



# Unaudited Interim Results

for the six months ended 31 May 2015



**STELLAR CAPITAL PARTNERS LIMITED**

Incorporated in the Republic of South Africa

(Registration number 1998/015580/06)

Share code: SCP

ISIN: ZAE000198586



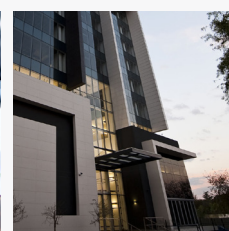
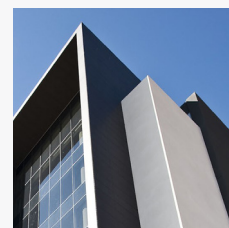
## Introduction

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**Stellar Capital Partners Limited** (formerly ConvergeNet Holdings Limited) (“Stellar Capital” or the “Company”) presents its interim results for the six month period ended 31 May 2015 following the completion of the Company’s conversion from an operating entity to an investment holding company (refer to note 18).

During the period under review, the Company continued the balance sheet cleanup exercise which it commenced during the prior financial period, disposing of its investment in Northbound Communication Solutions (Pty) Ltd and completing the disposal of its remaining operating entities. The losses incurred on the disposal of the entities predominantly relate to the derecognition of historic minority balances with a concomitant entry to profit and loss which does not impact on the net asset value of the Group. The period under review furthermore included once-off corporate advisory expenses in the amount of R2.9 million which related to the establishment of the investment holding company.

Shareholders are advised that these results do not yet incorporate the sale of the Company’s investment in Digicore Holdings Limited or the results of the offers to acquire 100% of the issued ordinary share capital of Cadiz Holdings Limited and a strategic minority stake in Torre Industries Limited as announced by the Company on SENS on 19 June 2015 and 6 July 2015 respectively.



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NET ASSET VALUE  
R534 MILLION

NAV PER SHARE  
189 CENTS

TNAV PER SHARE  
188 CENTS

## Consolidated Summarised Statement of Financial Position as at 31 May 2015

R'000	Notes	Unaudited as at 31 May 2015	Unaudited as at 28 February 2014	Audited as at 30 November 2014
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Listed investments held at fair value	8	241,451	-	-
Unlisted investments held at fair value	8	100,119	-	-
Other financial assets	9	59,934	111,300	-
Property, plant and equipment		-	507	-
Intangible assets		-	339	-
Deferred taxation		3,216	1,724	3,216
<b>CURRENT ASSETS</b>				
Other financial assets	9	113,870	900	76,000
Inventories		-	34	-
Trade and other receivables		46	2,449	571
Cash and cash equivalents		5,516	13,469	3,334
Non-current assets held for sale		-	105,356	129,668
<b>TOTAL ASSETS</b>		<b>524,152</b>	<b>236,078</b>	<b>212,789</b>
<b>EQUITY AND LIABILITIES EQUITY</b>				
Equity attributable to owners of the parent	10	533,701	188,831	193,329
Non-controlling interest		(14,221)	(19,400)	(14,221)
<b>CURRENT LIABILITIES</b>				
Other financial liabilities		-	37,015	-
Current tax payable		-	490	421
Trade and other payables	11	4,672	5,743	3,711
Liabilities of disposal group held for sale		-	23,399	29,549
<b>TOTAL LIABILITIES</b>		<b>4,672</b>	<b>66,647</b>	<b>33,681</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>524,152</b>	<b>236,078</b>	<b>212,789</b>
Net asset value per share (cents)		189	188	192
Tangible net asset value per share (cents)		188	186	189

