STELLAR CAPITAL PARTNERS LIMITED
(Registration number 1998/015580/06)
Annual financial statements
for the year ended 30 June 2021

Index

Definitions

Amalinde Technologies
Amalinde Technologies Proprietary Limited (previously Masimong Technologies Proprietary Limited)

AHI
AHI Asset Management Proprietary Limited which holds the direct investment in the GSL Fund and GSO Fund

B-BBEE
Broad-based black economic empowerment

Friedshelf
Friedshelf 1678 Limited, incorporating 100% CDZ Holdings Proprietary Limited and 100% AHI Asset Management Holdings Proprietary Limited

Company
Stellar Capital Partners Limited

Companies Act
Companies Act No. 71 of 2008, as amended

Consolidated Subsidiaries
Subsidiaries that are not portfolio companies and whose main purpose and activities are providing services that relate to the Company's investment activities

CSI
Corporate Social Investment

EBITDA
Earnings before interest, taxation, depreciation and amortisation

FVTPL
Fair value through profit or loss

Greenpoint Capital / GPC
Greenpoint Capital Proprietary Limited

Greenpoint Specialised Lending / GSL Fund
Greenpoint Specialised Lending Proprietary Limited

Greenpoint Special Opportunities / GSO Fund
Greenpoint Special Opportunities Proprietary Limited

Group
The Company, incorporating Consolidated Subsidiaries

IFRS
International Financial Reporting Standards

Inyosi Solutions
Inyosi Solutions Proprietary Limited

JSE
Johannesburg Stock Exchange

King IV
King Report of Corporate Governance for South Africa 2016

LifeQ
LifeQ Global Limited

Manco
Thunder Securitisations Proprietary Limited

NAV
Net asset value attributable to equity owners of the parent

NAVPS
Net asset value per share attributable to equity owners of the parent

P/E
Price/earnings

Praxis Financial Services
Praxis Financial Services Proprietary Limited

Prescient
Prescient Holdings Proprietary Limited

Sithega Fund
Sithega Financial Services Fund

Tellumat
Tellumat Proprietary Limited

Stellar Capital
Stellar Capital Partners Limited

Stellar International
Stellar International Limited incorporated in Mauritius

Stellar Management Services
Stellar Management Services Proprietary Limited

Tictrac
Tictrac Limited

Statement of Responsibility by the Board of Directors

The directors are responsible for the preparation and fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with the Listings Requirements of the JSE Limited, IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. They are presented in South African Rands.

The annual financial statements have been prepared under the supervision of Mr S Graham CA (SA), the Chief Financial Officer. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year under review and the financial position of the Group and the Company at year-end. In accordance with paragraph 3.4(b)(v) of the JSE Listings Requirements, the Company again confirms the use of NAVPS for trading statement purposes. This is still considered to be an appropriate measure given that, as an investment holding company, the assessment of net asset value is a key performance measure.

The directors are also responsible for the Group's and the Company's systems of internal financial control. These are developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group and the Company will continue as going concerns in the future as they will have sufficient funds available to settle their obligations as and when they become due.

The financial statements set out on pages 15 to 43, were audited by the independent auditor, BDO South Africa Incorporated, to whom unrestricted access was given to all financial records and related information. The independent auditor's unmodified report is presented on pages 12 to 14.

Signed on behalf of the Board of Directors on 27 August 2021.

Corrie Roodt	Peter van Zyl
Chairman of the Board	**Chief Executive Officer**

Chief Executive Officer and Chief Financial Officer's responsibility statement

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 15 to 43, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of King IV™. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action. Whilst we are aware of our responsibility to communicate such fraud incidents to the Audit and Risk Committee and auditors, no incidents of such fraud were identified for communication during the year under review.

Peter van Zyl
Chief Executive Officer

Sean Graham
Chief Financial Officer

27 August 2021

Statement by the Company Secretary

In terms of section 88(1)(e) of the Companies Act, I certify that the Company has lodged with the Companies and Intellectual Property Commission and the Registrar all such returns and notices as required by the Companies Act and that all such returns appear to be true, correct and up to date.

Wilma Dreyer
Company Secretary

27 August 2021

Report of the Audit and Risk Committee

As required by section 94 of the Companies Act, the Audit and Risk Committee submits its report for the 2021 financial year. The Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

The Audit and Risk Committee has discharged the functions in terms of its charter and ascribed to it in terms of the Companies Act as follows:

- Reviewed the 2021 annual financial statements, culminating in a recommendation to the Board to adopt them. In the course of its review the Committee took appropriate steps to ensure that the financial statements are prepared in accordance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates;
- Considered and, where appropriate, made recommendations on internal financial controls;
- Reviewed the external audit report on the annual financial statements;
- Ensured that appropriate financial reporting procedures are in place and that those procedures are operating;
- Evaluated the effectiveness of the risk management process and controls;
- Verified the independence of the external auditor, BDO South Africa Incorporated, as the auditor for the Company and Group and noted the appointment of Mr Imtiaaz Hashim as the Designated Auditor;
- Approved the audit fees and engagement terms of the external auditor;
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor;
- Ensured that appropriate financial reporting procedures have been established and that those procedures are operating, which include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that the Committee has access to all financial information to effectively prepare and report on the financial statements of the issuer;
- Requested from the audit firm the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in the assessment of the suitability for the re-appointment of BDO South Africa Incorporated and the designated individual partner; and
- Ensured that the appointment of the auditor is presented and included as a resolution at the annual general meeting pursuant to Section 61(8) of the Companies Act.

MEMBERS OF THE AUDIT AND RISK COMMITTEE

All Audit and Risk Committee members act independently as described in section 94 of the Companies Act.

During the year under review, the Audit and Risk Committee consisted of three independent non-executive directors.

The composition of the Audit and Risk Committee comprises:
Mr L Potgieter (Chairman)
Mr MVZ Wentzel
Mr DD Tabata

CONFIDENTIAL MEETINGS

During the current year under review, the Audit and Risk Committee met with the external auditor without the presence of management.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

The Audit and Risk Committee has satisfied itself that the Chief Financial Officer has the appropriate expertise and experience, as required by section 3.84 (g) (i) of the JSE Listings Requirements.

INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review, a representation was made by the external auditor regarding its independence and the Audit and Risk Committee confirmed the independence of BDO South Africa Incorporated as external auditor and Mr Imtiaaz Hashim as the Designated Auditor.

The Committee has reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15 (h) of the JSE Listings Requirements.

Lonn Potgieter
Chairman of the Audit and Risk Committee

27 August 2021

Report of the Board of Directors

TO THE SHAREHOLDERS OF STELLAR CAPITAL

The directors have pleasure in presenting the annual financial statements of the Company and the Group for the year ended 30 June 2021.

NATURE OF BUSINESS

Stellar Capital Partners Limited ("Stellar" or "Stellar Capital") is a JSE-listed investment holding company focused on investing in primarily unlisted assets, working with management teams to create market leading businesses and ultimately realising and delivery value to its shareholders.

Net asset value per share ("NAVPS") and Tangible NAVPS decreased by 1.5% from R1.31 as at 30 June 2020 to R1.29 as at 30 June 2021.

INTERNALISATION OF THE MANAGEMENT COMPANY

Stellar previously appointed Thunder Securitisations Proprietary Limited as its dedicated investment manager ("Manco") to manage the portfolio of the Company in accordance with section 15 of the JSE Listings Requirements. The Manco, in terms of its management agreement with the Company, acted on behalf of the Company in sourcing, negotiating, concluding and executing investment opportunities for the Company in terms of the Investment Policy approved by Shareholders on 3 June 2016.

Following approval by shareholders, Stellar acquired 100% of the equity in Thunder Securitisations Proprietary Limited in March 2021 for an aggregate purchase consideration of 50 million Stellar ordinary shares, which was settled through the transfer of treasury shares held by AHI Asset Management to the sellers of the Manco. As a result, the Manco became a wholly-owned subsidiary with effect from 31 March 2021 and is consolidated in the Group financial statements (refer to note 18). No management fees were charged to Stellar by the Manco for the quarters ending 31 March 2021 and 30 June 2021.

PRESCIENT

Stellar holds a preference share investment in the controlling shareholder of Prescient which gives Stellar the rights and economic benefits attributable to an effective 19.4% interest in Prescient. The preference share delivers a dividend yield on a pass-through basis. Stellar continues to be an active participant in the strategic decision making within the Prescient Group. Stellar works with the founding shareholders, empowerment partners and current management to grow the group both locally and internationally.

SITHEGA FUND

Stellar is one of the seed investors in the Sithega Fund. Sithega was founded by Mr Thabo Dloti along with his partners in 2018. Sithega holds an investment in the Prescient Group and intends to grow and expand its investment portfolio from asset management into life and short-term insurance markets in due course.

AHI ASSET MANAGEMENT

Stellar injected further equity of R14.1 million into AHI in the current financial year by subscribing for ordinary shares, but also received a distribution of excess capital of R30 million from AHI. Stellar also holds preference A Shares in AHI, which reflects AHI's investment in the Greenpoint Funds. During both the current and previous financial years, a portion of the A Share dividends received were reinvested in A Shares so as to match the GSL Fund and GSO Fund returns reinvested by AHI. AHI holds 40 million treasury shares at 30 June 2021 following the transfer of 50 million treasury shares to the sellers of the Manco.

PRAXIS FINANCIAL SERVICES

Stellar continues to hold 37% of ordinary equity in the business in partnership with other private equity participants and management. Praxis provides alternative financing solutions in conjunction with the insurance industry with a focus on the motor insurance space.

GREENPOINT HOLDINGS

Stellar holds a 51% stake in Greenpoint Holdings in partnership with management. Greenpoint Capital, which focuses on mid-market credit solutions, manages several funds with bespoke mandates to deploy capital into the appropriate credit opportunities in the mid-market. GPC Investments looks to invest balance sheet capital into its own funds to demonstrate its commitment to its credit decision making process and to its fund investors.

INYOSI SOLUTIONS

Inyosi Solutions is the appointed manager of the Supplier and Enterprise Development Funds held within Inyosi Capital. Stellar held a 75% equity stake in the manager, which was acquired for R3.6m in July 2017 and which was sold in June 2021 for R8.8 million, which included R1.8 million relating to Stellar's share of June 2021 year-end profits not yet declared as a dividend.

