Draft release 12 April 2012

Blackstar Group SE

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

Full Year results for the year ended 31 December 2011

Blackstar Group SE, the specialist investment company whose principal focus is to gain exposure to the growth on the African continent largely through companies in South Africa, is pleased to announce full year results for the year ended 31 December 2011.

Key highlights

During the review period

- Successful listing on the Altx of the JSE Limited and capital raising of R100 million (£8.9 million)
- Realisation of investment in Ferro Industrial Products (Pty) Limited ("Ferro") for R200 million (£18.2 million), generating a return of 4.0 times money
- Payment of a special dividend of 80.53 cents (6.5 pence) per ordinary share
- Repurchase of 3.75% of the Company's ordinary shares in issue
- Successful restructuring and de-risking of Blackstar's exposure to its steel interests

Post the review period

- Acquisition of 28% in Mvelaphanda Group Limited for R470 million (£38 million) in January 2012;
- Entered into an agreement to dispose of half of Blackstar's investment in Litha Healthcare Group Limited for R201 million (£16.6 million), which will generate a return of 4.6 times money in South African Rand and 5.4 times money in Pounds Sterling when completed;
- Current portfolio now diverse and represents good growth opportunities;
- Blackstar now well positioned to pursue new opportunities;
- Net asset value ("NAV") per share at 31 March 2012 of R13.32 (£1.09).

Commenting on the results and prospects for 2012, Andrew Bonamour, Non-executive Director, said:

"It has been a very busy 12 months for Blackstar in which we listed on our home exchange in Johannesburg and also completed the acquisition of Mvelaphanda earlier this year. Our current portfolio of assets now represents some outstanding opportunities to realise significant returns for shareholders and our current pipeline continues to look encouraging."

"The Board therefore remain positive about the long-term trading prospects for Blackstar and believe 2012 could be a landmark year in terms of operational performance."

Directors' statement

Introduction

The period under review had many highlights for Blackstar as we exited a number of investments on very favourable terms and invested in some excellent businesses. Completing the sale of its 54% interest in Ferro for £18.2 million, realising a return of 4.0 times money and an internal rate of return of 72% in Pounds Sterling was an excellent deal for our shareholders. Our investment in Ferro is a great example of our ability to identify investments, generate cashflows from the investment and then execute a successful exit.

Our struggling carbon steel division Baldwins, was sold for a 5% interest in Robor (Pty) Limited ("Robor"). This removed significant funding risk from the Group and gave Blackstar an interest in a well managed, diversified steel business with appropriate scale. During 2011, Blackstar received a dividend of £0.1 million from Robor.

I recommend that shareholders refer to Annexure A, which provides a breakdown of Blackstar's most recent intrinsic NAV at 31 March 2012. The Directors believe this is a useful tool in identifying the true inherent value of each investment held. Annexure A also includes an analysis of the Turnover and Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") which provides an indication of the performance of the underlying investments.

Secondary Listing on the JSE

Blackstar completed a secondary listing on the Altx of the JSE Limited ("JSE") on 12 August 2011 and raised R100 million (£8.9 million) through the issue of new shares to South African investors as part of the secondary listing process. The listing was positive for the Group and has attracted shareholder interest in South Africa.

The listing is beginning to reap the desired benefits. Trading in the Company's shares on the JSE has attracted increased interest from South African based investors and over the first three months has steadily improved. In addition, South African institutions have acquired shares off the Alternative Investment Market of the London Stock Exchange ("AIM") and transferred those shares to the JSE shareholders' register. As a result, future tradability and liquidity of the share will be further enhanced as a result of its listing on the JSE.

Investment and Market Review

Steel Investments

During the review period, Blackstar completed a successful restructuring of its steel interest's (representing 18.2% of the current gross asset value), which included the following:

- the sale of the carbon steel division Baldwins for a 5% equity interest in Robor, a large, dividend paying, diversified steel business with a strong experienced management team;
- the separation of the two remaining divisions namely, Global Roofing Solutions (Pty) Limited ("GRS") and Stalcor (Pty) Limited ("Stalcor"), previously KMG Steel Service Centres (Pty) Limited, into two independent operating companies, and the closure of Stalcor's head office and two of its branches; and
- the successful re-banking of GRS and Stalcor with two other banks, with the resultant ring-fencing of working capital facilities within the individual businesses.

Blackstar now holds its steel interests in three distinct companies:

- 6% stake in Robor - South Africa's largest tube and pipe manufacturer;
- 100% of GRS - the largest steel roofing and cladding company in South Africa; and
- 100% of Stalcor - one of the three appointed distributors of stainless steel and aluminium in South Africa.