## Consolidated Summarised Statement of Financial Position as at 31 May 2015

R'000	Notes	Unaudited 6 months ended 31 May 2015	Unaudited 6 months ended 28 February 2014	Audited 15 months ended 30 November 2014
<b>Continuing operations</b>				
Fair value adjustments to investments	8	(15,919)	-	414
Interest income	12	8,753	2,305	7,913
Dividends received		9	-	-
Other revenue		-	510	797
Cost of sales		-	(485)	(490)
<b>Gross (loss) / income from investments and operations</b>		<b>(7,157)</b>	<b>2,330</b>	<b>8,634</b>
Other income		78	91	10,853
Finance costs		(140)	(1,972)	(2,360)
<b>Net (loss)/ income before operating expenses</b>		<b>(7,219)</b>	<b>449</b>	<b>17,127</b>
Operating expenses		-	-	-
- Management fee	13	(3,249)	-	-
- Other operating expenses	14	(9,694)	(9,955)	(15,328)
<b>(Loss)/ profit before taxation</b>		<b>(20,162)</b>	<b>(9,506)</b>	<b>1,799</b>
Taxation		421	110	1,617
<b>(Loss)/ profit from continuing operations</b>		<b>(19,741)</b>	<b>(9,396)</b>	<b>3,416</b>
<b>Discontinued operations</b>	15			
Net loss from discontinued operations		(8,747)	(85,981)	(92,469)
<b>Total comprehensive loss for the period</b>		<b>(28,488)</b>	<b>(95,377)</b>	<b>(89,053)</b>
<b>Loss for the period attributable to:</b>				
Equity holders of the parent		(28,488)	(97,589)	(94,293)
Non-controlling interests		-	2,212	5,240
<b>(Loss)/ profit from continuing operations attributable to:</b>				
Equity holders of the parent		(19,741)	(9,458)	(1,824)
Non-controlling interests		-	62	5,240
<b>(Loss)/ profit from discontinued operations attributable to:</b>				
Equity holders of the parent		(8,747)	(88,131)	(92,469)
Non-controlling interests		-	2,150	-
<b>Basic and diluted loss per share (cents)</b>				
From continuing operations		(8.90)	(9.59)	(1.82)
From discontinued operations		(3.94)	(89.39)	(92.30)
Basic loss for the period		(12.84)	(98.98)	(94.12)
<b>Headline and diluted headline loss per share (cents)</b>				
From continuing operations		(8.43)	(9.60)	(1.79)
From discontinued operations		(1.72)	(14.30)	(14.48)
Headline loss for the period		(10.15)	(23.90)	(16.27)
Weighted and diluted weighted average number of shares		221,740,565	98,592,416	100,180,601
Total number of shares in issue (net of treasury shares)		282,353,707	100,514,281	100,514,281

## Reconciliation between loss and headline loss attributable to equity holders of the parent

R'000	Unaudited 6 months ended 31 May 2015	Unaudited 6 months ended 28 February 2014	Audited 15 months ended 30 November 2014
<b>Continuing operations</b>			
Basic loss for the period attributable to equity holders of parent	(19,741)	(9,458)	(1,824)
Impairment of intangible assets	-	-	32
Profit on disposal of assets	-	(6)	-
Loss on disposal of subsidiary	1,048	-	-
Tax effect of adjustments	-	1	-
<b>Headline loss for the period attributable to equity holders of parent</b>	<b>(18,693)</b>	<b>(9,463)</b>	<b>(1,792)</b>
<b>Discontinued operations</b>			
Basic loss for the period attributable to equity holders of parent	(8,747)	(88,131)	(92,469)
Loss on sale of disposal group held for sale	4,847	39,207	71,466
Loss on disposal of property, plant and equipment	109	-	1,058
Impairment of goodwill	-	34,822	5,435
Tax effect of adjustments	(31)	-	-
<b>Headline loss for the period attributable to equity holders of parent</b>	<b>(3,822)</b>	<b>(14,102)</b>	<b>(14,510)</b>



## Consolidated Summarised Statement of Changes in Equity for the six months ended 31 May 2015

R'000	Unaudited 6 months ended 31 May 2015	Audited 15 months ended 30 November 2014
<b>Balance at the beginning of the period as reported</b>	<b>179,108</b>	<b>210,508</b>
Total comprehensive loss for the period	(28,488)	(89,053)
Issue of shares	363,678	-
Capitalisation of share issue costs	(5,412)	-
Equity settled share based payments	-	3,420
Shares vested in terms of forfeitable share plan	-	1,350
Own shares acquired by subsidiaries, held as treasury shares	-	(78)
Transactions with non-controlling shareholders	10,594	52,961
<b>Balance at the end of the period</b>	<b>519,480</b>	<b>179,108</b>