TELLUMAT

Tellumat disposed of its Air Traffic Management and Defence & Security business units with effect from 31 December 2020 and has materially reduced its operations as at 30 June 2021. The investment value (including the value attributed to the empowerment partner, Amalinde Technologies) is based on the unwind of the remaining assets and liabilities.

Report of the Board of Directors

SHAREHOLDER ANALYSIS

ORDINARY SHARES AS AT 30 JUNE 2021

ORDINARY SHAREHOLDER SPREAD	Number of shareholders	Number of shares	% of shares in issue
Public	4 519	386 347 821	42,33%
Non-public	8	526 269 020	57,67%
• Directors	3	3 272 789	0,36%
• Associates of directors	2	16 857 549	1,85%
• Treasury shares held by subsidiary	1	40 000 000	4,38%
• Persons interested in 10% or more (other than directors or associates of directors)	2	466 138 682	51,08%

MAJOR ORDINARY SHAREHOLDERS	Number of shares	% of shares in issue
Foxglove Capital Resources Limited	295 041 641	32,33%
Asgard Capital Assets	171 097 041	18,75%
K2016225267 (South Africa) Proprietary Limited	87 126 632	9,55%

Ordinary shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of shares in issue
1 – 1 000 shares	2 064	45,59%	424 545	0,05%
1 001 - 10 000 shares	1 263	27,90%	5 501 136	0,60%
10 001 - 50 000 shares	769	16,99%	18 314 082	2,01%
50 001 - 100 000 shares	177	3,91%	13 358 198	1,46%
100 001 – 500 000 shares	184	4,06%	38 328 160	4,20%
500 001 – 1 000 000 shares	28	0,62%	20 527 248	2,25%
1 000 001 shares and over	42	0,93%	816 163 472	89,43%
Total	4 527	100,00%	912 616 841	100,00%

Domicile *	Number of shareholders	% of shareholders	Number of shares	% of shares in issue
Non-resident Shareholders	80	1,77%	320 699 642	35,14%
Resident Shareholders	4 447	98,23%	591 917 199	64,86%
Total	4 527	100,00%	912 616 841	100,00%

* Based on the domicile of the Central Securities Depository Participant (CSDP) that acts as the custodian to the beneficial shareholder.

DIVIDENDS

No ordinary dividend has been declared for the year under review (2020: nil).

CORPORATE GOVERNANCE

The directors subscribe to the values of corporate governance as embodied in King IV.

EVENTS AFTER THE REPORTING DATE

The Board of Directors are not aware of any events after the reporting date and until the date of approval, which have a material impact on the annual financial statements as presented other than the events after the reporting date disclosed in note 31 of the annual financial statements.

GOING CONCERN STATEMENT

In early 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Management have assessed the impact of COVID-19 on its operating, financing and investing activities, and have taken the actions deemed necessary, with the overall impact not possible to fully quantify. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, the timing of its cash flows, and its financial results.

As part of this assessment, the Board has considered the impact of the national lockdown and weakened economy on the underlying funds and

Independent Auditor's Report
To the Shareholders of
Stellar Capital Partners Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Stellar Capital Partners Limited (the group and company) set out on pages 16 to 44, which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stellar Capital Partners Limited as at 30 June 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' Code of *Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted investments held at fair value through profit and loss (Consolidated and Separate Financial Statements - Notes 3, 13 and 27 to the consolidated and separate financial statements, and the relevant accounting policies as disclosed in note 1 to the consolidated and separate financial statements) As indicated in note 1.1 to the consolidated and separate financial statements, the group applies the investment entity exemption in terms of International Financial Reporting Standard 10 *Consolidated Financial Statements.* As such, the group does not consolidate its qualifying unlisted portfolio investments, but accounts for it at fair value through profit and loss. In determining the fair value of the portfolio of investments, which are not traded in an active market, valuation techniques which require significant judgement and estimates are applied by management in the application of their fair value models. The judgements are based on existing market conditions, determined at the end of each reporting period to determine the fair value of these investments. Based on the significance of the balance, the quantitative significance of these estimates, and the impact on the sensitivity of these judgements, assumptions and various unobservable valuation	The audit procedures we performed included, amongst others, the following: • We assessed the design and tested the implementation of key controls over the valuation process; • We assessed the valuation methodologies applied against the relevant requirements of International Financial Reporting Standards. • We tested the mathematical accuracy of the fair value models, by performing a recalculation of each valuation and evaluating the consistency of the formulas applied; • We assessed the reasonability of the inputs and assumptions applied in the valuation models by: o Agreeing, where applicable, the inputs to relevant underlying documentation; and o Comparing the key assumptions applied to available market data, and assessing the reasonability thereof against our understanding

inputs, the fair value estimation of the unlisted investments is considered a matter of most significance to the current year audit of the consolidated and separate financial statements.

of the operating and financial circumstances of each individual investment;

In addition to the above, we made use of internal valuations expertise to:

- Assess the valuation methods applied by management against generally accepted valuations practice and industry guidance;
- Assess the reasonability and appropriateness of the key inputs and assumptions into the models against the financial and operational circumstances of the individual entities. This included, among others, discount factors, discounts and premiums applied to peer group multiples, significant adjustments to determined net asset values and sustainable profit;
- Assess the impact of Covid-19 on the price/earnings multiple and sustainable profit of the investments, by comparing to available market data and evaluating the reasonability of Covid-19 related adjustments to net profit after tax; and
- Perform a sensitivity analysis of the key assumptions in the model.

- We evaluated the completeness and adequacy of the disclosures in the consolidated and separate financial statements relating to the valuation of unlisted investments against the requirements of International Financial Reporting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Stellar Capital Partners Limited Annual Financial Statements for the year ended 30 June 2021”, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group’s and the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and /or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Stellar Capital Partners Limited for 8 years.

BDO South Africa Incorporated
Registered Auditors

Imtiaaz Hashim
Director
Registered Auditor

27 August 2021

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Statement of Financial Position

R'000	Notes	Group As at 30 June 2021	Group As at 30 June 2020	Company As at 30 June 2021	Company As at 30 June 2020
Non-current assets		680 500	682 660	680 500	682 645
Unlisted investments at fair value	3	680 255	681 232	680 255	681 232
Other financial assets	4	-	1 179	-	1 179
Deferred taxation	5	245	249	245	234
Current assets		471 107	458 501	471 107	458 325
Unlisted investments at fair value	3	36 547	57 361	36 547	57 361
Other financial assets	4	1 240	-	1 240	-
Current tax receivable	7	22	34	22	34
Trade and other receivables	8	11 453	120	11 453	120
Cash and cash equivalents	9	421 845	400 986	421 845	400 810
Total assets		1 151 607	1 141 161	1 151 607	1 140 970
Equity		1 150 410	1 139 997	1 150 410	1 139 806
Ordinary share capital	10	2 229 084	2 229 084	2 229 084	2 229 084
Accumulated loss		(1 078 674)	(1 089 087)	(1 078 674)	(1 089 278)
Current liabilities		1 197	1 164	1 197	1 164
Trade and other payables	12	1 197	1 164	1 197	1 164
Total equity and liabilities		1 151 607	1 141 161	1 151 607	1 140 970

Statement of Comprehensive Income

R'000	Notes	Group Year ended 30 June 2021	Group Year ended 30 June 2020	Company Year ended 30 June 2021	Company Year ended 30 June 2020
Fair value adjustments	13	(30 777)	(74 641)	(30 777)	(74 641)
Fair value adjustments on unlisted investments		4 275	(74 641)	4 275	(74 641)
Fair value adjustments resulting from capital distributions		(35 052)	-	(35 052)	-
Dividend income	14	75 236	35 117	75 236	35 117
Capital distributions		35 052	-	35 052	-
Earnings distributions		40 184	35 117	40 184	35 117
Interest income	15	18 513	33 726	18 513	30 918
Gross profit/(loss) from investments		62 972	(5 798)	62 972	(8 606)
Other income		350	813	350	799
Net profit/(loss) before operating expenses		63 322	(4 985)	63 322	(7 807)
Management fee	16	(4 811)	(11 471)	(4 811)	(11 471)
Operating expenses	17	(7 229)	(7 315)	(7 226)	(6 947)
Effective settlement of pre-existing contract	18	(35 570)	-	(35 570)	-
Transaction costs		(1 006)	(192)	(1 006)	(192)
Reversal of impairment on loan to Consolidated Subsidiary	6	-	-	173	5 631
Profit/(loss) before tax		14 706	(23 963)	14 882	(20 786)
Taxation	19	(4 293)	(7 224)	(4 278)	(6 464)
Profit/(loss) for the year		10 413	(31 187)	10 604	(27 250)
Basic and diluted earnings/(loss) per share (cents)	20	1.25	(3.09)		

Statement of Changes in Equity

Group R'000	Ordinary Share capital	Accumulated loss	Total equity
Balance at 1 July 2019	2 347 806	(1 057 900)	1 289 906
Repurchase and cancellation of ordinary shares	(118 722)	-	(118 722)
Loss for the year	-	(31 187)	(31 187)
Balance at 30 June 2020	2 229 084	(1 089 087)	1 139 997
Acquisition of treasury shares ~	(35 570)	-	(35 570)
Shares issued to acquire the Manco	35 570	-	35 570
Profit for the year	-	10 413	10 413
Balance at 30 June 2021	2 229 084	(1 078 674)	1 150 410

Company R'000	Ordinary Share capital	Accumulated loss	Total equity
Balance at 1 July 2019	2 347 806	(1 062 028)	1 285 778
Repurchase and cancellation of ordinary shares	(118 722)	-	(118 722)
Loss for the year	-	(27 250)	(27 250)
Balance at 30 June 2020	2 229 084	(1 089 278)	1 139 806
Acquisition of treasury shares ~	(35 570)	-	(35 570)
Shares issued to acquire the Manco	35 570	-	35 570
Profit for the year	-	10 604	10 604
Balance at 30 June 2021	2 229 084	(1 078 674)	1 150 410

~ These treasury shares were previously held by AHI, a subsidiary held at fair value, and which is not consolidated.