Stalcor has been rebranded, relaunched, has a new management team in place and we believe after a lot of hard work, the company is on the road to recovery having returned to profitability in early 2012. Stalcor also launched a Customer Loyalty Trust which has been a huge success and is beginning to have positive results for the business. Together with Stalcor's management, Blackstar is looking at a number of strategic alternatives for the business.

GRS, Robor and Stalcor should be beneficiaries of the South African Government's proposed R3.2 trillion infrastructure spend as articulated in the recent Budget speech. Robor and GRS are well managed companies with large African footprints. Robor exports to 55 countries worldwide, 16 of which are within Africa. GRS are in the process of consolidating their Gauteng operations into one facility and effective January 2012 GRS has closed its paint line, which due to the age of the equipment is no longer able to produce cost effectively. Both these initiatives are expected to result in significant cost savings and earnings enhancement for GRS.

While the steel market remains challenging, Blackstar has seen a significant turnaround in its steel investments following the restructuring of the various underlying companies that took place during 2011.

During February 2012, Blackstar acquired additional shares in Robor for an amount of R5 million which represented an additional 1% in Robor, increasing its holding to 6%. The amount paid for the additional shares was at an attractive price relative to the value placed on the initial 5% Blackstar received for selling its Baldwins interest to Robor.

Litha

Litha Healthcare Group Limited ("Litha") (representing 32.7% of the current gross asset value) continued to perform well and recently reported an earnings per share increase of 40%. Since Blackstar's executive involvement with Litha the share price has increased some 300% from 2010 to 31 March 2012. Blackstar has played a key role in the development of Litha and in our view Litha's prospects have never looked better.

In February 2012 Litha announced its acquisition of 100% of Pharmaplan (Pty) Limited ("Pharmaplan") from Toronto listed Paladin Laboratory Inc. ("Paladin") for R590 million in cash and shares. Pharmaplan is one of the fastest growing specialist pharmaceutical companies in South Africa. Blackstar was intimately involved in securing, structuring and negotiating the transaction.

The acquisition of Pharmaplan will change the Litha business, giving it the appropriate scale in all three divisions in which it operates, namely pharmaceuticals, vaccines and medical devices. Following the Paladin acquisition, the Litha Pharma Division is expected to become Litha's most profitable division by earnings, and as such the Litha group's profitability is expected to be positively impacted. Our involvement with Litha has been another great example of how deployment of Blackstar's intellectual capital into its portfolio investments can be transformative for the company whilst also delivering real value for Blackstar shareholders.

Properties

Blackstar continued to grow its real estate portfolio (representing 1.8% of the current gross asset value) by acquiring, through its 100% held subsidiary, Blackstar Real Estate (Pty) Limited ("BRE"), a commercial property in Midrand, Gauteng, South Africa for R58 million (£5.3 million). The property is held through a property holding company with BRE owning 70% of the ordinary shares and Litha owning 30% of the ordinary shares. Blackstar secured R45 million (£4.1 million) of debt funding from a bank, to be held in the property holding company over 10 years and Litha has entered into a 12 year lease to occupy the property.

This acquisition was a significant addition to Blackstar's property portfolio and the Group now has gross property assets of R109 million (£8.7 million) which offers the Group exposure to the South African commercial, retail and industrial real estate sectors. Blackstar believes that the property transactions that have been structured by the Group make attractive investment propositions as all of the properties are situated in key locations and have long term leases signed with strong tenants.

The Group continues to explore property opportunities in the South African real estate sector. Blackstar invests in property opportunities where the tenant's ability to meet rental obligations can be reasonably assessed and understood and the resultant returns on equity can be enhanced by leverage. Given Blackstar's investment portfolio mix, the Group is able to structure opportunities that are cash flow neutral post initial investment and that allow significant returns on patient capital over the life of the leases. Opportunities out of Blackstar's portfolio companies represent good examples of these.

Other

At year end Blackstar held an investment of £1.2 million in Shoprite Holdings Limited ("Shoprite") (representing 1.0% of the current gross asset value). Shoprite is the largest fast moving consumer goods retailer in Africa, with a presence in 16 countries. Blackstar acquired the shares in Shoprite's secondary listing in Lusaka, Zambia, instead of the Johannesburg Stock Exchange because the Lusaka shares traded at a 43% discount to JSE share price. The

Zambian PE ratio of 13x, dividend yield of 4%, contrasted favourably with the comparable Johannesburg multiples of 22x and 2%. Blackstar's investment in Shoprite has appreciated by 30% at year end since date of acquisition, largely due to the narrowing of the discount between its share price in Lusaka and its share price in South Africa.

