STELLAR
CAPITAL PARTNERS

SUMMARISED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE

2020

STELLAR CAPITAL PARTNERS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1998/015580/06)

Share code: SCP

ISIN: ZAE000198586

INTRODUCTION

Stellar Capital Partners Limited ("Stellar", the "Company" or the "Group") presents its provisional results for the year ended 30 June 2020.

SUMMARY: YEAR ENDED 30 JUNE 2020

- Net asset value per share ("NAVPS") at 30 June 2020 up 8.3% year on year to R1.31
- General repurchase and delisting of 158.7 million ordinary shares at an average price of 73 cents per share
- Acquisition of a further 75.5 million treasury shares at an average price of 71 cents per share during the year. Total treasury shares of 90 million now held
- Conclusion of the exit of the Group's industrial assets with the entering into of an agreement for the sale of the operating divisions of Tellumat
- Cash resources of R400m available

COMMENTARY

PRESCIENT

Prescient has, to date, been able to withstand the impact of COVID-19 and the national lockdown on the economy. Assets under management have grown from R93.1 billion at 30 June 2019 to R100.7 billion at 30 June 2020 and assets under administration have grown from R443.9 billion at 30 June 2019 to R481.4 billion at 30 June 2020. The Prescient Group disposed of its Life Company, but continues to expand its international businesses in Britain, Ireland and China and has partnered with Reinet to accelerate its growth into new markets in Asia.

AHI ASSET MANAGEMENT

During the year under review, Stellar injected further equity of R20.3 million into AHI by subscribing for ordinary shares. AHI utilised the equity proceeds to increase its investment, through the general repurchase authority, to 90 million SCP treasury shares. Stellar also holds preference A Shares in AHI, which reflect AHI's investment in the Greenpoint Funds.

SITHEGA FUND

In April 2019, Stellar Capital invested R54 million into the Sithega Financial Services Fund as part of the Prescient B-BBEE transactions and as a seed investor of the fund. Sithega is a black-owned and managed investment vehicle, founded by Mr Thabo Dloti along with his partners in 2018. Sithega intends to grow and expand its investment portfolio from asset management into life and short-term insurance markets in due course.

PRAXIS FINANCIAL SERVICES

Despite good earnings, the debt remained high during the financial year. With the impact of the national lockdown, particularly on the panel beating industry, the working capital cycle of the business came under pressure. Whilst Praxis is generating sufficient cash flows to service its debt, as the industry recovers, the forecasted net profit in the short to medium term remains uncertain and as such, Stellar decided to recognise a fair value loss on the investment.

GREENPOINT

Greenpoint Capital provides alternative credit solutions to mid-market businesses and manages the Greenpoint Funds, namely Greenpoint Specialised Lending Fund (traditional mezzanine funding) and Greenpoint Special Opportunities Fund (credit-led convertible debt lending). These funds continue to perform in line with expectations. 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 manages the Inyosi Supplier and Enterprise Development Funds and has improved its profitability year-on-year, primarily as a result of growth in assets under management, which increased from R369.9 million at 30 June 2019 to R396.6 million at 30 June 2020. Stellar has partnered with management to grow the offering in the empowerment services space, with a focus on helping small and medium Black businesses with the capital requirements to take the next step and to support the training and job creation for previously disadvantaged individuals.

INTRODUCTION *(Continued)*

TELLUMAT

Following the decision to exit the investment taken in the previous financial year, Stellar is currently implementing a piecemeal exit process. Tellumat entered into an agreement to dispose of its Air Traffic Management and Defence & Security business units to Hensoldt South Africa on 26 June 2020. The disposal will be effective as soon as all regulatory approvals have been obtained, which are still outstanding as at the date of this report.

OUTLOOK

The completion of the Tellumat transaction will conclude Stellar's exit from its industrial holdings. The remaining portfolio is focused primarily on the financial services sector with a large cash reserve.

The immediate impact of the lockdown associated with the COVID-19 crises has been significant and the outlook over the medium term remains extremely uncertain. The current portfolio of assets and a liquid balance sheet however place Stellar in a strong position with regards to possible future investment and corporate activity.