Statement of Cash Flows

		Group		Company	
		Year ended	Year ended	Year ended	Year ended
R'000	Notes	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Operating activities		38 669	445 330	38 672	442 442
Cash (utilised in) / generated from operations	21	(18 142)	383 101	(18 139)	383 022
Capital distributions received		5 052	-	5 052	-
Dividends received		39 117	35 117	39 117	35 117
Interest received		16 919	33 649	16 919	30 840
Tax paid	7	(4 277)	(6 537)	(4 277)	(6 537)
Investing activities		(17 810)	2 251	(17 637)	76 859
Acquisitions of investments	3	(17 810)	(24 739)	(17 810)	(24 739)
Disposals of other financial assets		-	31	-	31
Loans advanced to portfolio companies		-	(30 644)	-	(30 644)
Loans repaid by portfolio companies		-	57 603	-	57 603
Loans repaid by Consolidated Subsidiary		-	-	173	74 608
Financing activities		-	(118 722)	-	(118 722)
Repurchase of ordinary shares	10	-	(118 722)	-	(118 722)
Cash and cash equivalents at beginning of the year		400 986	72 127	400 810	231
Cash and cash equivalents at end of the year		421 845	400 986	421 845	400 810
Net increase in cash and cash equivalents		20 859	328 859	21 035	400 579

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and comply with the financial reporting pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act. Amounts are presented in South African Rands.

The accounting policies are consistent with those applied in the previous financial year. The significant accounting policies are set out below.

1.1. INVESTMENT ENTITY EXCEPTION

Since being converted into an investment holding company in the 2015 financial year, the Company has applied the investment entity exception as per IFRS 10 Consolidated Financial Statements ("IFRS 10"). The Company therefore does not consolidate its subsidiaries, except where a subsidiary, which is not itself an investment entity, mainly provides services that relate to the Company's investment activities.

All subsidiaries classified as portfolio investments are accounted for at fair value through profit or loss (FVTPL) in terms of IFRS 9 Financial Instruments and all associates classified as portfolio investments are accounted for at FVTPL in terms of the exemption from applying the equity method of accounting provided in IAS 28 Investments in Associates and Joint Ventures.

1.2. PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

1.2.1 ACCOUNTING FOR INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities that the Group controls by being exposed to, or having rights to, variable returns from its involvement with that entity and, where the Group has the ability to affect those returns through its power over the entity.

The subsidiaries of the Group are entities that:

i. comprise portfolio investments; and
ii. provide investment-related services to third parties and related companies.

Due to the investment entity exception, subsidiaries classified as portfolio investments are not consolidated and are measured at fair value on the date of acquisition in terms of IFRS 9. Changes in fair value subsequent to acquisition, primarily driven by the revaluation of portfolio investments, are recognised in profit and loss in the period of change. Subsidiaries classified as (ii) are not portfolio investments and continue to be consolidated in accordance with accounting policy 1.2.3.

1.2.2 ACCOUNTING FOR INVESTMENTS IN ASSOCIATES

Where the Group does not have control, but has significant influence, these investments are classified as associates. Changes in fair value subsequent to acquisition are recognised in profit or loss in the period of change.

1.2.3 ACCOUNTING FOR CONSOLIDATED SUBSIDIARIES

On acquisition date, the assets and liabilities and contingent liabilities of a Consolidated Subsidiary are measured at their fair values. Any excess of consideration paid over the fair value of the identifiable net assets acquired is recognised as goodwill.

The results of Consolidated Subsidiaries are included in the Group financial statements from the effective date of acquisition to the effective date of disposal. Consolidated Subsidiaries are measured at fair value though profit or loss in the Company financial statements.

1.3 SEGMENTAL REPORTING

As the Group has only one business segment which is managed as a single pool of capital irrespective of the sector in which the Group's investees trade, segmental reporting is not applicable. The chief decision maker of the Group is its Board of Directors.

1.4 FINANCIAL INSTRUMENTS

Financial instruments include:

- Unlisted investments at fair value;
- Other financial assets;
- Loans to portfolio companies;
- Loan to Consolidated Subsidiary;
- Trade and other receivables;
- Cash and cash equivalents;
- Equity; and
- Trade and other payables.

Financial instruments are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount of the loss allowance determined in accordance with the expected credit loss model and (ii) the amount initially recognised less, when appropriate, the cumulative amount of any income recognised. A contingent liability is disclosed where the obligation is only possible and not probable.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or have expired.

1.4.1 CLASSIFICATION

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets are classified in terms of the business model and contractual cash flows. Financial liabilities are classified according to the purpose for which it was obtained or incurred and in terms of the relevant contractual cash flows.

Financial instruments are classified into the following categories:

i. Financial assets at fair value through profit or loss;
ii. Financial assets at amortised cost; and
iii. Financial liabilities measured at amortised cost.

1.4.2 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

Financial assets or financial liabilities are classified as at FVTPL where the financial instrument is either held for trading or does not have contractual cash flows of solely payments of principal and interest, or it is designated as at FVTPL.

Financial assets designated as at FVTPL include:

- Unlisted investments held at fair value; and
- Other financial assets held at fair value.

Financial assets at fair value through profit or loss are initially and subsequently recognised at fair value. Transaction costs are immediately expensed in the statement of comprehensive income.

1.4.3 FAIR VALUE ESTIMATION

Financial instruments classified as at fair value through profit and loss are measured in accordance with IFRS 13 Fair Value Measurement ("IFRS 13") at each reporting date.

Where quoted market prices are available for such investments, the quoted market prices are used as prescribed by IFRS 13, unless there are factors that indicate that the quoted market price does not represent fair value at the measurement date.

Where quoted market prices are not available or are not considered to represent fair value, the market approach is applied in estimating the fair values. The primary valuation method used in this regard is the sustainable earnings multiple. Judgment is required in determining an appropriate multiple and in estimating sustainable earnings by reference to the latest reported earnings of the investee, adjusted for any abnormal or non-recurring income and expenditure.

Where the market approach is not considered to be appropriate, an income or cost approach is followed.

Where possible, the following alternative valuation methods are used as validation checks (to the extent not utilised as a primary valuation method):

i. Discounted cash flows;
ii. Net asset value and price-to-book ratio; and
iii. Recent transaction prices.

1.4.4 FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that represent solely repayments of principal and interest and are held for the purpose of collecting contractual cash flows. Financial assets at amortised cost include:

- Other financial assets held at amortised cost;
- Loans to portfolio companies;
- Loan to Consolidated Subsidiary; and
- Trade and other receivables.

Financial assets at amortised cost are initially recognised at fair value plus any transaction costs and are subsequently measured using the effective interest method, less any loss allowance.

1.4.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost which approximates fair value.

1.4.6 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Financial liabilities, comprising loans payable and trade payables, are classified as at amortised cost and are initially measured at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method.

1.4.7 IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

In accordance with IFRS 9, the Group applies an expected credit loss model whereby quantitative and qualitative information is obtained and assessed to identify the credit risk of a specific financial asset at amortised cost. Where forward-looking information is reasonably available, this is used in conjunction with historic information.

At each reporting date, the Group measures the loss allowance for a financial asset at amortised cost equal to the lifetime of expected credit losses or equal to 12 months of expected credit losses, depending on whether the associated credit risk has increased significantly since initial recognition or not. When a loan is in default, interest is accrued on the impaired balance only.

No loss allowance is recognized for financial assets at amortised cost where:

i. The loan is repayable on demand and the borrower has sufficient liquid assets to enable immediate repayment thereof; or
ii. The value security held as collateral is greater than the balance of the loan outstanding.

A financial asset at amortised cost is written off and derecognised when there is no reasonable expectation of recovering any of the carrying amount.

1.5 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. These include:

- Ordinary share capital; and
- Accumulated losses.

1.5.1 DIVIDENDS

Dividends on ordinary shares are accounted for as movements in equity.

Dividends on ordinary shares are recognised when they are declared by the directors. No ordinary dividends were declared during the year under review (2020: Rnil)

1.6 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.6.1 CURRENT TAXATION

The tax currently payable is based on taxable profit for the period. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.6.2 DEFERRED TAXATION

Deferred taxation is provided for using the balance sheet method based on temporary differences. Temporary differences are differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the at the reporting date.

1.7 INCOME

Revenue consists of:

- Dividend income; and
- Interest income

1.7.1 DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date the Company's right to receive payment has been established.

1.7.2 INTEREST INCOME

Interest is recognised in profit or loss using the effective interest method.

1.8 FAIR VALUE ADJUSTMENTS

In addition to revenue, the main form of income earned by the Group arises from the fair value adjustments relating to investments measured at FVTPL and fair value adjustments resulting from capital distributions. Financial instruments held at FVTPL are valued at each reporting date. The respective fair values are determined in accordance with IFRS 13.

1.9 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates.

1.9.1 FAIR VALUE ESTIMATION

Management is required to use judgment to determine the most appropriate valuation method in respect of each financial asset. Where a quoted market price is available for a financial asset, management is required to consider whether there are any factors that indicate that this price is not a fair representation of fair value. The following factors have been identified by management:

- The financial asset is not traded with sufficient frequency and volume so as to provide accurate pricing information; and
- Management has assessed a transaction to be materially impacted by either the size thereof (but not taking into account any blockage factors), the comparability of the transaction to the asset being measured or the proximity of the transaction to the measurement date.

Management is also required to exercise judgment in determining the appropriate inputs and assumptions for the primary and secondary valuations, such as estimating sustainable earnings, assessing appropriate multiples and assessing applicable discount rates. Trading forecasts for investee companies have been reassessed and updated to reflect the impact of COVID-19, including the increased economic uncertainty. Multiples applied have also been updated to reflect the current risk environment including possible increases in credit and/or other risk premiums appropriate to the investee company's circumstances.

Refer to note 3 for details of the valuation methods and inputs and assumptions used.

1.9.2 ACQUISITION OF THE MANCO

Management was required to use judgment in applying the requirements of IFRS 3 Business Combinations, particularly with respect to the allocation of the amount of the purchase consideration to the settlement of a pre-existing contract being the management agreement between Manco and Stellar. In applying judgement, the key aspects of the transaction that were considered by management were the terms of the management agreement and the assets and liabilities of the Manco on the acquisition date.