Shoprite have subsequently laid charges against their transfer secretary in Zambia, Lewis Nathan Advocates, whom it accuses of selling Shoprite treasury shares outside its mandate. Shoprite have also suspended all dividends to shareholders on the Zambian exchange pending the outcome of the legal action against Lewis Nathan. Blackstar along with other shareholders has engaged Shoprite on this matter and is working to resolve the shareholder element of the dispute.

The remainder of the portfolio fared well in 2011, in line with expectations. The services derivative investment (representing 8.9% of the current gross asset value) is expected to be realised in the second or third quarter of 2012.

Post Year End Activities

In January 2012, Blackstar acquired 28% of Mvelaphanda Group Limited ("MVG") (representing 36.7% of the current gross asset value) for a total cash consideration of R470 million (£38 million), equivalent to R3.20 per MVG share and has become the largest single investor in MVG. To fund this acquisition, Blackstar used R150 million (£12 million) of its own cash resources and R320 million (£26 million) from a debt facility provided by Investec Bank Limited ("Investec") for the purpose of this transaction. The Investec debt is repayable in two bullet payments over the next two years and bears interest at South African Prime rate plus 15 basis points with the interest payable semi annually in arrears. While the debt is in place there are the normal restrictive covenants.

MVG is an iconic South-Africa focused broad-based black economically-empowered investment holding company listed on the Main Board of the JSE. MVG's diversified portfolio includes significant investments in South Africa's financial, media, entertainment, construction and healthcare sectors. Andrew Bonamour and William Marshall-Smith, Chief Executive Officer and Director of Blackstar Group (Pty) Limited ("Blackstar SA") respectively have been appointed to the MVG board. Andrew has assumed the role of interim chief executive officer and William the role of interim financial director of MVG, with their directors fees to be paid to Blackstar. MVG's offices have been relocated to Blackstar's premises and we are now actively involved in MVG's various investments.

As previously mentioned, in February 2012, Blackstar announced that it had entered into a conditional agreement for the sale of 72,989,078 ordinary shares in Litha to Paladin for a cash consideration of R201 million (£16.6 million). The disposal represents 50% of Blackstar's interest in Litha and equates to R2.75 per Litha share. On completion, the disposal proceeds will represent a 4.6 times return on investment in South African Rand and 5.4 times return in Pounds Sterling, which equates to a 32% IRR and 36% IRR, respectively, over the 5 year holding period.

The disposal forms part of a larger transaction, facilitating Litha's acquisition of 100% of Pharmaplan from Paladin for R590 million in cash and shares. Following this transaction, Blackstar will retain 13.4% of the ordinary share capital of Litha. Blackstar will also earn a R5 million (£0.4 million) corporate finance fee, payable in cash, for its role as originator and underwriter of the transaction.

The sale agreement is subject to the fulfillment of certain suspensive conditions, which are standard in a transaction of this nature, including the approval of the South African Competition Authorities. Blackstar's remaining shares will be subject to a six month lock up, with Paladin having a pre-emptive right over these shares. The transaction is expected to be completed in the second half of 2012.

Financial Review

The financial review encompasses the results of Blackstar's four reporting segments namely: Investment activities (being the Blackstar investment portfolio including property company BRE and its subsidiaries, and the associate Navigare (Pty) Limited ("Navigare"); Industrial metals (being Stalcor, GRS and its subsidiaries); Industrial chemicals (being Ferro up to 1 July 2011, being the effective date of sale); and Healthcare (being the associate Litha). Associates Litha and Navigare have been equity accounted and included as single line items on the consolidated income statement and balance sheet.

Financial performance

As a result of the sale of Baldwins, closure of two of Stalcor's branches and the sale of Ferro, the results of these operations have been separately disclosed in the consolidated income statement under the heading "profit from discontinued operations" and comparatives have been restated. A detailed income statement for discontinued operations is provided within the notes to the consolidated financial statements.

The operating profit before net investment income of £3.5 million for the current financial year therefore comprises the results of the remaining trading businesses – GRS and Stalcor as well as net gains on associates. GRS contributed £2.1 million to the Group's operating profit from continuing operations, whilst Stalcor generated an operating loss of £0.1 million. Blackstar's share of profit from associates amounted to £2.9 million, of which Litha contributed the majority of the profit.

An exceptional gain of £2.2 million has been recognised under net gains from associates on dilution of Blackstar's shareholding in Litha from 45% to 39% as Litha issued shares in April 2011 at R2.20 to non controlling shareholders in order to implement its acquisition of the remaining 49% of Litha Healthcare Holdings (Pty) Limited.