CHANGES TO THE BOARD OF DIRECTORS AND COMMITTEES

The following changes to the Board of Directors and Board Committees were made on 26 November 2019 effective immediately:

- Mr Moss Ngoasheng, a non-executive director, retired by rotation and did not make himself available for re-election at the Annual General Meeting held on 26 November 2019. The Board thanked Mr Ngoasheng for his contribution to Stellar Capital and the Board and wished him well in his future endeavours;
- Mr Corrie Roodt was appointed as the Chairman of the Board. The Board thanked Mr Dumisani Tabata for his contribution to Stellar Capital and the Board as the outgoing Chairman. Mr Tabata remains a member of the Board as a non-executive director and was appointed as the Chairman of the Remuneration Committee;
- Mr Lonn Potgieter was appointed as the Lead Independent non-executive director and also as a member of the Nominations Committee; and
- Mr Tabata replaced Mr Roodt as a member of the Audit and Risk Committee.

There were no other changes made to the Board of Directors during the financial year and up to the date of this report.

SUM-OF-THE-PARTS (SOTP) VALUATION

AS AT 30 JUNE 2020

R'000	% of portfolio	As at 30 June 2020	As at 30 June 2019
Financial Services			
Prescient	28%	318 496	318 496
AHI Asset Management	13%	146 726	131 660
Sithega Fund	5%	54 037	54 000
Praxis Financial Services	0%	-	24 450
Greenpoint Holdings	1%	10 998	12 260
Inyosi Solutions	1%	7 724	7 724
Friedshelf	1%	18 769	23 430
Industrials and technology			
Tellumat [1]	2%	26 862	66 480
Corporate Assets			
Financial assets	0%	1 179	1 132
Loan portfolio [2]	11%	124 482	120 043
Venture capital portfolio [3]	3%	30 499	29 952
Cash and cash equivalents	35%	400 986	72 127
Other assets [4]	0%	403	445 364
Total Assets		**1 141 161**	**1 307 118**
Trade and other payables		(1 164)	(17 212)
SOTP value		**1 139 997**	**1 289 906**
Less: Cost of treasury shares held in subsidiary		(64 026)	(12 830)
Adjusted SOTP value		**1 075 971**	**1 277 076**
Net shares in issue ('000) [5]		822 617	1 056 812
SOTP value per share (Rand) [6]		**1.31**	**1.21**

Notes:

1 The value comprises the sum of the investments in Tellumat and Amalinde Technologies
2 Investments in the Greenpoint Funds are held indirectly via a preference share
3 Held in Stellar International
4 Other assets at 30 June 2019 primarily comprises the receivable for the Amecor disposal proceeds that was receipted on 1 July 2019
5 Net share in issue exclude 90.0 million (2019: 18.2 million) treasury shares held by AHI Asset Management
6 SOTP value per share accounts for the effect of 90.0 million (2019: 18.2 million) treasury shares acquired by AHI Asset Management at an average acquisition price of 71 cents (2019: 70 cents) per share
7 The current investment fair values in the above SOTP do not result in a net tax liability upon disposal

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

R'000	Notes	Audited as at 30 June 2020	Audited as at 30 June 2019
Non-current assets		682 660	694 189
Unlisted investments at fair value	7	681 232	692 063
Other financial assets		1 179	1 102
Deferred taxation		249	1 024
Current assets		458 501	612 929
Unlisted investments at fair value	7	57 361	96 432
Other financial assets		-	30
Loans to portfolio companies	8	-	19 607
Current tax receivable		34	-
Trade and other receivables		120	424 733
Cash and cash equivalents		400 986	72 127
Total assets		**1 141 161**	**1 307 118**
Equity		1 139 997	1 289 906
Ordinary share capital	9	2 229 084	2 347 806
Accumulated loss		(1 089 087)	(1 057 900)
Current liabilities		1 164	17 212
Current tax payable		-	53
Trade and other payables		1 164	17 159
Total equity and liabilities		**1 141 161**	**1 307 118**