1.9.3 IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

Prior to the advance of a loan to an investee company, management assesses the reasonableness of the amount requested as well as the ability of the investee to repay the loan. Subsequently, the risk of default continues to be determined for each loan to an investee company and is used as a basis for estimating the expected credit loss of the loan. The increased risk of default relating to COVID-19 would also be considered. The following factors are used by management in determining the risk of default:

- The investee company has failed to service the monthly interest payments;
- Forecast information of the investee company showing a lack of ability to fully repay outstanding interest and capital balances; and
- Outcomes of discussions with investee management.

1.9.4 TAXATION

Judgment is required in determining the taxation payable for income taxes due to the complexity of legislation. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

The Group currently has a potential deferred tax asset resulting from assessed capital losses and temporary differences resulting from fair value losses on financial assets held at fair value. The extent of recognition of a deferred tax asset in this regard is dependent on whether management expects disposal of assets at a profit in the foreseeable future due to the nature of capital losses being that these can only be utilised against taxable capital gains and not taxable income. For this reason management does not consider it appropriate to recognise a deferred tax asset to an extent greater than deferred tax liabilities resulting from other temporary differences which are capital in nature.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS THAT BECAME EFFECTIVE DURING THE YEAR UNDER REVIEW

Certain new standards, amendments and interpretations to existing standards became effective in the year under review and which are relevant to the Group. The effects of these standards are listed below:

- Revisions to the Conceptual Framework;
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies: Changes in Accounting Estimates – The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards; and
- IFRS 3: Business Combinations – amendments modifying the definition of a business

The Group has adopted these standards, amendments and interpretations that are effective for the current financial year and that are relevant to its operations. Management has assessed that none of these have had a material effect on the Company's consolidated and separate financial statements and they have therefore not been detailed further.

2.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

Certain amendments to existing standards have been published, but which are not yet effective and have not been early adopted by the Group. The Group is still in the process of evaluating the impact of the amendments that are relevant to it, as listed below:

- IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current and guidance on disclosure of accounting policies;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates; and
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – Cost of fulfilling a contract.

3. INVESTMENTS AT FAIR VALUE

All subsidiaries, associates and investments have a principle place of business in South Africa with the exception of Stellar International, which has a principle place of business in Mauritius.

UNLISTED INVESTMENTS

Entity	Nature of operations	Classification	% held		Assessment of control	
			2021	2020	2021	2020
Prescient	Diversified financial services group offering investment management, fund services, administration, stockbroking and retail and institutional products	Associate	19%	19%	Stellar Capital is able to exercise significant influence by virtue of its (indirect) shareholding and board representation, as determined by the rights attached to the preference shares held	
Sithega Fund [1]	Empowered investment holding entity	Investment	30%	30%	Stellar Capital is able to exercise influence by virtue of its investment	
AHI Asset Management	Alternative asset manager	Subsidiary	100%	100%	Stellar Capital is able to exercise control by virtue of its shareholding	
Praxis Financial Services	Provider of short term finance to the panel beating industry to address motor body repairers' working capital needs	Associate	37%	37%	Stellar Capital is able to exercise significant influence by virtue of its shareholding and board representation	
Greenpoint Holdings	Provision of management services	Subsidiary	51%	51%	Stellar Capital is able to exercise control by virtue of its shareholding and board representation	
Inyosi Solutions	Provision of management services	Subsidiary	-	75%	Stellar Capital was able to exercise control by virtue of its shareholding and board representation prior to disposal	
Friedshelf	Financial services group	Subsidiary	100%	100%	Stellar Capital is able to exercise control by virtue of its shareholding	
Tellumat	Technology solutions and services in manufacturing, air traffic control systems, defence and security and turnkey infrastructure solutions for the telecommunications industry	Associate	49%	49%	Stellar Capital holds less than 50% of the voting rights, but more than 20% and is able to appoint 2 of the 6 directors of the board. Stellar Capital therefore exercises significant influence over the entity	
Amalinde Technologies	B-BBEE investment holding company and B-BBEE partner of Stellar for Tellumat	Investment	100% preference shares [2]	100% preference shares [2]	As Stellar Capital does not have any voting rights, board representation or contractual rights, it does not exercise control or significant influence over the entity	
Stellar International	Holding company for international venture capital investments	Subsidiary	100%	100%	Stellar Capital is able to exercise control by virtue of its sole shareholding	
Preference shares (investment in GSL and GSO Funds)	Preference share investment in AHI Asset Management	Investment	sole preference shareholder	sole preference shareholder	AHI Asset Management is a subsidiary of Stellar Capital which is also the sole holder of the preference shares.	

[1] Stellar Capital is an initial investor as Limited Partner in an *En Commandite* Partnership Agreement of the Sithega Fund and is entitled to 30% of the economic interests of the Fund as at 30 June 2021.

[2] The preference shares held in Amalinde Technologies are non-cumulative and redeemable at the instance of the issuer.

Group and Company 2021

R'000	Opening balance	Acquisitions	Proceeds from disposals	Fair value adjustments	Fair value adjustments resulting from capital distributions	Closing balance
Prescient	318 496	-	-	23 808	-	342 304
Sithega Fund	54 037	-	-	30 634	-	84 671
AHI Asset Management	146 726	14 120	-	(26 868)	(30 000)	103 978
Praxis Financial Services	-	-	-	-	-	-
Greenpoint Holdings	10 998	-	-	(581)	-	10 417
Inyosi Solutions	7 724	-	(8 824)	1 850	(750)	-
Friedshelf	18 769	-	-	(448)	(4 302)	14 019
Tellumat	13 136	-	-	(5 703)	-	7 433
Amalinde Technologies	13 726	-	-	(5 959)	-	7 767
Stellar International	30 499	-	-	(9 152)	-	21 347
Greenpoint Funds	124 482	3 690	-	(3 306)	-	124 866
Total	738 593	17 810	(8 824)	4 275	(35 052)	716 802

Group and Company 2020

R'000	Opening balance	Acquisitions	Proceeds from disposals	Fair value adjustments	Fair value adjustments resulting from capital distributions	Closing balance
Prescient	318 496	-	-	-	-	318 496
Sithega Fund	54 000	-	-	37	-	54 037
AHI Asset Management	131 660	20 300	-	(5 234)	-	146 726
Praxis Financial Services	24 450	-	-	(24 450)	-	-
Greenpoint Holdings	12 260	-	-	(1 262)	-	10 998
Inyosi Solutions	7 724	-	-	-	-	7 724
Friedshelf	23 430	-	-	(4 661)	-	18 769
Tellumat	32 509	-	-	(19 373)	-	13 136
Amalinde Technologies	33 971	-	-	(20 245)	-	13 726
Stellar International	29 952	-	-	547	-	30 499
Greenpoint Funds	120 043	4 439	-	-	-	124 482
Total	788 495	24 739	-	(74 641)	-	738 593

	Group and Company	
R'000	2021	2020
Non-current unlisted investments	680 255	681 232
Current unlisted investments	36 547	57 361
Total	716 802	738 593

PRESCIENT

Stellar holds preference shares in Prescient Empowerment Trust Proprietary Limited ("PET"), the 56% shareholder of Prescient, which give Stellar the rights and economic benefits attributable to 19.4% of Prescient and which was acquired for an effective price of R327.7 million in April 2019.

Stellar has also entered into an agreement whereby PET has the option to call its preference shares from Stellar (the "Call") and Stellar has the option to put the preference shares to PET (the "Put"). These options can only be exercised, on a cumulative basis, in thirds, on 30 September 2022 (first third, if exercised), 30 September 2023 (second third or first two thirds, if exercised) and 30 September 2024 (last third or last two thirds or all, if exercised). The strike price of both the Put and the Call are variable to the average of the 2-year trailing and 1-year forecast net profit, as at the exercise date, multiplied by a fixed multiple. The Put strike multiple is lower than the current market multiple of Prescient and therefore the Put is out of the money and will also be out of the money on the exercise dates and therefore has no value. The Call strike multiple falls within a range of market multiples calculated with reference to Prescient public peer set. The Call strike price approximates the market value of the underlying asset and will also approximate the market value of the underlying asset in the future and therefore has no value. The key input in assessing the Call and the Put option is the net profit market multiple range of 10.7 to 12.8 (2020: 11.4 to 13.2).

As at 30 June 2021 the fair value of the indirect investment in Prescient has been estimated by management using the sustainable earnings model, which is consistent with the valuation method used in the previous financial year. Management considers the P/E multiple to be the most appropriate valuation method. The effect on the statement of financial position of any assets and liabilities recognised by Prescient at 30 June 2021, which are not related to the business operations, has been included in the valuation, the effect of which R50.2 million is attributable to

Stellar as Preference shareholder in PET and also equals Stellar's proportionate share of the total net asset value of Prescient (2020: R47.1 million).

Significant unobservable inputs/assumptions	2021	2020
Estimated sustainable net profit after tax	R126.6 million	R114.0 million
P/E multiple	11.9 times	12.3 times

SITHEGA FUND

Stellar invested R54 million into the Sithega Financial Services Fund in April 2019. The fair value of the investment is derived from the fund's unit value, as determined by the fund manager, and equals Stellar's 30% proportionate share of the total net asset value of the Sithega Fund.

AHI ASSET MANAGEMENT

Stellar purchased the AHI Asset Management ordinary shares for R11.6 million and subscribed for additional ordinary shares for R120 million in June 2019. Stellar also subscribed for additional ordinary shares for R20.3 million and R14.1 million in the previous and current financial years respectively. Excess capital of R30.0 million was distributed to Stellar in the current financial year, resulting in a downward fair value adjustment of the same amount.

As at 30 June 2021, the estimated fair value of the investment has been determined using the net asset valuation method, which is consistent with the valuation method used in the previous financial year and therefore also represents Stellar's proportionate share of the total net asset value of AHI.

PRAXIS FINANCIAL SERVICES

In March 2018, Praxis Financial Services issued ordinary share capital for R56.3 million in which Stellar subscribed for R20.9 million.