## Consolidated Summarised Statement of Cash Flows for the six months ended 31 May 2015

R'000	Unaudited 6 months ended 31 May 2015	Unaudited 6 months ended 28 February 2014	Audited 15 months ended 30 November 2014
Net cash flow from operating activities	(3,688)	(6,513)	2,258
Net cash flow from investing activities	(144,122)	6	26,958
Net cash flow from financing activities	150,000	18,409	(26,761)
<b>Total cash movement for the period</b>	<b>2,190</b>	<b>11,902</b>	<b>2,455</b>
Cash and cash equivalents at the beginning of the period	3,334	3,579	(377)
Disposal of subsidiary	(8)	-	1,256
<b>Total cash and cash equivalents at the end of the period</b>	<b>5,516</b>	<b>15,481</b>	<b>3,334</b>

# Notes to the Consolidated Summarised Interim Financial Statements

## 1. REPORTING ENTITY

Stellar Capital is a South African domiciled investment holding company listed on the Main Board of the Johannesburg Stock Exchange. The consolidated summarised interim financial statements of the Group as at and for the six months ended 31 May 2015 comprise the company and its subsidiaries (collectively referred to as the "Group").

The Company has significant interests in four listed investments and two unlisted investments which are more fully set out in note 8. The Company's interests in its investments are accounted for on a fair value basis. The following subsidiaries which were acquired prior to the conversion to an investment holding company, have been consolidated:

- ConvergeNet Management Services (Pty) Ltd
- ConvergeNet SA (Pty) Ltd (dormant)
- Navix Distribution (Pty) Ltd (dormant)
- SIMAT Management Company (Pty) Ltd (dormant)

During the period under review, the Company disposed of its 100% interest in Northbound Communication Solutions (Pty) Ltd which was previously held as a dormant subsidiary.

## 2. STATEMENT OF COMPLIANCE

These consolidated summarised interim financial statements have been prepared in accordance with IAS 34 International Financial Reporting Standards, Interim Financial Reporting and the Financial Reporting Guides issued by the Accounting Practices Board of SAICA, as well as the Companies Act (No 71 of 2008). These interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the period ended 30 November 2014, which contain information required for full annual financial statements, which are available at <http://www.stellarcapitalpartners.co.za/financial-results/>.

## 3. APPROVAL

These consolidated summarised interim financial statements were approved by the Board of Directors on 30 July 2015.

## 4. ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated summarised interim financial statements are consistent with those applied by the Group in the consolidated financial statements for the period ended 30 November 2014, with the exception of the treatment of investments held at fair value through profit and loss. In prior periods, the Company consolidated all investments in subsidiaries and joint ventures. Following conversion to an investment holding company, the Company has applied the exception to consolidation in terms of paragraph 31 of *IFRS 10 Consolidated Financial Statements* in respect of subsidiaries, save for subsidiaries whose main purpose and activities relate to providing services that relate to the Company's investment activities which continue to be consolidated.

## 5. FINANCIAL PREPARATION

These results have been prepared under the supervision of CB de Villiers, the Chief Financial Officer of Stellar Capital.

## 6. COMPARATIVE FIGURES

Unless otherwise indicated, comparative figures refer to the six months ended 28 February 2014. During the previous financial period, the Board resolved to amend the financial year end of the Company from 31 August to 30 November. As such, the comparative period is presented for the six months ended 28 February 2014.

In accordance with the requirements of *IFRS 5 Non-current assets held for sale and discontinued operations*, the statement of comprehensive income and statement of cash flows have been re-presented for the disclosures that relate to the operations of Structured Connectivity Solutions Proprietary Limited and Chrystalpine Investments 9 Proprietary Limited (incorporating Andrews Kit Proprietary Limited) which had been discontinued by the end of the previous reporting period (refer note 15).

## Notes to the Consolidated Summarised Interim Financial Statements (Cont.)

### 7. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated summarised interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended 30 November 2014.

In addition to the significant judgments applied by management in preparation of the consolidated financial statements for the period ended 30 November 2014, management has during the period under review applied significant judgement in relation to the assessment and application of the investment entity criteria in terms of paragraph 31 of IFRS 10 read with the application guidance and in the relation to the determination of the fair value of the Company's investments in accordance with *IFRS 13 Fair Value Measurement*.