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

R'000	Notes	Audited year ended 30 June 2020	Audited year ended 30 June 2019
Fair value adjustments	10	(74 641)	8 978
Fair value adjustments on listed investments		-	202 610
Fair value adjustments on unlisted investments and other financial assets		(74 641)	(3 291)
Fair value adjustments resulting from capital distributions		-	(190 341)
Dividend income	11	35 117	284 065
Capital distributions		-	190 341
Earnings distributions		35 117	93 724
Interest income		33 726	3 463
Gross (loss) / profit from investments		(5 798)	296 506
Other income		813	1 353
Finance costs	12	-	(88 360)
Net (loss) / profit before operating expenses		(4 985)	209 499
Management fee		(11 471)	(17 141)
Operating expenses		(7 315)	(9 582)
Transaction costs		(192)	(20 773)
(Loss) / profit before tax		(23 963)	162 003
Taxation		(7 224)	405
(Loss) / profit for the year		**(31 187)**	**162 408**
Weighted number of shares in issue ('000)		1 009 411	1 073 385
(Loss) /earnings per share (cents)		(3.09)	15.13
Headline (loss) / earnings per share (cents)		(3.09)	15.13

RECONCILIATION BETWEEN (LOSS) / PROFIT AND HEADLINE (LOSS) / PROFIT

FOR THE YEAR ENDED 30 JUNE 2020

R'000	Audited year ended 30 June 2020	Audited year ended 30 June 2019
(Loss) / profit for the year	(31 187)	162 408
Headline (loss) / profit for the year	**(31 187)**	**162 408**
Shares in issue at the beginning of the period	1 075 032	1 075 032
Weighted effect of holding treasury shares and share repurchases	(65 621)	(1 647)
Weighted average number of shares in issue	**1 009 411**	**1 073 385**

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

R'000	Audited year ended 30 June 2020	Audited year ended 30 June 2019
Balance at the beginning of the year	1 289 906	1 127 498
(Loss) / profit for the year	(31 187)	162 408
Repurchase and cancellation of ordinary shares	(118 722)	-
Redemption of preference share capital	-	(32 044)
Redemption of preference share capital – transfer to accumulated loss	-	32 044
Balance at the end of the year	**1 139 997**	**1 289 906**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

R'000	Audited year ended 30 June 2020	Audited year ended 30 June 2019
Operating activities	445 330	(207 970)
Cash generated from / (utilised in) operations and capital distributions received	418 218	(210 859)
Interest income	33 649	3 347
Tax paid	(6 537)	(458)
Investing activities	2 251	939 777
Acquisitions of investments	(24 739)	(200 102)
Proceeds from disposals of investments	-	1 100 966
Disposals of other financial assets	31	25 597
Loans advanced to portfolio companies	(30 644)	(21 607)
Loans repaid by portfolio companies	57 603	34 923
Financing activities	(118 722)	(699 329)
Repurchase of shares	(118 722)	-
Repayments of other financial liabilities	-	(25 000)
Preference share redemption	-	(600 000)
Preference share financing costs	-	(66 636)
Other financing costs	-	(7 693)
Cash and cash equivalents at the beginning of the year	72 127	39 649
Cash and cash equivalents at the end of the year	400 986	72 127
Net increase in cash and cash equivalents	**328 859**	**32 478**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Stellar is a South African domiciled investment holding company listed on the main board of the JSE Limited. The summarised consolidated financial statements of the Group as at and for the year ended 30 June 2020 comprise the Company and its Consolidated Subsidiary, Stellar Management Services Proprietary Limited.

The Company has significant interests in unlisted investments, which are more fully set out in note 7. As an investment holding company, Stellar has applied the investment entity exception and accounts for its investments on a fair value basis, in accordance with IFRS 10 *Consolidated Financial Statements*.

2. FINANCIAL PREPARATION AND REVIEW

The summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including the disclosure requirements of IAS 34 *Interim Financial Reporting* and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the JSE Listings Requirements and the Companies Act, No 71 of 2008. Amounts are presented in South African Rands.

The results include, as a minimum, the information required by IAS 34 and do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance.

These summarised consolidated financial statements have been prepared under the supervision of S Graham CA(SA), the Chief Financial Officer, and were approved by the Board of Directors on 27 August 2020. The directors take full responsibility for the preparation of these results, which are not themselves audited, but which have been correctly extracted and condensed from the audited financial statements of the Group approved on 27 August 2020.