Praxis is still recovering from the impact of the national lockdown as at 30 June 2021 and management does not consider the determination of the inputs to the sustainable earnings model to be feasible. Although the business cash flows are materially break-even, the high-cost debt levels remain high and it is therefore still not considered prudent to recognise any equity value.

The shares held in Praxis Financial Services have been pledged and ceded in *securitatem debiti* to the GSL Fund as a continuing general covering security in respect of amounts owing by the investee to the Fund.

As at 30 June 2021, Stellar's proportionate share of the total net asset value of Praxis is R8.8 million (2020: R11.3 million).

GREENPOINT HOLDINGS

Greenpoint Holdings is the sole shareholder of both Greenpoint Capital Proprietary Limited, the appointed manager of the Greenpoint Funds, and GPC Investments Proprietary Limited, which holds units/shares in the Greenpoint Funds.

Greenpoint Capital was acquired by Stellar in January 2016 for a net R2.5 million and in the 2018 financial year, Stellar entered into a vendor-financed transaction whereby all of the ordinary shares in Greenpoint Capital were transferred to Greenpoint Holdings, 49% held by the management of Greenpoint Capital, in exchange for the issue of R1 million preference shares to Stellar by associates of the management of Greenpoint Capital (refer to note 4).

As at 30 June 2021, the fair value of Greenpoint Capital has been estimated by management using the sustainable earnings model, which is consistent with the valuation method used in the previous financial year. Management considers the P/E multiple to be the most appropriate valuation method.

Significant unobservable inputs/assumptions	2021	2020
Estimated sustainable net profit after tax	R2.5 million	R2.8 million
P/E multiple	4.9 times	4.8 times

The valuation of Greenpoint Holdings comprises Stellar's share of the estimated fair value of Greenpoint Capital of R12.3 million (2020: R13.4 million) and R8.3 million in respect of both a working capital adjustment for Greenpoint Capital and the net asset value of GPC Investments (2020: R8.2 million). The valuation also represents the proportionate net asset value of Greenpoint Holdings.

INYOSI SOLUTIONS

Inyosi Solutions was incorporated in the 2018 financial year and Stellar acquired 75% of the ordinary share capital for R3.6 million, with the other 25% being held by management.

At the end of the previous financial year, the fair value of the investment was estimated by management using the sustainable earnings of R2.4 million and a P/E multiple of 4.3 times.

Stellar sold its 75% shareholding effective 30 June 2021 for R8 824 000. The proceeds included R1 850 000 relating to Stellar's share of Inyosi 30 June 2021 year-end profits not yet declared as a dividend.

FRIEDSHELF

Friedshelf is the sole shareholder of both AHI Asset Management Holdings Proprietary Limited and CDZ Holdings Proprietary Limited and has an effective cost price of R26.9 million as at 30 June 2021, taking into account all returns of capital, including the R4.3 million received in the current financial year, which resulted in a fair value loss of the same amount.

As at 30 June 2021, Cadiz Life Limited is the only operational investment held by Friedshelf (under AHI Asset Management Holdings Proprietary Limited) and the estimated fair value of the investment has been determined using the realisable net asset valuation method, which is consistent with the valuation method used in the previous financial year and therefore also represents the proportionate net asset value of Friedshelf.

TELLUMAT

Tellumat was acquired for a total consideration of R279.7 million in previous financial years and was settled by way of the issue of 5.6 million Stellar shares at R2.30 each and a cash consideration of R266.8 million, before disposal of 51% to Amalinde Technologies Proprietary Limited for R180.3 million.

Stellar is in the final stages of exiting the investment as materially all of the operations have been disposed of or wound-down as at 30 June 2021 and therefore the estimated fair value of the investment has been determined using the realisable net asset valuation method, which also represents the proportionate net asset value of Tellumat.

The investment has been classified as current.

AMALINDE TECHNOLOGIES

Stellar holds 100% of the preference share capital of Amalinde Technologies, which holds 51% of Tellumat, acquired through vendor funding. The preference shares were acquired for R180.3 million in September 2016. The preference shares are underpinned by the investment in Tellumat as determined by the preference share rights and accrue dividends at a rate of 90% of any distributions received from Tellumat.

As Tellumat is the only significant asset held by Amalinde Technologies as at 30 June 2021, the fair value of the investment in Amalinde Technologies has been determined with reference to its share of the estimated fair value of Tellumat (which therefore also represents the proportionate net asset value of Amalinde Technologies) that will determine the agreed redemption price of the preference shares.

The investment has been classified as current.

STELLAR INTERNATIONAL

The functional currency of Stellar International is the US Dollar. It was incorporated with $2.2 million ordinary share capital and holds investments in LifeQ, denominated in US Dollars, which was acquired for $1 million, and Tictrac, denominated in British Pounds, which was initially acquired for £696 000 with an additional £160 000 being acquired in the previous financial year.

As at 30 June 2021, the fair value of the investment in Stellar International has been estimated by management using the price of recent investment valuation method, which is consistent with the valuation method used in the previous financial year. Management considers this to be the most appropriate valuation method as both LifeQ and Tictrac are still in the development stage with no sustainable positive cash flows or profit history. Because Stellar has decided to exit the investments in LifeQ and Tictrac in the short term, discounts of 25% and 50% respectively have been applied to the respective acquisition prices to reflect the price risk associated with exiting during a global pandemic. The discounted values have therefore been converted to Rands using the foreign exchange spot rates on 30 June 2021. The investment value of Stellar International is equal to its proportionate net asset value.

Stellar continues to seek opportunities to exit this investment and it has therefore been classified as current.

GREENPOINT FUNDS

Stellar indirectly invests in B Units of the Greenpoint Specialised Lending (GSL) Fund and in B Shares of the Greenpoint Special Opportunities (GSO) Fund via preference shares in AHI. The A Shares have a cost of R128.2 million as at 30 June 2021, taking into account all reinvestments and returns of capital.

The fair values of the GSL and GSO Fund investments are derived from the B Unit and B Share values respectively, based on the respective net asset values, as determined by the manager of the funds (Greenpoint Capital).

A portion of the combined GSL and GSO returns of R3.7 million were reinvested into the funds during the current financial year (2020: R4.4 million).

OTHER DISCLOSURES

Refer to note 14 for dividends and capital distributions received from portfolio companies.

Refer to note 26 for a description of the Group's financial instrument risks, including risk management objectives and policies and refer to note 27 for fair value information.

4. OTHER FINANCIAL ASSETS

	Group and Company	
R'000	2021	2020
Preference shares	1 240	1 179
Total	1 240	1 179
Non-current portion	-	1 179
Current portion	1 240	-
Total	1 240	1 179

Stellar Capital entered into a vendor-financed transaction with management of Greenpoint Holdings in March 2018 whereby 49% of the Greenpoint Holdings ordinary issued share capital was sold to management and settled via the issue of a R1 million preference shares in WCA Investments Proprietary Limited and Two Metre Proprietary Limited. The preference shares, along with cumulative interest at 72% of prime, are repayable on the maturity date, 31 August 2021, but can also be voluntarily redeemed at the instance of the issuers prior to maturity.

Refer to note 26 for a description of the Group's financial instrument risks, including risk management objectives and policies and refer to note 27 for fair value information.

5. DEFERRED TAXATION

	Group		**Company**	
R'000	2021	2020	2021	2020
Temporary differences on accruals	245	249	245	234
Reconciliation				
Opening balance	249	1 024	234	248
Temporary differences on accruals	(4)	(14)	11	(14)
Temporary differences on utilisation of tax losses	-	(761)	-	-
Closing balance	245	249	245	234

The Company and the Group have estimated capital losses carried forward of R1.1 billion (2020: R1.1 billion), which, if recognised, would result in a deferred tax asset of R263.7 million (2020: R265.1 million). Temporary differences on investments held at fair value would, if recognised, result in a net deferred tax asset of R160.4 million (2020: R167.5 million). The total unrecognised deferred tax asset is therefore R424.1 million (2020: R432.6 million).

6. LOAN TO CONSOLIDATED SUBSIDIARY

	Company	
R'000	2021	2020
Loan owing by Stellar Management Services	2 922	3 095
Impairment provision	(2 922)	(3 095)
Carrying value	-	-

STELLAR MANAGEMENT SERVICES

Stellar Management Services is a 100% (2020: 100%) held Consolidated Subsidiary with a carrying value of Rnil (2020: Rnil) in the Company, which approximates its fair value based on net asset value and which is consistent with the previous financial year. This investment is categorised as Level 3 in the fair value hierarchy in accordance with IFRS 13 and there would be no change when applying a reasonably possible variation to the most significant input, while holding all other variables constant. The loan was unsecured, did not bear interest and was repayable on demand.

Refer to note 26 for a description of the Group's financial instrument risks, including risk management objectives and policies.

7. CURRENT TAX RECEIVABLE/(PAYABLE)

	Group		Company	
R'000	2021	2020	2021	2020
Opening balance	34	(53)	34	(53)
Tax expense	(4 289)	(6 450)	(4 289)	(6 450)
Tax paid	4 277	6 537	4 277	6 537
Closing balance	22	34	22	34

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
R'000	2021	2020	2021	2020
Trade receivables	29	120	29	120
Dividend receivable	1 067	-	1 067	-
Interest receivable	1 533	-	1 533	-
Investment disposal proceeds receivable	8 824	-	8 824	-
Total	11 453	120	11 453	120

There are no balances which are long-outstanding (2020: Rnil). The carrying amount of trade and other receivables is considered to approximate fair value due to the short period to maturity. As at 30 June 2021, the investment disposal proceeds receivable related to the disposal of Inyosi Solutions and the amount of R8.8 million was received in August 2021.

Refer to note 26 for a description of the Group's financial instrument risks, including risk management objectives and policies.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
R'000	2021	2020	2021	2020
Cash held at Bank	684	6 466	684	6 419
Cadiz Money Market Fund	-	129	-	-
Prescient Money Market Fund	421 161	394 391	421 161	394 391
Total	421 845	400 986	421 845	400 810

The Group currently does not have any overdraft facilities and does not have any restrictions over the use of its cash. Refer to note 26 for a description of the Group's financial instrument risks, including risk management objectives and policies.