A net gain on investments of £0.6 million was recognised in the current financial year which includes a gain of £2.4 million that arose as Blackstar entered into a forward exchange contract to convert the Ferro South African Rand proceeds to Pounds Sterling, and a loss of £1.8 million mainly arising on the disposal of the investment in Adreach Group (Pty) Limited. The Group also generated £0.9 million in fees, dividends and interest during the current financial year.

Once-off exceptional costs of £2.4 million were incurred during the year which include: costs incurred on the secondary listing on the Altx; conversion of the Company to a Societas Europaea and transfer to Malta; and deal costs arising on the aborted offer to acquire the entire share capital of MVG.

Total impairments of £12.2 million (2010: £11.7 million) have been recognised on goodwill and intangible assets. These impairments were the main reason for the overall reported loss from continuing operations of £12.9 million. Impairments are discussed in the goodwill and intangibles section below.

Net profit from discontinued operations amounted to £5.7 million in 2011 which comprises the trading results of the discontinued operations from 1 January 2011 to date of closure or sale which amounted to net loss of £2.2 million (2010: £9.3 million) and the net gains on disposal of the discontinued operations which amounted to £7.9 million.

The loss after taxation attributable to equity holders of Blackstar amounted to £7.6 million for the year ended 31 December 2011 compared to a loss of £11.1 million in the prior year.

Balance sheet changes

Gross assets amounted to £95.1 million at 31 December 2011. The decline from the prior year is mainly attributable to the sale of Ferro and Baldwins and further impairments recognised on goodwill and intangible assets during the current financial year.

Investments in associates comprise £16.3 million in respect of Litha and £0.1 million in respect of Navigare. Investments classified as loans and receivables amounted to £2.2 million at year end, a minor increase from the prior year. Investments at fair value through profit and loss amounted to £14.1 million at year end and comprise the derivative investment in a services company of £7.7 million, shares in Robor received on the sale of the Baldwins divisions with a fair value of £3.5 million, and other smaller listed and unlisted investments.

Borrowings declined from £13.8 million to £7.7 million at year end mainly due to the exclusion of Ferro's debt as a result of the sale of Ferro during the current financial year. Additional mortgage bonds were also taken out by the property companies within the Group amounting to £5.2 million.

Other financial liabilities declined from £29.5 million to £7.1 million at year end. This is attributable to the restructuring that took place within Stalcor and the sale of the Baldwins division. Stalcor no longer requires an inventory financing facility and GRS's facility remained unutilised at year end. Such facilities amounted to £15.9 million at the end of the prior year. In addition, the debtors invoice discounting facility utilised by both Stalcor and GRS was reduced from £9.1 million to £6.1 million. All debt is ring-fenced within each subsidiary.

£8.9 million was raised through the capital raising and secondary listing on the Altx of the JSE Limited, which resulted in the increases to share capital and share premium. The shares bought back by the Company in December 2011 were held in treasury at year end, until such time as the shares have been cancelled.

The significant difference between intrinsic NAV (as referred to in Annexure A) and consolidated NAV would mainly be due to the fact that Litha is equity accounted in the consolidated balance sheet with a carrying value of £16.3 million compared to a fair value of £32.6 million at year end.

Cash and cash equivalents increased by £1.2 million to £20.3 million at year end. Significant cash flow movements during the year included: £23.1 million cash inflow on disposal of discontinued operations; £16.8 million cash outflow on settlement of other financial liabilities mainly in Stalcor and GRS; £5.0 million cash outflow on acquisition of investment property and £4.3 million cash inflow as a result of external debt raised to finance these acquisitions; £8.9 million cash inflow on capital raising; £6.2 million cash outflow on payment of a dividend to shareholders; and £2.3 million cash outflow on buy-back of shares.

Goodwill and intangible assets

Blackstar's intangible assets declined from £13.3 million to £2.9 million at year end. The decrease of £10.4 million arose mainly on the disposal of Ferro and its intangible assets of £7.7 million as well as amortisation and impairments of intangible assets which were recognised on acquisition of GRS.

The remaining intangible assets at year end comprise acquired marketing-related intangibles (brand names and registered trademarks) that arose on the acquisitions of GRS.

Goodwill declined from £18.8 million to £2.9 million at year end. Goodwill is tested for impairment at each reporting date. An impairment of £1.9 million was recognised, which arose on the acquisition of GRS as a result of the difficult market conditions. The goodwill in relation to Blackstar SA and the internalisation of investment advisory arrangements was impaired by £9.4 million in line with the decline in Blackstar Group's net asset value and the term of the previous investment advisory agreement. The balance of the decrease arose on the disposal of Ferro.