The unmodified audit opinion of the auditors, BDO South Africa Incorporated in respect of the consolidated financial statements of the Group as at and for the year ended 30 June 2020 is available for inspection at the Company's registered office and on the Company's website, http://www.stellarcapitalpartners.co.za/financial-results/.

3. ACCOUNTING POLICIES

The accounting policies applied by the Group in these summarised consolidated financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2019.

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*.

4. JUDGEMENTS AND ESTIMATES

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

In preparing these summarised consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 June 2019.

5. SEGMENT INFORMATION

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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DIVIDENDS

No ordinary dividends were declared during the year ended 30 June 2020. No Preference share dividends were paid during the year ended 30 June 2020 as Preference shares were redeemed in full and cancelled effective 31 May 2019.

7. INVESTMENTS AT FAIR VALUE

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

UNLISTED INVESTMENTS	NATURE OF OPERATIONS	% HELD 30 JUNE 2020	% HELD 30 JUNE 2019
Prescient	Diversified financial services group offering investment management, fund services, administration, stockbroking and retail and institutional products	19%	19%
AHI Asset Management	Alternative asset manager	100%	100%
Sithega Fund [1]	Empowered investment holding entity	30%	30%
Praxis Financial Services	Provider of short term finance to the panel beating industry to address motor body repairers' working capital needs	37%	37%
Greenpoint Holdings	Provision of management services	51%	51%
Inyosi Solutions	Provision of management services	75%	75%
Friedshelf	Financial services group	100%	100%
Tellumat	Technology solutions and services in manufacturing, air traffic control systems, defence and security and turnkey infrastructure solutions for the telecommunications industry	49%	49%
Amalinde Technologies (previously Masimong Technologies [2]	A subsidiary of a diversified B-BBEE investment holding company and B-BBEE partner of Stellar for Tellumat	100% preference shares [2]	100% preference shares [2]
Stellar International	Holding company for international venture capital investments	100%	100%
Preference shares (investment in GSL and GSO Funds)	Preference share investment in AHI Asset Management	Sole preference shareholder	Sole preference shareholder

[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 2020.

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

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

R'000	Opening balance	Acquisitions	Proceeds from disposals	Fair value adjustments	Fair value adjustments resulting from capital distributions	Closing balance
Unlisted investments	788 495	24 739	-	(74 641)	-	738 593
Prescient	318 496	-	-	-	-	318 496
AHI Asset Management	131 660	20 300	-	(5 234)	-	146 726
Sithega Fund	54 000	-	-	37	-	54 037
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**

Non-current unlisted investments	681 232
Current unlisted investments *	57 361
Total	**738 593**

PRESCIENT

As at 30 June 2020 the fair value of the indirect investment in Prescient (via Prescient Empowerment Trust Proprietary Limited ("PET")) 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 2020, which are not related to the business operations, has been included in the valuation.

Significant unobservable inputs/assumptions	2020	2019
Estimated sustainable net profit after tax	R114.0 million	R102.9 million
P/E multiple	12.3 times	13.8 times

Stellar has also entered into an agreement whereby PET has the option to call its preference shares from Stellar and Stellar has the option to put the preference shares to PET. These options can only be exercised on 30 September 2022, 30 September 2023 and 30 September 2024.

AHI ASSET MANAGEMENT

In the current financial year, Stellar subscribed for additional ordinary shares for R20.3 million.

As at 30 June 2020, 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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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.

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.

As at 30 June 2019, the fair value of the investment was estimated by management using the sustainable earnings model, with the significant unobservable inputs being estimated sustainable net profit of R9.1 million and a P/E multiple of 7.2.

As at 30 June 2020, management does not consider the determination of the inputs to the sustainable earnings model to be feasible because of the impact of the national lockdown, particularly on the panel beating industry, and the uncertainty of the period and extent of the recovery thereof. The business is currently trading at materially break-even and as the debt levels remain high, it is not considered prudent to recognise any equity value in the business at present.

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.

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.