10. ORDINARY SHARE CAPITAL

The Company has 2 000 000 000 authorised ordinary shares of no par value.

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

As at 30 June 2021 the Company held 40 000 000 treasury shares via its wholly owned subsidiary, AHI Asset Management (2020: 90 000 000). In the previous financial year, 93 701 459 shares were acquired by AHI at an average price of 71.14 cents per share and 3 701 459 were transferred to Stellar and cancelled. In the current financial year, 50 000 000 shares were transferred to settle the acquisition of the Manco (refer to note 18). Because AHI is not a Consolidated Subsidiary, these treasury shares are not deducted in the calculation of shares in issue in the tables below.

Stellar Capital directly acquired 158 713 456 ordinary shares in the previous financial year, at an average price of 73.14 cents per share. These shares were cancelled and delisted.

Number of shares in issue	**Group and Company**	
'000	2021	2020
In issue at the beginning of the period	912 617	1 075 032
Cancellation of shares	-	(162 415)
In issue at the end of the period	912 617	912 617

Issued share capital	**Group and Company**	
R'000	2021	2020
Opening balance	2 229 084	2 347 806
Cancellation of shares	-	(118 722)
Closing balance	2 229 084	2 229 084

11. PREFERENCE SHARE CAPITAL

The Board obtained approval from ordinary shareholders by way of a special resolution on 12 June 2018 to create a new class of share consisting of 10 000 cumulative, redeemable, non-convertible B preference shares of no par value ("B Preference Shares") without any associated preferences, rights, limitations or other terms for that class, on the basis that the B Preference Shares will have the rights, privileges, restrictions and conditions as determined by the Board prior to issue thereof. No B Preference Shares have been issued by Stellar Capital as at the date of this report.

12. TRADE AND OTHER PAYABLES

	Group		**Company**	
R'000	2021	2020	2021	2020
Trade payables	137	151	137	151
Value added tax	185	179	185	179
Accrued expenses	875	834	875	834
Total	1 197	1 164	1 197	1 164

Trade and other payables are classified as financial liabilities held at amortised cost, with the exception of value added tax. Refer to note 26 for a description of the Group's financial instrument risks, including risk management objectives and policies.

13. FAIR VALUE ADJUSTMENTS

R'000	Group and Company 2021	2020
Fair value adjustments on unlisted investments	4 275	(74 641)
Prescient	23 808	-
Sithega	30 634	37
AHI Asset Management	(26 868)	(5 234)
Praxis Financial Services	-	(24 450)
Greenpoint Holdings	(581)	(1 262)
Inyosi Solutions	1 850	-
Friedshelf	(448)	(4 661)
Tellumat	(5 703)	(19 373)
Amalinde Technologies	(5 959)	(20 245)
Stellar International	(9 152)	547
Greenpoint Funds	(3 306)	-
Fair value adjustments resulting from capital distributions	(35 052)	-
Total	(30 777)	(74 641)

14. DIVIDEND INCOME

R'000	Group and Company 2021	2020
Capital distributions	35 052	-
AHI Asset Management	30 000	-
Inyosi Solutions	750	-
Friedshelf	4 302	-
Earnings distributions	40 184	35 117
Prescient	27 337	19 451
Inyosi Solutions	1 848	1 020
Greenpoint Funds	10 999	14 646
Total	75 236	35 117

15. INTEREST INCOME

	Group		Company	
R'000	2021	2020	2021	2020
Other financial assets	61	78	61	78
Loans to portfolio companies	-	732	-	732
Cash and cash equivalents	18 452	32 916	18 452	30 108
Total	18 513	33 726	18 513	30 918

16. MANAGEMENT FEE

R'000	Group and Company 2021	2020
Base fee	4 811	11 471
Performance fee	-	-
Total	4 811	11 471

The terms of the management agreement are as follows:

- Sliding scale management base fee based on 1% of NAV on a quarterly basis other than (i) cash, which attracts a fee of 0.25%, (ii) own managed funds which attracts a fee of 1% less the charges levied by the funds into which such funds are invested, and (iii) third-party managed assets which attracts no management fee;

- Performance fee of 15% of NAV per share growth above a 10% hurdle rate above high-water-marks;
- The management agreement was internalised as part of the acquisition of the Manco as approved by Stellar shareholders on 30 March 2021.

Following the acquisition of the Manco for 50 million Stellar shares, no management fees were charged to Stellar for the quarters ending 31 March 2021 and 30 June 2021. The acquisition of the Manco resulted in the effective settlement of a pre-existing contract (refer to note 18).

17. OPERATING EXPENSES

Operating expenses includes the following separately disclosable expense:

	Group		Company	
R'000	2021	2020	2021	2020
Audit fees	927	883	927	883

18. MANCO INTERNALISATION

As communicated to shareholders in the announcement released on SENS on 5 February 2021, the Stellar Board of Directors concluded its evaluation of the Manco structure and resolved to terminate the Manco structure through the acquisition of all the issued shares in the Manco ("Manco Internalisation") for 50 000 000 Stellar shares previously held in treasury. The Manco Internalisation was approved by Stellar shareholders on 30 March 2021 and Manco became a wholly-owned subsidiary of Stellar from 31 March 2021, giving Stellar control of the Manco.

The entire acquisition price has been allocated to the settlement of a pre-existing contractual relationship, in accordance with IFRS 3 *Business Combinations*, because of the cancellation clause of the contract and no value was allocated to the identifiable assets and liabilities of the Manco. This resulted in Stellar incurring a loss of R35.57 million to internalise the management agreement, which has been determined using the fair value of the shares on the date of the transaction.

Manco is treated as a Consolidated Subsidiary in accordance with the Group's accounting policy. The investment is categorised as Level 3 in the fair value hierarchy in accordance with IFRS 13 and has a carrying value of Rnil in the Company, which approximates its fair value based on net asset value.

The Manco did not generate revenue for the three months ended 30 June 2021 and incurred a small immaterial loss after tax over that period. Had the Manco been acquired at the start of the financial year, revenue of R5.8 million (of which R4.2 million would have been eliminated on consolidation) and a profit after tax of R2.5 million would have been included in the Group financial statements.

19. TAXATION

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Current tax	4 289	6 450	4 289	6 450
Current period	4 306	6 469	4 306	6 469
Prior year under/(over) provision	(17)	(19)	(17)	(19)
Deferred tax	4	774	(11)	14
Originating and reversing temporary differences	4	774	(11)	14
Total	4 293	7 224	4 278	6 464

	Group 2021	Group 2020	Company 2021	Company 2020
Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Fair value gains not subject to tax	-106.57%	0.68%	-105.31%	0.79%
Fair value losses not deductible for tax	164.35%	-87.90%	162.41%	-101.33%
Dividend revenue not subject to tax	-143.25%	41.03%	-141.55%	47.30%
Other income capital in nature	0.00%	0.00%	0.00%	0.00%
Impairment reversals not subject to tax	0.00%	0.00%	-0.33%	7.59%
Share of Sithega Fund taxable income	0.04%	0.00%	0.04%	0.00%
Expenses that are capital in nature [1]	86.61%	-11.73%	85.59%	-13.54%
Expenses not deductible for tax [2]	0.01%	-0.31%	0.01%	-0.00%
Assessed loss not utilised	0.11%	0.00%	0.00%	-0.00%
Prior year over/under-provision	-0.11%	0.08%	-0.11%	0.09%
Effective tax rate	29.19%	-30.15%	-28.75%	-31.10%

[1] Expenses capital in nature comprises expenses incurred in relation to the acquisition or disposal of investments and expenses that have been deemed to be capital in nature, which are considered to be recurring in nature.
[2] Expenses not deductible for tax in respect of the period under review are not considered to be recurring in nature.

20. EARNINGS PER SHARE

R'000	Group 2021 Gross	Group 2021 Net
Profit for the year		10 413
Headline profit for the year		10 413

R'000	Group 2020 Gross	Group 2020 Net
Loss for the year		(31 187)
Headline loss for the year		(31 187)

'000	Group 2021	Group 2020
Shares in issue at the beginning of the year	912 617	1 075 032
Weighted effect of holding treasury shares [1] and share repurchases	(77 397)	(65 621)
Weighted average number of shares in issue	835 220	1 009 411

[1] Held by AHI Asset Management, a 100% held non-consolidated subsidiary.

Cents	Group 2021	Group 2020
Profit/(Loss) per share	1.25	(3.09)
Headline profit/(loss) per share	1.25	(3.09)

There are no known current or future items or events which could result in dilution and as such basic and headline earnings per share are not impacted in this regard.

21. CASH GENERATED FROM OPERATIONS AND CAPITAL DISTRIBUTIONS RECEIVED

		Group		Company	
R'000	Notes	2021	2020	2021	2020
Profit/(loss) before taxation		14 706	(23 963)	14 882	(20 786)
Adjustments for:					
Fair value adjustments	13	30 777	74 641	30 777	74 641
Dividend income	14	(75 236)	(35 117)	(75 236)	(35 117)
Interest income	15	(18 513)	(33 726)	(18 513)	(30 918)
Effective settlement of pre-existing contract ~	18	30 000	-	30 000	-
Reversal of impairment of Consolidated Subsidiary		-	-	(173)	(5 631)
Conversion of receivable to loan		-	(7 352)	-	(7 352)
Changes in working capital:					
Decrease in trade and other receivables		91	424 613	91	424 099
Increase/(decrease) in trade and other payables		33	(15 995)	33	(15 914)
Total		(18 142)	383 101	(18 139)	383 022

~ Stellar effectively only settled R 5 570 000 of the total R 35 570 000 transaction cost, with the balance of R 30 000 000 being settled by way of AHI declaring a distribution to Stellar.