The remaining goodwill comprises £1.9 million relating to the acquisition of Blackstar SA and the internalisation of investment advisory arrangements, and £0.9 million relating to acquisitions made by GRS.

Share buy-backs

In December 2011, Blackstar purchased 3,200,000 ordinary shares of €0.76 each in the Company at a price of 71 pence per share, representing 3.75% of the issued ordinary share capital prior to such purchases. The shares were cancelled in January 2012. Further buy-backs are not permitted under the terms of the Investec debt facility.

Dividends

Following the sale of Ferro, the Board declared and paid a special dividend of 6.5 pence per ordinary share for shareholders on the UK register or 80.53 cents per ordinary share for shareholders on the South African register.

As the Company is currently utilising its debt facility with Investec, the Board has resolved not to declare a further dividend for the year.

Conversion to a Societas Europaea and Transfer to Malta

After obtaining approval from shareholders on 22 June 2011, Blackstar converted into a Societas Europaea or European public limited liability company on 27 June 2011.

Following approval by Blackstar's shareholders on 10 February 2012 of the transfer of the Company's registered office from the United Kingdom to Malta, the Company shall in accordance with Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company, take all steps necessary to effect the transfer to Malta. It is expected the transfer will become effective during the second quarter of 2012.

Current Trading and Outlook

New capital regulatory requirements, including those of Basel 3, are causing a shift on both a global and local front in regard to on-balance sheet investments held by commercial and investment banks. Their capital allocation reviews in regard to such investments is providing private equity groups with an avenue to source new deals.

2011 was a successful year for Blackstar. I feel the consolidated financial statements prepared under International Financial Reporting Standards ("IFRS") do not give a full reflection of this success, mainly due to the discontinued operations representing the disposal of the investment in Ferro, the restructuring of Blackstar's exposure to its steel interests and the lower value of our Litha investment, which is equity accounted as an associate rather than carried at fair value. As a result I recommend that shareholders refer to Annexure A, which provides shareholders with a true understanding of the value inherent in Blackstar's portfolio. The intrinsic net asset value ("NAV") of R13.23 (£1.09) at 31 March 2012, reflects the solid asset base and strong financial position of the company.

The move to Malta will significantly reduce the administrative and legal costs which arise from being present in two jurisdictions. Blackstar also believe that Malta will be the most efficient jurisdiction for the Company with respect to distributions to shareholders. The Group will continue to focus its attention on unlocking further value from its current portfolio of investments as evidenced by some of the above mentioned post year-end transactions. Blackstar's strong balance sheet has positioned it favorably to pursue a range of interesting new NAV enhancing opportunities in 2012.

Andrew Bonamour
Luxembourg
12 April 2012

Annexure A

Intrinsic NAV as at 31 March 2012

	Unaudited £'000	Unaudited R'000
Mvelaphanda Group Limited	41,384	505,950
Litha Healthcare Group Limited	36,836	450,343
Global Roofing Solutions (Pty) Limited	12,678	155,000
Services derivative	10,015	122,441
Stalcor (Pty) Limited	3,681	45,000
Robor (Pty) Limited	4,172	51,000
Blackstar Real Estate (Pty) Limited	2,053	25,098
Other listed	1,176	14,379
Other unlisted	692	8,455
Net debt	(23,262)	(284,396)
Intrinsic NAV	**89,425**	**1,093,270**
Intrinsic NAV per share (in Sterling/Rands)	1.09	13.32
Ordinary share price on 31 March 2012	0.77	9.80
Ordinary share price discount to NAV	29%	26%

Notes

1 The intrinsic NAV provides a measure of the underlying value of the Group's assets and does not indicate when the investments will be realised, nor does it guarantee the value at which the investments will be realised.
2 For the purposes of determining the intrinsic values, listed investments on recognised stock exchanges are valued using quoted bid prices and unlisted investments are shown at directors' valuation, determined using the discounted cash flow methodology. This methodology uses reasonable assumptions and estimations of cash flows and terminal values, and applies an appropriate risk-adjusted discount rate that quantifies the investment's inherent risk to calculate a present value. Given the subjective nature of valuations, the Group is cautious and conservative in determining the valuations and has a track record of selling its unlisted investments in the ordinary course of business above the levels at which it values them.
3 50% of the investment in Litha Healthcare Group Limited has been valued at R2.75 per share, being the price of the disposal of 50% of Blackstar's interest, and the balance has been valued using quoted bid price on 31 March 2012.
4 The investment in Blackstar Real Estate (Pty) Limited is carried at cost, being the capital invested plus accrued interest, where applicable.
5 All amounts have been translated using the closing exchange rates at 31 March 2012.
6 Net debt represents debt less cash at the centre, excluding subsidiaries and comprises Investec debt less cash resources.
7 Other unlisted comprises investments in Navigare Securities (Pty) Limited and FBDC Investors Offshore L.P ("Facebook").
8 Other listed comprises investments in Shoprite Holdings Limited