As at 30 June 2020, 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	2020	2019
Estimated sustainable net profit after tax	R2.8 million	R2.7 million
P/E multiple	4.8 times	6.9 times

The valuation of Greenpoint Holdings comprises Stellar's share of the estimated fair value of Greenpoint Capital of R13.4 million (2019: R18.4 million) and the net asset value of GPC Investments of R8.2 million (2019: R5.8 million).

INYOSI SOLUTIONS

As at 30 June 2020, the fair value of the investment 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	2020	2019
Estimated sustainable net profit after tax	R2.4 million	R1.9 million
P/E multiple	4.3 times	5.3 times

FRIEDSHELF

As at 30 June 2020, 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 net asset valuation method, which is consistent with the valuation method used in the previous financial year.

TELLUMAT

Following the decision to exit the investment, Stellar is currently in a piecemeal exit process and the investment has been classified as current. As at 30 June 2020, the fair value of the investments in Tellumat and Amalinde Technologies Proprietary Limited are based on this exit value approach.

In accordance with the Group's accounting policy, the primary valuation method used is the sustainable earnings multiple, unless this is not considered to be appropriate. As at 30 June 2020, the fair value of the divisions of Tellumat for which there is a sale agreement in place, is based on the estimated net disposal proceeds, whereas at 30 June 2019, prior to an agreement being signed, the estimated fair value of these divisions was based on sustainable combined EBITDA of R9.9 million and an EV/EBITDA multiple of 5.3 times. The fair value of the remaining divisions is based on the estimated recoverability thereof through a net asset value realisation approach, which is consistent with the previous financial year.

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 2020, the fair value of the investment in Amalinde Technologies has been determined with reference to its share of the estimated fair value of Tellumat that will determine the agreed redemption price of the preference shares.

Because Stellar has taken the decision to exit the investment it 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 current financial year.

As at 30 June 2020, 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 early stages of development with no sustainable positive cash flows or profit history. Because Stellar has decided to exit these investments in the short term, a discount of 25% has been applied to the respective acquisition prices in order to reflect the price risk associated with exiting in the midst of a global pandemic. The discounted values, along with the balance of cash, have therefore been converted to Rands using the foreign exchange spot rates on 30 June 2020.

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 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 R4.4 million were reinvested into the funds during the current financial year (2019: R3.4 million).

Other disclosures

The investments in Torre, MRI and Amecor were sold in the previous financial year. Refer to note 8 for details of funding provided to portfolio companies and note 11 for dividends and capital distributions received from portfolio companies.

Level 3 investments

All portfolio companies are classified as Level 3 and all investments into funds are classified as Level 2 because any investors entering or exiting these funds will do so at the fund unit/share values.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The Board of Directors has approved the valuation methodologies used by management for Level 3 investments. The Company receives the latest available reports from portfolio companies at each reporting date, either in the form of audited financial statements or unaudited management accounts, which are then used in the valuation techniques. The table below shows the reconciliation of Level 3 movements:

R'000	Audited 30 June 2020	Audited 30 June 2019
Opening balance	614 452	1 471 991
Additions	20 300	146 102
Disposals	-	(792 711)
Transfers to Level 2	-	(120 043)
Fair value adjustments	(74 678)	(3 256)
Fair value adjustments resulting from capital distributions	-	(87 631)
Closing balance	**560 074**	**614 452**

Transfers to Level 3 occur in instances where management assesses that the quoted market price of a listed investment is not representative of fair value at the measurement date. Similarly, transfers from Level 3 occur where previously management assessed that the quoted market price of a listed investment was not representative of fair value, but where a change in factors results in management concluding that the quoted market price is considered to be an appropriate basis for estimating fair value. There were no transfers between levels during the year under review.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2020, 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
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

8. LOANS TO PORTFOLIO COMPANIES

R'000	Audited 30 June 2020	Audited 30 June 2019
AHI Asset Management	**-**	**19 607**

AHI ASSET MANAGEMENT

AHI Asset Management repaid the opening loan balance of R19.6 million during the financial year. Stellar advanced additional funds on a short-term basis during the financial year which were also repaid before year-end.

9. ORDINARY SHARE CAPITAL

There has been no change to the number of authorised shares during the year under review. As at 30 June 2020 there were 912 616 841 (2019: 1 075 031 756) issued ordinary shares and 1 087 383 159 (2019: 924 968 244) unissued ordinary shares.