### 8. INVESTMENTS HELD AT FAIR VALUE

	% held	Principal place of business
<i>Listed investments</i>		
Cadiz Holdings Limited	16.46%	South Africa
Digicore Holdings Limited	19.26%	South Africa
Goliath Gold Mining Limited	21.77%	South Africa
Mine Restoration Investments Limited	33.58%	South Africa
<i>Unlisted investments</i>		
Praxis Financial Services (Pty) Ltd	51%	South Africa
Tellumat (Pty) Ltd	30%	South Africa

R'000	Unaudited as at 31 May 2015	Unaudited as at 28 February 2014	Audited as at 30 November 2014
<i>Investments in listed entities</i>			
Cadiz Holdings Limited	44,497	-	-
Digicore Holdings Limited	121,932	-	-
Goliath Gold Mining Limited	54,930	-	-
Mine Restoration Investments Limited	20,092	-	-
<i>Investments in unlisted entities</i>			
Praxis Financial Services (Pty) Ltd	-	-	-
Tellumat (Pty) Ltd	100,119	-	-
Total value of investments held at fair value	341,570	-	-

Investments held at 30 November 2014 were disclosed as other financial assets (see note 9).

### LISTED INVESTMENTS

Listed investments have been valued by applying the market approach valuation technique using the closing quoted market price of each listed investment as at 31 May 2015, save for the Company's investment in Digicore Holdings Limited as stated below.

#### Cadiz Holdings Limited ("Cadiz")



Cadiz' results for the year ended 31 March 2015 were poor. A decline in assets under management, the core business, resulted in reduced revenue for the group, despite an improved performance from the corporate advisory business. Profitability was also impacted by restructuring costs and the recognition of a substantial impairment of goodwill directly related to the weak performance of the asset management unit. Stellar Capital's offer to acquire the remaining ordinary shares of Cadiz, announced on SENS on 19 June 2015, will facilitate a reduction in the cost base of the business and allow greater flexibility in divesting of non-core assets, incentivising key staff and driving strategic growth initiatives. Cadiz has a strong institutional base and many talented staff and it is the intention to rebuild the business into one of the leading fund managers in South Africa.

#### Digicore Holdings Limited ("Digicore")



Digicore has performed steadily since acquisition, continuing to build on the cost-cutting initiatives of management. Recent interim results showed revenue growth of 5%, underpinned by strong operating cash flows, which enable the group to increase its investment in rental assets, as well as to reduce its debt outstanding. The group also achieved a profit before tax margin of 34% and an earnings per share of 11.10 cents. On 19 June 2015 Novatel Wireless Inc., a NASDAQ listed ICT Group, announced its firm intention to acquire all of the issued ordinary share of Digicore for a consideration of R4.40 per Digicore share ("Digicore Offer"). No adjustment has been made to the fair value of the Digicore investment for the impact of the Digicore Offer as this represents a non-adjusting post reporting date event. In respect of the Company's investment in Digicore originally acquired from Titan Premier Investments (Pty) Ltd ("Titan"), being 38,692,770 Digicore shares, shareholders are further reminded of paragraph 5.4.3 of the Company's circular to shareholders dated 15 December 2014 which states that *"If, within six months of the Effective Date, ConvergeNet disposes of the Digicore Consideration Shares acquired from Titan for a cash amount of more than R2.50 per Digicore share, then the Digicore Purchase Consideration payable to Titan will be adjusted upwards on a rand-for-rand basis. ConvergeNet will settle the difference owing by way of the issue of additional ConvergeNet shares to Titan at an issue price of R2.00 per share."* The net impact of the application of the aforementioned agreement will, in respect of the Digicore Shares acquired from Titan, result in an increase in the net asset value and cash and cash equivalents balance, but will have no impact on the net asset value per share. Accordingly, the Digicore shares originally acquired from Titan have been valued at cost of R2.50 per share whilst a further 9,000,000 Digicore shares held by the Company have been valued at R2.80 per share which represents the market closing price of Digicore on 29 May 2015.

The company expects to issue a further 36,758,132 shares to Titan in terms of the aforementioned purchase price adjustment, to the extent the Digicore Offer is implemented.

#### Goliath Gold Mining Limited ("Goliath Gold")



Goliath Gold posted a basic and headline loss of 52 cents (2013: loss of 30 cents) per share for the year ended 31 December 2014, resulting primarily from exploration and pre-feasibility expenses. The increase of approximately 40% in the group's consolidated gold resource estimate was largely offset by a substantial increase in amounts owing to shareholders which funds exploration activities. It is the intention of the Company to dispose of this investment in the near term and no liquidity discount has been applied in arriving at the fair value of the Company's investment due to management's assessment of the likelihood of the realisation of the investment at its carrying value.

