175	265,279
Weighted average number of shares in issue (in thousands)	**269,578**	267,175	266,879
Basic earnings per ordinary share (in cents) attributable to equity holders	**19.02**	17.50	2.95
Diluted earnings per ordinary share (in cents) attributable to equity holders	**18.71**	17.50	2.93
Basic earnings per ordinary share (in cents) attributable to equity holders from continuing operations	**18.83**	12.95	5.82
Diluted earnings per ordinary share (in cents) attributable to equity holders from continuing operations	**18.53**	12.95	5.78

^^ Shares issued during the current and prior periods (either as a fresh issue or out of treasury shares held) under the long term Management Incentive Scheme are contingently returnable shares and are excluded from the EPS calculation until such date as they are not subject to recall

Reconciliation of Weighted average number of shares in issue

	Six months ended 31 December 2017 Unaudited	Six months ended 31 December 2016 Unaudited	Year ended 30 June 2017 Audited
Shares issued	**4,015,973**	-	3,012,349
Estimated vesting percentage	**67.7%**	-	53.1%
Number of shares expected to vest	**2,718,814**	-	1,599,557
Number of shares expected to vest (in thousands)	**2,719**	-	1,600
Weighted average number of shares in issue (in thousands)	**269,578**	267,175	266,879
Less number of shares expected to vest (in thousands) – First tranche	**(1,600)**	-	(1,600)
Less number of shares expected to vest (in thousands) – Second tranche	**(2,719)**	-	-
Weighted average number of shares in issue (net of treasury shares, in thousands)	**265,259**	267,175	265,279

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2017

5. Earnings per share (“EPS”) (continued)

5.2 Basic and diluted headline earnings (losses) per ordinary share

	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
Profit for the period attributable to equity holders of the parent, adjusted for:	**50,449**	46,745	7,823
Gains arising on investment properties	**(36)**	(36,808)	(2,858)
Gains recognised on acquisition of subsidiaries, step up acquisitions	**-**	(12,183)	(41,697)
Gain on bargain purchase	**(440)**	(1,745)	(1,745)
(Gains) Losses on disposal of investments	**(45)**	2,411	2,413
Impairment of investments	**-**	-	25,270
Gains on investments held for trading	**-**	-	(256)
Loss (Profit) on disposal of property, plant and equipment	**5,383**	(697)	(22,133)
Reversal of impairment of property, plant and equipment	**-**	-	(11,379)
Profit on disposal of intangible assets	**-**	-	(49)
Total tax effects of adjustments	**(1,089)**	10,434	11,099
Headline earnings (losses)	**54,222**	8,157	(33,512)
Basic headline earnings (losses) per ordinary share attributable to equity holders (in cents)	**20.44**	3.05	(12.63)
Diluted headline earnings (losses) per ordinary share attributable to equity holders (in cents)	**20.11**	3.05	(12.56)

6. Net cash and cash equivalents

Net cash and cash equivalents for the reporting periods can be analysed as follows:

	Six months ended 31 December 2017 Unaudited R'000	Six months ended 31 December 2016 Unaudited R'000	Year ended 30 June 2017 Audited R'000
BHG (core subsidiary)	**(90,291)**	(14,347)	15,478
CSI (non-core subsidiary)	**(325,741)**	(289,838)	(347,422)
Robor (non-core subsidiary)	**(431,146)**	(330,811)	(393,965)
Other	**4,190**	12,717	13,968
	(842,988)	(622,279)	(711,941)
Cash and cash equivalents	**81,277**	273,213	174,901
Bank overdrafts and other short term borrowing facilities	**(924,265)**	(895,492)	(886,842)
Net cash and cash equivalents per the statement of cash flow	**(842,988)**	(622,279)	(711,941)

Notes to the condensed consolidated financial statements continued
for the six months ended 31 December 2017

7. Acquisitions and disposals of consolidated subsidiaries

7.1 Acquisition of a consolidated subsidiary

Effective 1 July 2017, the Hirt & Carter Group acquired a 51.0% interest in Bothma for R14.3 million. Bothma design, produce and execute branding solutions in the formal and informal retail markets.

The book value of the assets and liabilities acquired approximated the fair value on acquisition date.

	Six months ended 31 December 2017 Unaudited R'000
Tangible assets	**5,644**
Goodwill	**440**
Intangible assets	**10,147**
Inventories	**2,687**
Trade and other receivables	**7,553**
Cash and cash equivalents	**1,971**
Deferred taxation	**(682)**
Finance leases and instalment sale obligations	**(1,361)**
Trade and other payables	**(3,173)**
Current tax liabilities	**(1,015)**
Contingent liability	**(1,585)**
Identifiable assets and liabilities at fair value at acquisition date	**20,626**
Non-controlling interests recognised at the fair value of the identifiable assets and liabilities	**(5,913)**
Gain on bargain purchase	**(440)**
Purchase consideration paid in cash	**14,273**
Consideration paid	**(14,273)**
Net cash and cash equivalents received	**1,971**
Net cash outflow as per the statement of cash flow	**(12,302)**

7.2 Closure of a consolidated subsidiary

Tiso Blackstar Holdings Plc was deregistered and removed from the register at the Registrar of Companies in the UK, during August 2017.