Analysis of Turnover and EBITDA

	2011 £'000	**2011 R'000**	2010 £'000	2010 R'000
Turnover from continuing operations				
Litha Healthcare Group Limited	150,230	1,747,026	111,017	1,254,873
Global Roofing Solutions (Pty) Limited	48,178	560,274	46,904	530,179
Stalcor (Pty) Limited	42,880	501,497	44,687	505,111
Robor (Pty) Limited *	213,197	2,479,273	168,685	1,906,714
EBITDA from continuing operations				
Litha Healthcare Group Limited	11,568	161,107	10,054	144,770
Global Roofing Solutions (Pty) Limited	2,519	29,290	1,045	11,812
Stalcor (Pty) Limited	257	2,984	107	1,206
Robor (Pty) Limited *	17,243	200,515	15,482	175,002

* These figures are stated as per the audited financials for the year ended 30 September 2011.

Consolidated income statement
for the year ended 31 December 2011

	2011 £'000	As restated* 2010 £'000
Revenue	**91,058**	91,591
Cost of sales	**(78,887)**	(78,792)
Gross profit	**12,171**	12,799
Sales and distribution costs	**(1,551)**	(1,590)
Administrative expenses - Trading businesses		
Administrative expenses	**(9,885)**	(12,013)
Impairment of goodwill	**(1,945)**	(2,808)
Impairment of intangible assets	**(861)**	(732)
	(12,691)	(15,553)
Other income -Trading businesses	**497**	195
Net gain in respect of associates		
Share of profits of associates	**2,902**	1,539
Exceptional gain on dilution of interest in associate	**2,188**	-
	5,090	1,539
Operating profit/(loss) before net investment income	**3,516**	(2,610)
Net investment income		
Net gains on investments	**632**	5,666
Fees, dividends and interest from loans, receivables and Investments	**866**	1,247
	1,498	6,913
Administrative expenses - Investments		
Administrative expenses - Impairment of goodwill	**(9,437)**	(3,500)
Foreign exchange (losses)/gains	**(1,316)**	596
Exceptional costs	**(2,374)**	-
Administrative expenses - Other	**(3,288))**	(3,217)
	(16,415)	(6,121)
Other income	**454**	1,162
Loss from operations	**(10,947)**	(656)
Finance income	**191**	229
Finance costs	**(1,732)**	(2,282)
Loss before taxation	**(12,488)**	(2,709)
Taxation	**(421)**	(1,180)
Loss from continuing operations	**(12,909)**	(3,889)

Discontinued operations

Profit/(loss) from discontinued operations, net of taxation	**5,692**	(9,280)
Loss for the year	**(7,217)**	(13,169)
(Loss)/profit for the period attributable to:		
Equity holders of the parent	**(7,584)**	(11,121)
Non controlling interests	**367**	(2,048)
	(7,217)	(13,169)
Basic and diluted losses per ordinary share attributable to equity holders (in pence)	**(9.62)**	(14.39)
Basic and diluted losses per ordinary share attributable to equity holders from continuing operations (in pence)	**(16.25)**	(4.05)

* The comparative information for the year ended 31 December 2010 was restated to present income generated and expenses incurred by discontinued operations separately from continuing operations.

Headline earnings reconciliation ^

	2011 **£'000**	As restated* 2010 £'000
Loss for the period attributable to equity holders of the parent	**(7,584)**	(11,121)
Adjusted for:		
Exceptional gain on dilution of interest in associate	**(2,188)**	-
Gain on disposal of discontinued operation	**(7,861)**	
Gain on deemed disposal of a subsidiary	**-**	(870)
Impairment of intangible assets	**861**	1,729
Impairment of goodwill	**11,382**	10,003
Impairment of property, plant and equipment	**202**	-
Reclassification adjustments from other comprehensive income	**-**	(2,684)
Non-headline items included in equity accounted earnings of associates	**(248)**	168
Profit on disposal of property, plant and equipment	**(91)**	(25)
Total tax effects of adjustments	**(272)**	(477)
Total non controlling interests' effects of adjustments	**15**	(163)
Headline losses	**(5,784)**	(3,440)
Basic and diluted headline losses per ordinary share attributable to equity holders (in pence)	**(7.34)**	(4.45)

^ Disclosure of headline earnings has been provided in accordance with the JSE listing requirements.