### Mine Restoration Investments Limited ("MRI")



MRI intends on acquiring up to 39.2% of Iron Mineral Beneficiation Services (Pty) Ltd ("IMBS") and to raise R200m through a share issue at 7 cents per share to part fund the IMBS deal as announced in a detailed cautionary on SENS on 26 June 2015. IMBS was formed in 2006 to become a global iron production company. Through the deployment of its modular, proprietary and patented technology, IMBS is currently commissioning its first production facility in Phalaborwa, South Africa. The technology is a highly efficient and cost effective way of making metallic iron for sale into the steel-making industry as a scrap supplement. This transaction represents an exciting diversification of MRI's operations and an opportunity for the business to achieve genuine scale in a relatively short time period.

From an operational perspective MRI has recently experienced challenging conditions – primarily related to water supply shortages - at its coal fines processing and briquetting operations. These issues are being actively addressed by management but have materially offset improved performance and feasibility reports during the previous financial period.

Shareholders are reminded of paragraph 6.4.3 of the Company's circular to shareholders dated 15 December 2014 which states that *"In the event that the shares in MRI acquired from ASOF are sold for an amount of less than R0.10 per share, or in the event that MRI is liquidated or wound-up as a result of an insolvency event, within 12 months of the date of acquisition of such shares, ASOF shall be liable to ConvergeNet for an amount equal to 50% of the direct loss suffered by ConvergeNet as a result. ASOF may discharge that liability in cash or by way of the transfer to the Company of MRI Consideration Shares (or the relevant portion thereof)."* As a result, no liquidity discount has been applied in arriving at the fair value of the Company's investment in MRI. The potential further loss to the Company arising from the liquidation or wind-up of MRI is R7.46 million, assuming no value is realized from the investment.

### UNLISTED INVESTMENTS

Unlisted investments have been valued by applying the income approach technique (supplemented by the market approach valuation technique as reasonability assessment). No adjustments have been made to the Company's fair value determination performed on the acquisition of Praxis Financial Services (Pty) Ltd and Tellumat (Pty) Ltd and as such, the cost of these investments fairly approximate their value at the reporting date.

### Praxis Financial Services (Pty) Ltd ("Praxis")



Praxis is an innovative provider of working capital finance to the motor body repairer industry. A 51% investment in Praxis was acquired for a nominal consideration during May 2015. Working with a newly introduced management team, Stellar Capital led key initiatives to refine operating processes and information technology systems, reduce long-outstanding trade receivables and contract the business' working capital cycle which have started to yield positive results.

### Tellumat (Pty) Ltd ("Tellumat")



The group has achieved steady revenue growth since acquisition, supplemented by healthy trading margins and the announcement that the group has been awarded, as part of a tender consortium, the contract to deliver set-top boxes as part of government's programme to migrate existing analog broadcasting to digital broadcasting.

## Notes to the Consolidated Summarised Interim Financial Statements (Cont.)

### RECONCILIATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

R'000	Unaudited as at 31 May 2015	Unaudited as at 28 February 2014	Audited as at 30 November 2014
Opening balance	3,267	-	131
Acquisitions	355,649	-	14,777
Proceeds from disposals	(1,427)	-	(11,924)
Realised gains	78	-	-
Unrealised (losses)/ gains	(15,997)	-	414
Transferred to disposal group held for sale	-	-	(131)
<b>Closing balance</b>	<b>341,570</b>	<b>-</b>	<b>3,267</b>