7.3 Business combinations in the prior period

Business combinations in the prior period, mainly comprised subsidiaries which were no longer carried at fair value but rather consolidated (“the Deemed Acquisitions”), due to the change in the Group’s status from an Investment Entity to a trading entity.

8. Tiso Blackstar long term Management Incentive Scheme

The Company adopted a new management incentive scheme during the prior financial year in the form of a Forfeitable Share Plan ("FSP") that is limited to executives, senior management and other key employees selected by the Tiso Blackstar Board. The number of shares awarded is decided by the remuneration committee annually, by taking into account the limits within the FSP rules and the particular circumstances at that time.

Shares awarded under the FSP

The following share based payment arrangements were in existence during the current period:

	First Tranche	Second Tranche
Grant date	30 June 2017	30 November 2017
Fair value of share on grant date	R9.31	R8.99
Vesting date	31 October 2019	31 October 2020
Number of shares awarded	3,012,349	4,015,973
Total equity settled share based payment expense recognised in operating expenses during the six months ended 31 December 2017 (in R'000)	2,760	559

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

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

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2017

9. Segmental information

For the purpose of reporting to the Tiso Blackstar Board (who are considered to be the Chief Operating Decision Maker ("CODM") of the Company), the Group is organised into segments. 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.

The Group has identified its operating segments based on their nature and 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 business which is the leading all-rights distributor of local and international films, and Gallo the music business;
- Africa (excluding South Africa): includes the Group's interests in the associates Radio Africa group in Kenya, Multimedia group in Ghana and Coopers in Nigeria (all the African interests are equity accounted and the share of profits from these interests are therefore not shown in the tables below);
- 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) as well as other consolidated Group companies, including head office, holding companies and the investment advisor Tiso Blackstar SA Proprietary Limited ("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 for both the current and prior reporting periods. The segment information reported does not include any amounts for KTH, which is described in more detail in note 3.

Each segment within the Group is assessed by the CODM based on Segmental EBITDA. Segmental EBITDA is net profit (loss) before depreciation, amortisation, straight lining of leases, share based payment expenses and other gains (losses) which are considered to be income or costs considered to be outside of the ordinary scope of business. Tiso Blackstar's Trading Performance is an internal measurement of performance which is utilised by the CODM to assess the Group's performance as a whole. Tiso Blackstar's Trading Performance is defined as Segmental EBITDA including other gains (losses).

Notes to the condensed consolidated financial statements continued
for the six months ended 31 December 2017

9. Segmental information (continued)

Segmental results

31 December 2017 Unaudited	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	1,004,080	1,006,513	190,535	1,294,579	1,003,577	355	4,499,639
Cost of sales	(813,252)	(616,303)	(130,601)	(1,141,556)	(905,971)	6,625	(3,601,058)
Gross profit	**190,828**	**390,210**	**59,934**	**153,023**	**97,606**	**6,980**	**898,581**
Operating expenses	(130,316)	(232,101)	(44,260)	(115,097)	(132,042)	(57,132)	(710,948)
Depreciation, amortisation and straight lining of leases ^	(20,727)	(35,734)	(5,671)	(15,898)	35,443	(25,164)	(67,751)
Other income	13,700	5,056	578	1,494	28,935	8,757	58,520
Operating profit (loss)	**53,485**	**127,431**	**10,581**	**23,522**	**29,942**	**(66,559)**	**178,402**
Other gains (losses)	193	(1,577)	(868)	(4,394)	7,562	26,780	27,696
Net profit (loss)	**53,678**	**125,854**	**9,713**	**19,128**	**37,504**	**(39,779)**	**206,098**
Reconciliation of net profit (loss) to EBITDA							
Depreciation, amortisation and straight lining of leases ^	20,727	35,734	5,671	15,898	(35,443)	25,164	67,751
FSP share based payment expense	2,389	590	-	-	-	340	3,319
Share based payment expense of subsidiary for discontinued incentive scheme	455	-	-	-	-	-	455
Other gains (losses)	(193)	1,577	868	4,394	(7,562)	(26,780)	(27,696)
Total Segmental EBITDA	**77,056**	**163,755**	**16,252**	**39,420**	**(5,501)**	**(41,055)**	**249,927**
Other gains (losses)	193	(1,577)	(868)	(4,394)	7,562	26,780	27,696
Tiso Blackstar Trading Performance	**77,249**	**162,178**	**15,384**	**35,026**	**2,061**	**(14,275)**	**277,623**