Consolidated statement of comprehensive income

for the year ended 31 December 2011

	2011	2010
	£'000	£'000
Loss for the year	**(7,217)**	(13,169)
Other comprehensive income:		
Currency translation differences on investments and Rand denominated assets and liabilities	**(3,966)**	3,342
Currency translation differences on translation of foreign subsidiaries and associates	**(5,109)**	1,300
Release of foreign currency translation reserve on disposal of subsidiary	**(1,261)**	-
Net comprehensive (loss)/income recognised directly in equity	**(10,336)**	4,642
Total comprehensive loss for the year	**(17,553)**	(8,527)
Attributable to:		
Equity holders of the parent	**(18,095)**	(6,216)
Non controlling interests	**542**	(2,311)
	(17,553)	(8,527)

Consolidated statement of changes in equity

for the year ended 31 December 2011

	Share capital	Share premium	Capital redemption reserve	Treasury shares reserve	Retained earnings	Foreign currency translation reserve	Attributable to equity holders	Non controlling interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 December 2009	53,023	-	30,156	-	8,976	9,594	101,749	(1,994)	99,755
Total comprehensive income/(loss) for the period									
Loss for the period	-	-	-	-	(11,121)	-	(11,121)	(2,048)	(13,169)
Other comprehensive income/(loss) for the period	-	-	-	-	-	4,905	4,905	(263)	4,642
	-	-	-	-	(11,121)	4,905	(6,216)	(2,311)	(8,527)
Charge for share based payment	-	-	-	-	23	-	23	8	31
Cancellation of capital redemption reserve fund	-	-	(30,156)	-	30,156	-	-	-	-
Buy-back of ordinary shares	(2,893)	-	2,893	-	(3,079)	-	(3,079)	-	(3,079)
Arising on acquisition of a subsidiary	-	-	-	-	-	-	-	10,122	10,122
Reduction in non controlling interests arising on acquisition of additional interests in subsidiary	-	-	-	-	14	-	14	(14)	-
Arising on deemed disposal of subsidiary on additional shares being issued by the subsidiary	-	-	-	-	-	105	105	(10,192)	(10,087)
Reduction in non controlling interest arising on conversion of preference shares held in a subsidiary into ordinary shares	-	-	-	-	(1,907)	-	(1,907)	1,907	-
Interim dividend paid	-	-	-	-	(493)	-	(493)	-	(493)
Balance as at 31 December 2010	50,130	-	2,893	-	22,569	14,604	90,196	(2,474)	87,722

An interim dividend of 0.65 pence per ordinary share was declared on 29 October 2010.

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Attributable to equity holders £'000	Non controlling interests £'000	Total equity £'000
Balance as at 31 December 2010	50,130	-	2,893	-	22,569	14,604	90,196	(2,474)	87,722
Total comprehensive income/(loss) for the period									
Loss for the period	-	-	-	-	(7,584)	-	(7,584)	367	(7,217)
Other comprehensive income/(loss) for the period	-	-	-	-	-	(10,511)	(10,511)	175	(10,336)
	-	-	-	-	(7,584)	(10,511)	(18,095)	542	(17,553)
Capital raising	6,923	1,974	-	-	-	-	8,897	-	8,897
Buy-back of ordinary shares	-	-	-	(2,272)	-	-	(2,272)	-	(2,272)
Arising on reclassification of investment, now a subsidiary	-	-	-	-	-	-	-	6	6
Reduction in non controlling interests arising on subsidiary share buy-back of shares from non controlling shareholders	-	-	-	-	(4,577)	-	(4,577)	4,577	-
Reduction in non controlling interests arising on acquisition of additional interests in subsidiary	-	-	-	-	(415)	-	(415)	415	-
Arising on disposal of subsidiary	-	-	-	-	-	-	-	(3,126)	(3,126)
Release of foreign currency translation reserve on disposal of investments					815	(815)	-		-
Dividend paid	-	-	-	-	(6,217)	-	(6,217)	-	(6,217)
Balance as at 31 December 2011	57,053	1,974	2,893	(2,272)	4,591	3,278	67,517	(60)	67,457

A final dividend of 0.90 pence per ordinary share was declared on 6 May 2011.