22. DIRECTORS' EMOLUMENTS

R'000	Fees for services	Basic salary	Pension and other contributions	Total
Group 2021				
Executive directors				
PJ van Zyl	425	-	-	425
S Graham	400	-	-	400
Non-executive directors				
DD Tabata	593	-	-	593
CJ Roodt	603	-	-	603
MVZ Wentzel	450	-	-	450
L Potgieter	552	-	-	552
HC Steyn	-	-	-	-
PJ Bishop	350	-	-	350
Total	3 373	-	-	3 373

R'000	Fees for services	Basic salary	Pension and other contributions	Total
Group 2020				
Executive directors				
PJ van Zyl	421	-	-	421
S Graham	400	-	-	400
Non-executive directors				
DD Tabata	508	-	-	508
CJ Roodt	502	-	-	502
MVZ Wentzel	396	-	-	396
MM Ngoasheng	129	-	-	129
L Potgieter	465	-	-	465
HC Steyn	-	-	-	-
PJ Bishop	324	-	-	324
Total	3 145	-	-	3 145

Stellar's executive and non-executive directors took salary and fee reductions of 30% for the three months to 30 June 2020. These amounts were donated to the Solidarity Fund to assist in the fight against the COVID-19 pandemic. All executive directors are remunerated directly by Group entities. The Manco / Group entities charged Stellar Capital for fees in relation to board meeting attendance by the executive directors.

No persons other than directors are considered to be prescribed officers or key management personnel.

Below serves as a summary of salaries paid by the Manco and other group entities (and not recovered from Stellar) to the executive directors of Stellar in order to provide the management services to Stellar.

R'000	Basic salary	Bonus	Pension and other contributions	Total
Paid by Manco / Group entities 2021				
PJ van Zyl	2 935	-	-	2 935
S Graham	1 628	-	-	1 628
Total	4 563	-	-	4 563
Paid by Manco 2020				
PJ van Zyl	2 687	-	-	2 687
S Graham	1 476	475	-	1 951
Total	4 163	475	-	4 638

23. RELATED PARTIES

Associates and subsidiaries: Refer to notes 3, 6 and 18
Directors: Refer to note 22

	Group		Company	
R'000	2021	2020	2021	2020
Interest earned/(accrued)				
Tellumat	-	41	-	41
Prescient	-	691	-	691
Management fees paid				
Manco *	4 811	11 471	4 811	11 471
Effective settlement of pre-existing contract				
Effective settlement of pre-existing contract	35 570	-	35 570	-
Services provided to related parties				
Praxis Financial Services	350	737	350	737
Shared costs recovered/(paid)				
AHI Asset Management	(418)	(391)	(418)	(397)
Inyosi Solutions	-	3	-	-
Manco	-	1	-	-
Manco	(160)	(209)	(160)	(207)
Stellar Management Services	-	-	-	(4)
Trade and other receivables/(payables)				
Praxis Financial Services	29	10	29	10

* Refer to note 16.

Refer to notes 3, 6 and 14 for details of additional related party transactions with portfolio companies.

24. FINANCIAL ASSETS BY CATEGORY

R'000	Notes	Non-financial assets	Financial assets at amortised cost	Financial assets at FVTPL	Total
Group 2021					
Non-current assets					
Unlisted investments at fair value	3	-	-	680 255	680 255
Deferred taxation	5	245	-	-	245
Current assets					
Unlisted investments at fair value	3	-	-	36 547	36 547
Other financial assets	4	-	1 240	-	1 240
Current tax receivable	8	22	-	-	22
Trade and other receivables	9	-	11 453	-	11 453
Cash and cash equivalents	10	-	421 845	-	421 845
Total		267	434 538	716 802	1 151 607
Group 2020					
Non-current assets					
Unlisted investments at fair value	3	-	-	681 232	681 232
Other financial assets	4	-	1 179	-	1 179
Deferred taxation	5	249	-	-	249
Current assets					
Unlisted investment at fair value	3	-	-	57 361	57 361
Current tax receivable	8	34	-	-	34
Trade and other receivables	9	-	120	-	120
Cash and cash equivalents	10	-	400 986	-	400 986
Total		283	402 285	738 593	1 141 161
Company 2021					
Non-current assets					
Unlisted investments at fair value	3	-	-	680 255	680 255
Deferred taxation	5	245	-	-	245
Current assets					
Unlisted investments at fair value		-	-	36 547	36 547
Other financial assets	4	-	1 240	-	1 240
Current tax receivable	8	22	-	-	22
Trade and other receivables	9	-	11 453	-	11 453
Cash and cash equivalents	10	-	421 845	-	421 845
Total		267	434 538	716 802	1 151 607
Company 2020					
Non-current assets					
Unlisted investments at fair value	3	-	-	681 232	681 232
Other financial assets	4	-	1 179	-	1 179
Deferred taxation	5	234	-	-	234
Current assets					
Unlisted investments at fair value		-	-	57 361	57 361
Tax receivable	8	34	-	-	34
Trade and other receivables	9	-	120	-	120
Cash and cash equivalents	10	-	400 810	-	400 810
Total		268	402 109	738 593	1 140 970

25. FINANCIAL LIABILITIES BY CATEGORY

R'000	Notes	Non-financial liabilities	Financial liabilities at amortised cost	Total
Group 2021				
Current liabilities				
Trade and other payables	12	185	1 012	1 197
Total		185	1 012	1 197
Group 2020				
Current liabilities				
Trade and other payables	12	179	985	1 164
Total		179	985	1 164
Company 2021				
Current liabilities				
Trade and other payables	12	185	1 012	1 197
Total		185	1 012	1 197
Company 2020				
Current liabilities				
Tax and other payables	12	179	985	1 164
Total		179	985	1 164

26. RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

Capital is comprised of ordinary share capital and accumulated losses. Neither the Company nor its Consolidated Subsidiaries are subject to externally imposed capital requirements.

The Group manages its capital so as to ensure that it is able to continue as a going concern in order to maximise the return to shareholders and for the benefit of all other stakeholders.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (cash flow and fair value interest rate risk, price risk and foreign currency risk), liquidity risk and credit risk.

Interest rate risk

Interest rate risk arises from the fluctuations in prevailing market interest rates and impacts the fair value of fixed interest-bearing financial instruments and the future cash flows of variable interest-bearing financial instruments. As part of the process of managing the Group's exposure to interest rate risk, interest rate characteristics of amounts advanced and any new borrowings are positioned according to expected movements in interest rates.

Cash flow interest rate risk

The Group's cash flow interest rate risk arises from loans and receivables with variable interest rates (other financial assets and loans to portfolio companies) and cash and cash equivalents.

		Group		Company	
R'000	Notes	2021	2020	2021	2020
Other financial assets	4	1 240	1 179	1 240	1 179
Cash and cash equivalents	10	421 845	400 986	421 845	400 810
Total		423 085	402 165	423 085	401 989

If interest rates had been 100 basis points (2020: 100 basis points) higher/lower and all other variables were held constant, the Group's profit before tax for the current financial year would decrease/increase by R3.1 million (2020: R4.6 million).

Fair value interest rate risk

The Group has no exposure to fair value interest rate risk in the current or previous financial year as all financial instruments held at amortised cost carry interest rates linked to the prime interest rate or JIBAR.

Market risk

Market risk arises from the uncertainty of future prices of investments held at fair value by the Group (refer to notes 3 and 4). The Group is therefore exposed to price risk through movements in the fair values of the underlying investments. Where investments have been valued using quoted market prices, the fair value is dependent on stock exchange movements resulting from interest rates, sentiment, currency and other factors (whether specific to the investment or those affecting the market as a whole). The fair values of unlisted investments are influenced by economic and industry trends.

The Group manages its exposure to the market risk of investments held at FVTPL primarily through the monitoring of the underlying businesses as well as, where appropriate, the implemented governance structures and by taking deliberate action in its capacity as a majority or significant shareholder to the extent applicable. Management accounts are received from portfolio companies and reviewed so as to obtain an understanding of operational performance and to assess whether there are any key issues that the various management teams need to address or are in the process of addressing. In addition to this, the Board of Directors of Stellar, through the Audit and Risk Committee, also receives and interrogates the risk registers from portfolio companies. The Group has representation on the boards, executive committees and sub-committees of the portfolio companies. As part of the process of aligning the strategic intent of Stellar and its portfolio companies, the Group has ensured that the short- and long-term incentives for the respective management teams are in place.

R'000	Notes	Group and Company 2021	2020
Unlisted investments held at fair value	3		
Prescient		342 304	318 496
Sithega Fund		84 671	54 037
AHI Asset Management		103 978	146 726
Praxis Financial Services		-	-
Greenpoint Holdings		10 417	10 998
Inyosi Solutions		-	7 724
Friedshelf		14 019	18 769
Tellumat		7 433	13 136
Amalinde Technologies		7 767	13 726
Stellar International		21 347	30 499
Greenpoint Funds		124 866	124 482
Other financial assets	4		
Retention funds		-	-
Total		716 802	738 593

Foreign currency risk

At present the Group's only exposure to foreign currency risk results from the investment in Stellar International (refer to note 3), which has a functional currency of US Dollars, and which has investments in LifeQ and Tictrac that are denominated in US Dollars and British Pounds respectively. There is therefore a risk that the fair value of the Company's investment in Stellar International fluctuates as a result of the strengthening or weakening of the Rand against these two currencies. As its two investments are denominated in different currencies, there is some diversification and management does not consider the overall exposure substantial enough so as to require hedging.

All else being held constant had the US Dollar and British Pound been 5% stronger/weaker against the Rand as at 30 June 2021, the fair value adjustment to Stellar International would be R1.1 million (2020: R1.4 million) higher/lower, resulting in an increase/decrease of same to the Group's profit before tax.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages this risk by maintaining adequate cash reserves and through continuous monitoring of actual and forecast cash flows. Forecast inflows may comprise earnings and capital distributions from portfolio companies. Capital distributions may comprise distributions of excess working capital or capital made available to portfolio companies by third-party funding providers. The Group had no short-term overdraft facilities in the current or previous financial periods. The table below shows the undiscounted future cash flows:

R'000		Within 6 months	6 months to 1 year	1 to 3 years	Beyond 3 years	Total
Group 2021						
Trade and other payables		1 197	-	-	-	1 197
Total		1 197	-	-	-	1 197
Group 2020						
Trade and other payables	12	1 164	-	-	-	1 164
Total		1 164	-	-	-	1 164
Company 2021						
Trade and other payables		1 197	-	-	-	1 197
Total		1 197	-	-	-	1 197
Company 2020						
Trade and other payables	12	1 164	-	-	-	1 164
Total		1 164	-	-	-	1 164

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and receivables (certain other financial assets and loans to portfolio companies) and cash and cash equivalents.