### 9. OTHER FINANCIAL ASSETS

R'000	Unaudited as at 31 May 2015	Unaudited as at 28 February 2014	Audited as at 30 November 2014
<b>Financial assets at fair value through profit or loss</b>			
<b>Listed shares</b>	-	-	3,267
Listed shares have been separately disclosed in the 2015 financial period (refer to note 8).			
<b>Other financial assets at amortised cost</b>			
<b>X-DSL Networking Solutions (Pty) Ltd</b>	-	2,200	100
This loan bore interest at the prime rate and was repaid in full on 8 December 2014.			
<b>Loan Participation 1</b>	-	-	10,231
The loan accrued interest at prime plus 8.5% per annum and was serviced quarterly. On 24 April 2015 the loan was refinanced and was incorporated into Loan Participation 3.			
<b>Loan Participation 2</b>	12,000	-	12,000
The loan accrues interest at 2% per month, which is serviced monthly. This loan participation is repayable on or before 31 August 2015 and is secured by listed shares at a minimum cover ratio of three times the face value of the outstanding amount of debt.			
<b>Loan Participation 3</b>	66,029	-	-
The loan accrued interest at prime plus 9.75% per annum and is serviced monthly. This loan participation is repayable on or before 30 April 2018. The loan is secured by a cession of unlisted shares in the borrower. The loan is also secured by a cession by the borrower of the bank account and insurance policies as well as a pledged of inventory and all movable property in terms of a general notarial bond. R6 million of the capital was repaid in June 2015.			
<b>Loan Participation 4</b>	43,068	-	-
The loan accrues interest at 20% per annum and is repayable on 30 November 2016. Interest accrues up to 30 June 2015, whereupon it becomes due and payable. Thereafter, interest accrues at the same rate, but is serviced monthly. The loan is secured by cession of book debts, a pledge of shares in the borrower and personal sureties. R1,48 million interest was received in June 2015 and a further interest amount of R1,48 million during July 2015.			

## Notes to the Consolidated Summarised Interim Financial Statements (Cont.)

### Tellumat (Pty) Ltd

The working capital loan accrues interest at prime plus 4% per annum for the duration that the capital amount remains outstanding.

### Deposit with Titan Financial Services (Pty) Ltd

The non-interest bearing deposit is secured by shares in unlisted companies which are under due diligence by the Company. The deposit is repayable on conclusion of the diligence process which is expected to be completed on or before 30 September 2015.

### Zaloverve (Pty) Ltd

The loan accrued interest at prime less 2%, payable monthly in arrears, and was fully settled on 31 December 2014.

### Sizwe Africa IT Group (Pty) Ltd

This relates to expenses settled on behalf of Sizwe Africa IT Group (Pty) Ltd. The loan is payable on demand and does not bear any interest.

### Total other financial assets at amortised cost

Impairment of loans and receivables

Non-current assets

Current assets

3,707	-	-
49,000	-	-
-	110,000	50,000
1,867	-	1,867
<b>175,671</b>	<b>112,200</b>	<b>77,465</b>
(1,867)	-	(1,465)
<b>173,804</b>	<b>112,200</b>	<b>76,000</b>
59,934	111,300	-
113,870	900	76,000
<b>173,804</b>	<b>112,200</b>	<b>76,000</b>

Loan syndication agreements have been entered into between Stellar Capital and AfrAsia Special Opportunities Fund (Pty) Ltd ("ASOF"), whereby the Company has participated in loans advanced by ASOF to various entities. The credit risk of the participated loans is shared by all syndicated parties in accordance with the proportion of the funding provided by each syndication party.

ASOF's counterparty in respect of Loan Participation 4 is Praxis Financial Services (Pty) Ltd, an investee company of Stellar Capital. Stellar Capital's rights and obligations in relation to the loan are the same as those of ASOF.

The balance of long-outstanding amounts due from Sizwe Africa IT Group (Pty) Ltd were impaired during the current reporting period which resulted in a charge to the statement of comprehensive income in the amount of R 402,000 (2013: R1,46 million). The carrying amounts of the remaining other financial assets approximate their fair values as the balances are neither past due nor impaired.

## 10. SHARE CAPITAL

During the six months under review, the Company issued a total of 181,839,426 ordinary shares of no par value at R2.00 each as follows:

- 75,000,000 shares at R2.00 each for a total consideration of R150 million;
- 2,525,200 shares at R2.00 each in lieu of underwriting and commitment fees;
- 59,615,963 shares at R2.00 each in settlement of the acquisition of 19.26% Digicore Holdings Limited;
- 32,062,131 shares at R2.00 each in settlement of the acquisition of 21.77% Goliath Gold Mining Limited; and
- 12,636,332 shares at R2.00 each in settlement of the acquisition of 30.32% Mine Restoration Investments Limited.



## Notes to the Consolidated Summarised Interim Financial Statements (Cont.)

### 11. TRADE AND OTHER PAYABLES

Trade and other payables materially comprise management fees due to Thunder Securitisations (Pty) Ltd ("Manco"), the management company of Stellar Capital, in the amount of R3,25 million (refer to note 13). The amount was fully settled on 29 June 2015.