^ Straight lining of leases is required under *IAS 17 Leases* and is excluded to determine actual operating costs

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2017

9. Segmental information (continued)

Segmental results (continued)

31 December 2016 Unaudited	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	1,066,698	865,166	218,505	1,252,378	1,114,768	16,835	4,534,350
Cost of sales	(876,060)	(536,009)	(160,534)	(1,087,732)	(1,011,366)	(13,105)	(3,684,806)
Gross profit	190,638	329,157	57,971	164,646	103,402	3,730	849,544
Operating expenses	(103,731)	(183,551)	(48,501)	(120,440)	(108,655)	(40,755)	(605,633)
Depreciation, amortisation and straight lining of leases ^	(12,995)	(26,995)	(5,735)	(14,577)	(20,393)	(36,322)	(117,017)
Other income	-	-	-	1,302	4,709	13,523	19,534
Operating profit (loss)	73,912	118,611	3,735	30,931	(20,937)	(59,824)	146,428
Other gains (losses)	27,162	(2,429)	-	(6,359)	2,516	2,157	23,047
Net profit (loss)	101,074	116,182	3,735	24,572	(18,421)	(57,667)	169,475
Reconciliation of net profit (loss) to EBITDA							
Depreciation, amortisation and straight lining of leases ^	12,995	26,995	5,735	14,577	20,393	36,322	117,017
Share based payment expense of subsidiary for discontinued incentive scheme	144	-	-	-	-	2,651	2,795
Other gains (losses)	(27,162)	2,429	-	6,359	(2,516)	(2,157)	(23,047)
Total Segmental EBITDA	87,051	145,606	9,470	45,508	(544)	(20,851)	266,240
Other gains (losses)	27,162	(2,429)	-	(6,359)	2,516	2,157	23,047
Tiso Blackstar Trading Performance	114,213	143,177	9,470	39,149	1,972	(18,694)	289,287

30 June 2017 Audited	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	(285,990)	(433,502)	(98,055)	(271,054)	(237,483)	(94,742)	(1,420,826)
Depreciation, amortisation and straight lining of leases ^	(53,166)	(71,589)	(6,188)	(26,988)	(41,472)	20,589	(178,814)
Other income	42,015	20,560	6,450	14,086	9,989	749	93,849
Operating profit (loss)	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 of net profit (loss) to EBITDA							
Depreciation, amortisation and straight lining of leases ^	53,166	71,589	6,188	26,988	41,472	(20,589)	178,814
Share based payment expense of subsidiary for discontinued incentive scheme	-	-	-	-	-	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
Tiso Blackstar Trading Performance	148,313	253,811	(26,889)	87,886	(3,987)	8,489	467,623

^ Straight lining of leases is required under *IAS 17 Leases* and is excluded to determine actual operating costs

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2017

10. Financial risk management overview

10.1 Financial risk factors

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 condensed consolidated financial statements for the six months ended 31 December 2017 do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 30 June 2017. There have been no material changes in the Group's credit, liquidity and market risk, or key inputs in measuring fair value since 30 June 2017.

10.2 Fair value estimation

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

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

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

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2017

10. Financial risk management overview (continued)

10.2 Fair value estimation (continued)

Recurring fair value measurement of assets

31 December 2017	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Financial assets held for trading	**5,425**	**-**	**2,917**	**8,342**
Non-current net assets held for sale	**-**	**1,503,558**	**-**	**1,503,558**
	5,425	**1,503,558**	**2,917**	**1,511,900**

31 December 2016	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Investment property	-	-	17,617	17,617
Financial assets held for trading	16,171	-	158	16,329
Non-current asset held for sale	-	1,520,000	-	1,520,000
	16,171	1,520,000	17,775	1,553,946

30 June 2017	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
Investment property	-	-	12,674	12,674
Financial assets held for trading	17,005	-	158	17,163
Non-current asset held for sale	-	1,500,000	-	1,500,000
	17,005	1,500,000	12,832	1,529,837

Transfers between levels

There were no transfers between levels in the current and prior periods.

10.3 Valuation techniques

10.3.1 Level 2

Non-current net assets held for sale

The investment in KTH, and the consolidated assets and liabilities of Fantastic, are classified as non-current assets held for sale and are carried at the values determined in terms of the measurement criteria of IFRS 5 (refer note 3).

10.3.2 Level 3

Investment property

The fair value of the investment property in the prior periods was based on the directors' valuation, which included the straight lining of leases asset. The valuation was performed annually by the directors and independently every three to five years, and was based on available market information of similar properties in the same condition and location.

Financial assets held for trading

Other investments included in financial assets held for trading are not material and the valuation is based on directors' valuation.