A special dividend of 6.5 pence per ordinary share was declared on 11 November 2011.

Consolidated balance sheet
as at 31 December 2011

	2011	2010
	£'000	£'000
Non-current assets		
Property, plant and equipment	**7,563**	21,666
Investment properties	**7,018**	-
Goodwill	**2,884**	18,835
Intangible assets	**2,947**	13,281
Investments in associates	**16,437**	14,637
Investments classified as loans and receivables	**1,303**	873
Investments at fair value through profit and loss	**10,398**	12,056
Other financial assets	**-**	52
Deferred tax assets	**92**	125
	48,642	81,525
Current assets		
Investments classified as loans and receivables	**883**	502
Investments at fair value through profit and loss	**3,687**	545
Other financial assets	**2**	26
Current tax assets	**24**	423
Trade and other receivables	**11,540**	25,105
Inventories	**10,042**	27,006
Cash and cash equivalents	**20,334**	19,196
	46,512	72,803
Total assets	**95,154**	154,328
Non-current liabilities		
Borrowings	**(7,077)**	(12,538)
Other financial liabilities	**(785)**	(3,937)
Provisions	**(199)**	(197)
Deferred tax liabilities	**(1,499)**	(4,733)
	(9,560)	(21,405)

Current liabilities		
Borrowings	**(602)**	(1,295)
Other financial liabilities	**(6,308)**	(25,540)
Provisions	**(93)**	(288)
Current tax liabilities	**(85)**	(442)
Trade and other payables	**(11,044)**	(17,635)
Bank overdrafts	**(5)**	(1)
	(18,137)	(45,201)
Total liabilities	**(27,697)**	(66,606)
Total net assets	**67,457**	87,722
Equity		
Share capital	**57,053**	50,130
Share premium	**1,974**	-
Capital redemption reserve	**2,893**	2,893
Treasury shares reserve	**(2,272)**	-
Foreign currency translation reserve	**3,278**	14,604
Retained earnings	**4,591**	22,569
Total equity attributable to equity holders	**67,517**	90,196
Non controlling interest	**(60)**	(2,474)
Total equity	**67,457**	87,722
Net asset value per share (in pence)	**79**	121

Consolidated cash flow statement

for the year ended 31 December 2011

	2011	2010
	£'000	£'000
Cash flow from operating activities		
Cash generated by operations	**2,013**	13,795
Interest received	**310**	461
Interest paid	**(1,627)**	(4,525)
Dividends received	**230**	5,798
Taxation paid	**(1,431)**	(2,645)
Cash (absorbed)/generated by operating activities	**(505)**	12,884
Cash flow from investing activities		
Purchase of property, plant and equipment	**(1,164)**	(2,748)
Purchase of investment property	**(5,018)**	**-**
Additions to investments classified as loans and receivables	**(1,883)**	(746)
Purchase of investments at fair value through profit or loss	**(2,965)**	(5,019)
Acquisition of subsidiaries, net of cash acquired	**2**	(176)
Cash outflow on acquisition of subsidiary and subsequent deemed disposal	**-**	(4,950)
Proceeds from disposal of property, plant and equipment	**446**	127
Proceeds from disposal of investments	**3,080**	21,667
Disposal of discontinued operations, net of cash disposed	**23,006**	-
Cash generated by investing activities	**15,504**	8,155
Cash flow from financing activities		
Proceeds from borrowings	**4,728**	1,312
Repayment of borrowings	**(2,181)**	(14,866)
Movement in other financial liabilities (including short-term funding facilities)	**(16,804)**	(2,232)
Buy-back of ordinary shares	**(2,272)**	(3,079)
Capital raising	**8,897**	-
Dividends paid to equity holders of the parent	**(6,217)**	(493)
Cash absorbed by financing activities	**(13,849)**	(19,358)
Net increase in cash and cash equivalents	**1,150**	1,681
Cash and cash equivalents at the beginning of the year	**19,195**	17,319
Exchange (losses/)gains on cash and cash equivalents	**(16)**	195
Cash and cash equivalents at the end of the year	**20,329**	19,195

Notes to the consolidated financial statements
for the year ended 31 December 2011

1. Financial information

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2011 or 2010 as defined in section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2010 have been delivered to the Registrar of Companies and those for the year ended 31 December 2011 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts, their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their reports for the year ended 31 December 2011 and 31 December 2010 did not contain statements under s498 (2) or (3) of the Companies Act 2006.

2. Distribution of the annual report and accounts to shareholders

Copies of the Group's audited statutory accounts for the year ended 31 December 2011 will be dispatched to shareholders shortly.

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