### 12. INTEREST INCOME

R'000	Unaudited 6 months ended 31 May 2015	Unaudited 6 months ended 28 February 2014	Audited 15 months ended 30 November 2014
Syndicated loans	6,607	-	-
Loans to portfolio companies	638	-	-
Other loans and receivables	-	2,297	7,615
Bank	1,508	8	298
	<b>8,753</b>	<b>2,305</b>	<b>7,913</b>

### 13. MANAGEMENT FEE

R'000	Unaudited 6 months ended 31 May 2015	Unaudited 6 months ended 28 February 2014	Audited 15 months ended 30 November 2014
Base fee	3,995	-	-
Performance fee	-	-	-
Recoveries*	(746)	-	-
	<b>3,249</b>	-	-

\* During the period under review, the Company incurred expenses on behalf of Manco which were recovered from the base management fee.

Management fees are determined in accordance with the agreement between Stellar Capital and Manco. Base fees are calculated on a quarterly basis and are earned on the net asset value of Group as follows:

- 2% on the portion of a net asset value of less than R500 million;
- 1.5% on the portion of the net asset value which is in excess of R500 million, but not greater than R1 billion; and
- 1% on the portion of the net asset value which is in excess of R1 billion.

Performance fees are payable quarterly in relation to the increase in net asset value per share of the Group during the respective quarter. Where the net asset value per share for the respective quarter is lower than the previous highest net asset value per share, no performance fees are payable for that quarter.

### 14. OTHER OPERATING EXPENSES

Significant expenses incurred during the six months under review related to audit fees in the amount of R1.7 million and corporate advisory fees to establish the investment holding entity in the amount of R2.9 million.

### 15. DISCONTINUED OPERATIONS

The net loss from discontinued operations resulted from the disposal of Structured Connectivity Solutions (Pty) Ltd and Chrystalpine Investments 9 (Pty) Ltd (incorporating Andrews Kit (Pty) Ltd), which became effective on 1 February 2015.

### 16. DIVIDEND

No dividend has been proposed for the six month period under review.

### 17. CHANGE TO THE BOARD OF DIRECTORS

Charl de Villiers was appointed to the board as Chief Financial Officer with effect from 1 February 2015 and Peter van Zyl was appointed as Chief Executive Officer from this date.

### 18. CHANGE TO THE NATURE OF OPERATIONS

As required by paragraph 9A of *IFRS 12 Disclosure of Interests in Other Entities*, the significant judgements and assumptions that Stellar Capital's management has made in determining that the Company qualifies as an investment entity in terms of paragraph 31 of IFRS 10, are:

- IFRS 10.27(a): Stellar Capital has obtained funds from one or more public investors for the purpose of providing those investors with investment management services.
- IFRS 10.27(b): Stellar Capital has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- IFRS 10.27(c): Stellar Capital measures and evaluates the performance of substantially all of its investments on a fair value basis.

### 19. EVENTS AFTER THE REPORTING PERIOD

- Novatel Wireless Inc., a NASDAQ listed ICT Group, on 19 June 2015 announced its firm intention to acquire all of the issued ordinary shares of Digicore for a consideration of R4.40 per Digicore share. The Company has irrevocably undertaken to vote in favour of all resolutions required to implement the Digicore Offer.
- On 19 June 2015, Stellar Capital announced its firm intention to acquire all of the issued ordinary shares in Cadiz Holdings Limited not already held by the Company acting through a special purpose vehicle (Bidco) to be incorporated as a wholly-owned subsidiary of Stellar Capital.
- On 7 July 2015, Stellar Capital announced its firm intention to acquire a strategic minority interest in Torre Industries Limited.

### 20. OUTLOOK

The Group's listed investments are currently subject to increased corporate activity, the impact of which will largely only crystallise within the results of the Group during the medium term. The unlisted investments are trading satisfactorily.

The board and Manco continues to evaluate opportunities to implement the investment strategy of the Group.

By order of the board

**D Tabata, Chairman**

## Corporate Information

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### Directors

DD Tabata (Chairman)\*, PJ van Zyl (Chief Executive Officer),  
CB de Villiers (Chief Financial Officer), L Mangope\*, CE Pettit\*,  
J de Bruyn\*, CC Wiese\*, CH Wiese\*  
(\*Independent non-executive)

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### Transfer Secretaries

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