Notes to the condensed consolidated financial statements continued
for the six months ended 31 December 2017

11. Contingencies and guarantees, and Commitments

11.1 Contingencies and guarantees

There have been no significant changes to contingencies and guarantees from what was disclosed in the annual consolidated financial statements for the year ended 30 June 2017.

11.2 Commitments

	Six months ended 31 December 2017 Unaudited R'000
Capital commitments - expenditure approved by directors	
Actual expenditure (costs incurred in current period)	
- Property, plant & equipment	**21,241**
- Intangible assets	**3,887**
Committed	
- Property, plant & equipment	**15,400**
- Intangible assets	**1,500**
Not committed	
- Property, plant & equipment	**4,970**
- Intangible assets	**2,100**
	49,098

12. Comparatives

As the Group progresses the disposal of its non-core investments to move towards being a single sector investment holding company, it ceased to be regarded as an Investment Entity during the prior financial year. The Group no longer accounts for its net investments in subsidiaries and associates as investments held at fair value through profit and loss but rather consolidates its subsidiaries and equity accounts its investments in associates. As a result of the Group's change in status, certain line items within the consolidated statement of financial position as at 31 December 2016 have been reclassified for consistency with the current period and with the 30 June 2017 classifications. This change does not affect the quantitative value of amounts previously presented.

13. Changes in directors and directorships

The capacity of Andrew Bonamour changed from a non-executive director to CEO with effect from 17 July 2017.

Richard Wight resigned from his position as a non-executive director effective 20 July 2017.

14. Post balance sheet events

14.1 Disposal of KTH

Subsequent to the end of this reporting period, KTH commenced negotiations with Tiso Blackstar on the basis that the intended buy-back of the Group's investment of 213,235 ordinary shares in KTH (constituting 22.9% of KTH's issued ordinary share capital, excluding treasury shares), as announced on 6 July 2017 could no longer be completed. Due to adverse market conditions in the latter half of 2017, which resulted in a decline in the KTH portfolio valuation, it was not in the best interests of KTH to continue with the full quantum of the buy-back.

Based on this, all parties concerned have agreed to terminate this agreement and pursue a transaction which would realise value for Tiso Blackstar, which is expected to be achieved in two phases. Phase one of this process has resulted in the Group signing a new share purchase agreement with KTH and Kagiso Trust Strategic Investments Proprietary Limited ("Kagiso"), on 23 March 2018, whereby Kagiso has agreed to purchase 33,645 of the Group's holding in the ordinary shares in KTH constituting 3.61% of KTH's issued ordinary share capital (excluding treasury shares), for a cash purchase price of R197.9 million. The proceeds are expected to be received by 30 April 2018.

Notes to the condensed consolidated financial statements continued
for the six months ended 31 December 2017

14. Post balance sheet events (continued)

14.1 Disposal of KTH (continued)

Following the implementation of this buy-back, the Group's effective interest will be 20.01% of the issued ordinary shares of KTH (excluding treasury shares). Despite the cancellation of the intended transaction, the remaining interest in KTH will continue to be classified as a non-current asset held for sale, as Tiso Blackstar management are committed to a plan to sell. As part of phase two, negotiations are currently underway, to successfully realise this investment which has been identified as non-core to the Group. The Group's remaining interest in KTH has subsequently declined in value as a result of the adjustments to the KTH portfolio valuation. In light of the events as detailed above, the special dividend of R40.0 million, which was conditional upon completion of the original KTH sale agreement, will be reconsidered as part of phase two of the KTH disposal.

14.2 Cancellation of AIM listing

On 13 March 2018, the Company announced that it has decided to apply for the cancellation of the primary listing of its shares on AIM to be effective from 17 April 2018. The primary listing of Tiso Blackstar shares on the exchange operated by the JSE will continue and is not affected by the cancellation of the AIM listing. On cancellation of the AIM listing, the shares held on the UK Register will be transferred to the South African Register.

Tiso Blackstar's AIM shareholding has declined significantly since listing on the JSE and the liquidity of the shares on AIM has been low. The cancellation of the AIM listing will result in substantial savings for the Company in both recurring and future deal-related costs and will reduce complexity.

14.3 Debt restructure

Due to the failure to finalise the KTH sale as originally envisaged, the Company is currently in discussions with its funders about the restructuring of the KTH acquisition debt raised in 2015.

15. Related parties

There have been no significant changes to related parties from what was disclosed in the annual consolidated financial statements for the year ended 30 June 2017.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

London, United Kingdom
27 March 2018

For further enquiries, please contact:

Tiso Blackstar Group SE	Leanna Isaac	+44 (0) 20 7887 6017
Northland Capital Partners	Tom Price	+44 (0) 20 3861 6625
JSE Sponsor: One Capital	Sholto Simpson	+27 11 550 5000