As the fair value of the investment in the AHI A Shares is based on the net asset value of GSL and GSO Funds, the equity risk is linked to the credit risk of the loan portfolio of these funds. The loans from these funds to the underlying borrowers are secured by cession and pledge of listed and unlisted shares as well as corporate guarantees, which typically provides a cover ratio of 2 or more times.

The carrying amounts of financial assets recorded in the statement of financial position, which are net of loss allowances, represent the maximum exposure to credit risk. As at 30 June 2021, management does not consider there to be any material exposure that has not been accounted for.

		Group		Company	
R'000	Notes	2021	2020	2021	2020
Other financial assets	4	1 240	1 179	1 240	1 179
Trade and other receivables	8	11 453	120	11 453	120
Cash and cash equivalents	9	421 845	400 986	421 845	400 810
Total		434 538	402 285	434 538	402 109

Other financial assets

The credit risk of other financial assets are assessed on an individual basis. The preference shares are secured by the 49% shareholding in Greenpoint Holdings held by management, the value of which is estimated to be greater than the Stellar's exposure. Therefore no loss allowance has been recognised at year-end.

Trade and other receivables

Management has assessed there to be no material risk of recovery of trade and other receivables.

Cash and cash equivalents

The Company deposits cash with money market funds and major banks with high quality credit standing and limits exposure to any one counterparty. Cash balances are held with Rand Merchant Bank of South Africa Limited which carries a Standard and Poor's rating of bbb- (2020: BBB-).

27. FAIR VALUE INFORMATION

In accordance with IFRS 13, financial instruments measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value adjustments are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses the Group's assets which are held at for value through profit or loss and therefore fall within the scope of the fair value hierarchy:

R'000	Notes	Level 1	Level 2	Level 3	Total
Group and Company 2021					
Unlisted investments held at fair value	3				
Prescient		-	-	342 304	342 304
Sithega Fund [1]		-	84 671	-	84 671
AHI Asset Management		-	-	103 978	103 978
Praxis Financial Services		-	-	-	-
Greenpoint Holdings		-	-	10 417	10 417
Friedshelf		-	-	14 019	14 019
Tellumat		-	-	7 433	7 433
Amalinde Technologies		-	-	7 767	7 767
Greenpoint Funds [1]		-	124 866	-	124 866
Stellar International		-	-	21 347	21 347
Total		-	209 537	507 265	716 802
Group and Company 2020					
Unlisted investments held at fair value	3				
Prescient		-	-	318 496	318 496
Sithega Fund [1]		-	54 037	-	54 037
AHI Asset Management		-	-	146 726	146 726
Praxis Financial Services		-	-	-	-
Greenpoint Holdings		-	-	10 998	10 998
Inyosi Solutions		-	-	7 724	7 724
Friedshelf		-	-	18 769	18 769
Tellumat		-	-	13 136	13 136
Amalinde Technologies		-	-	13 726	13 726
Greenpoint Funds [1]		-	124 482	-	124 482
Stellar International			-	30 499	30 499
Total		-	178 519	560 074	738 593

[1] The estimated values of investments classified as Level 2 are based on fund statements received by the respective fund management companies.

The table below reconciles the movements in the financial assets categorised as Level 3 investments:

	Group and Company	
R'000	2021	2020
Opening balance	560 074	614 452
Additions	14 120	20 300
Disposals	(8 824)	-
Fair value adjustments	(23 053)	(74 678)
Fair value adjustments resulting from capital distributions	(35 052)	-
Total	507 265	560 074

VALUATION PROCESS USED TO DERIVE LEVEL 3 FAIR VALUES

All portfolio companies are classified as Level 3. The Board of Directors has approved the valuation methodologies used by management for Level 3 investments. The Company receives reports from portfolio companies at each reporting date, either in the form of audited financial statements or unaudited management accounts. These are then used in the primary valuation techniques, in conjunction with available forecast information, in order to determine fair value or in the secondary valuation techniques, which are used as reasonability checks. The valuation techniques and inputs used for each investment held at fair value have been detailed in note 3.

The fair values of the GSL and GSO Fund investments are derived from the B Unit and B Share values respectively, as determined by the manager of the funds. The investments have therefore been categorised as Level 2 because any investors entering or leaving these funds will do so at these determined values. Similarly, the investment in Sithega Fund has been categorised as Level 2.

SENSITIVITY ANALYSIS OF LEVEL 3 INPUTS

The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input, while holding all other variables constant, is shown in the following table:

R'000	Estimated fair value	Significant unobservable inputs	Reasonable possible variation	Reasonable possible change
Group and Company 2021				
Prescient	342 304	Sustainable profit	10%	29 212
		P/E multiple	5%	14 606
AHI Asset Management	103 978	Net asset value	10%	10 398
Praxis Financial Services	-	n/a	n/a	n/a
Greenpoint Holdings	10 417	Sustainable profit	10%	620
		P/E multiple	10%	620
Friedshelf	14 019	NAV realisation	20%	2 804
Tellumat	7 433	NAV realisation	20%	1 487
Amalinde Technologies	7 767	NAV realisation	20%	1 553
Stellar International	21 347	Liquidity discount	10%	3 410
Group and Company 2020				
Prescient	318 496	Sustainable profit	10%	26 705
		P/E multiple	5%	13 110
AHI Asset Management	146 726	Net asset value	10%	14 673
Praxis Financial Services	-	n/a	n/a	n/a
Greenpoint Holdings	10 998	Sustainable profit	10%	681
		P/E multiple	10%	681
Inyosi Solutions	7 724	Sustainable profit	10%	772
		P/E multiple	10%	772
Friedshelf	18 769	Net asset value	10%	1 877
Tellumat	13 136	Disposal proceeds	20%	4 926
		NAV realisation	20%	2 299
Amalinde Technologies	13 726	Disposal proceeds	20%	5 147
		NAV realisation	20%	2 402
Stellar International	30 499	Liquidity discount	10%	3 555

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Certain other financial assets, loans to portfolio companies, trade and other receivables and cash and cash equivalents are classified as financial assets measured at amortised cost. It has been concluded that the carrying amounts of these assets approximate their fair values (refer to notes 4, 6, 8 and 9).

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

It has been concluded that the carrying amounts of financial liabilities measured at amortised cost, namely trade and other payables, approximate their fair values (refer to note 12).

28. GUARANTEES

At the reporting date, the Company has issued limited corporate guarantees in favour of the creditors of Praxis Financial Services for R36.0 million (2020: R48.5 million), which can be cancelled with 3 months' notice by either party. Management accounts are obtained from Praxis on a monthly basis and analysed in conjunction with the monitoring of the purchases from suppliers for which guarantees have been issued. Stellar is also a second Guarantor, after Praxis, to funding provided by the Inyosi Enterprise Development Fund to panel beater clients of Praxis. At 30 June 2021, the loan outstanding is R3.3 million. At 30 June 2021, no amounts due to guaranteed suppliers, or the Inyosi Enterprise Development Fund, are in default, and therefore Stellar does not have any obligations to reimburse the counterparties. Management has performed an expected credit loss assessment on the guarantees and estimates a nil loss allowance.

29. EVENTS AFTER THE REPORTING DATE

Management have assessed the ongoing impact of COVID-19 on its operating, financing and investing activities. As part of this assessment, the Board has considered the impact of the national lockdowns (at various risk-adjusted levels) and weakened economy post 30 June 2021 on the underlying funds and investee operations and is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Company.

The Stellar Board has, subsequent to year-end, proposed that Stellar use its available internal cash resources to repurchase all of the shares other than from those who wish to remain shareholders and to subsequently delist the Company from the JSE. The repurchase, if approved, will cost Stellar a maximum capped amount of R400 million (excluding transaction costs) in order for the Company to satisfy the Solvency and Liquidity requirements immediately after the implementation of the repurchase. Further information is included in the Firm Intention Announcement released on SENS on 27 August 2021.

30. GOING CONCERN

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses including various risk-adjusted levels of lockdowns are creating disruptions and adversely impacting many industries. The pace of vaccine roll-out and long-term efficacy could have a continued material adverse impact on economic and market conditions and trigger an extended period of global economic slowdown. The fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Management have assessed the impact of COVID-19 on its operating, financing and investing activities, and have taken the actions deemed necessary, with the overall impact not possible to fully quantify. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, the timing of its cash flows, and its financial results.

As part of this assessment, the Board has considered the impact of national lockdowns (at various risk-adjusted levels) and weakened economy on the underlying funds and investee operations and, after taking into account the estimated effects on these cash flow projections, the Board is of the opinion that future returns and dividends, together with Group's available cash, will enable Stellar to sustain its operations for the foreseeable future. Furthermore, the Board has not identified any events subsequent to the reporting date that would negatively impact the Group's liquidity position.

To the best of its knowledge and belief, based on the above and after making enquiries, the Board of Directors confirm that it has every reason to believe that the Company and the Group have adequate resources in place to continue in operational existence for the foreseeable future. For this reason, the Board of Directors adopted the going concern basis in preparing the Group and Company annual financial statements.

Corporate Information

Stellar Capital Partners Limited
Company registration number: 1998/015580/06
Share code: SCP
ISIN: ZAE000198586
Company Secretary: Wilma Dreyer
Incorporated in South Africa on 7 August 1998

Registered and physical address
4th Floor, The Terraces, 25 Protea Road, Claremont, Cape Town, 7708

Postal address
Suite 229, Private Bag X1005, Claremont, Cape Town, 7735

Sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)
15th Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, Johannesburg, 2196

Independent Auditor
Imtiaaz Hashim
BDO South Africa Incorporated.
6th Floor, 119 - 123 Hertzog Boulevard, Foreshore, Cape Town, 8001

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Bankers
Rand Merchant Bank (a division of FirstRand Bank Limited)
25th Floor, Portside, 5 Buitengracht Street, Cape Town, 8001

Attorneys
Cliffe Dekker Hofmeyr Incorporated
11 Buitengracht Street, Cape Town, 8001