Stellar Capital acquired 158 713 456 ordinary shares during the period 5 May 2020 and 25 June 2020 at an average price of 73.14 cents per share. These shares acquired directly by Stellar Capital were subsequently cancelled and delisted.

As at 30 June 2020 the Company held 90 000 000 (2019: 18 220 236) treasury shares via its wholly owned subsidiary, AHI Asset Management. AHI Asset Management acquired 93 701 459 Stellar Capital shares between the period 6 May 2019 and 30 April 2020 at an average price of 71.14 cents per share. On 8 June 2020 AHI Asset Management transferred 3 701 459 ordinary shares held in treasury to Stellar Capital in accordance with the requirements of Section 48 of the Companies Act. These treasury shares transferred from AHI Asset Management to Stellar Capital were also cancelled and delisted.

The repurchases were made in terms of the general authority granted by shareholders at the previous 2018 and 2019 Annual General Meetings and were funded from the Company's available cash resources.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. FAIR VALUE ADJUSTMENTS

R'000	Audited year ended 30 June 2020	Audited year ended 30 June 2019
Fair value adjustments on listed investments	-	202 610
Torre	-	202 486
MRI	-	124
Fair value adjustments on unlisted investments and other financial assets	(74 641)	(3 291)
Prescient	-	6 836
AHI Asset Management	(5 234)	-
Sithega Fund	37	-
Praxis Financial Services	(24 450)	3 477
Greenpoint Holdings	(1 262)	9 665
Inyosi Solutions	-	2 793
Friedshelf	(4 661)	-
Amecor	-	18 470
Tellumat	(19 373)	(21 867)
Amalinde Technologies	(20 245)	(22 624)
Stellar International	547	(6)
Other financial assets	-	(35)
Fair value adjustments resulting from capital distributions	-	(190 341)
Total	**(74 641)**	**8 978**

11. DIVIDEND INCOME

R'000	Audited year ended 30 June 2020	Audited year ended 30 June 2019
Capital distributions	-	190 341
Torre	-	102 710
Prescient	-	22 311
Friedshelf	-	45 787
Greenpoint Senior Debt	-	11 032
Preference share (GSL and GSO Fund redemptions)	-	8 501
Earnings distributions	35 117	93 724
Prescient	19 451	13 607
Inyosi Solutions	1 020	750
Amecor	-	21 000
Greenpoint Senior Debt	-	37 297
Preference share (GSL and GSO Fund returns)	14 646	21 070
Total	**35 117**	**284 065**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. FINANCE COSTS

R'000	Audited year ended 30 June 2020	Audited year ended 30 June 2019
Preference share liability interest accrual	-	82 244
Interest accrual on loan payable	-	514
Loans from portfolio companies	-	5 602
Total	**-**	**88 360**

During the previous financial year, interest on the preference share liability resulted from the unwinding of the discounted capital balance outstanding. The loan payable accrued interest at prime plus 3% per annum plus a once-off raising fee. Interest on loans from portfolio companies related to short term funding advanced to Stellar, which accrued interest at an average rate of 10% per annum.

13. RELATED PARTY TRANSACTIONS

Related party transactions are entered into in the ordinary course of business and comprise (i) transactions with portfolio companies including loans advanced/repaid, interest income, dividends received and amounts received or paid in respect of services provided; and (ii) management fees paid to Thunder Securitisations Proprietary Limited of R11.5 million (2019: R17.1 million).

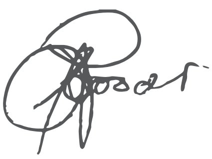
14. GUARANTEES

At the reporting date, the Company has issued limited corporate guarantees in favour of the creditors of Praxis for R48.5 million (2019: R32.5 million), which can be cancelled with 3 months' notice by either party. 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 2020, the loan outstanding is R8.5 million. Management has performed an expected credit loss assessment on the guarantees and estimates a nil loss allowance based on the revised forecasted cash flows of Praxis Financial Services, taking into account the estimated impact of COVID-19 on the panel beating industry, which indicate that Praxis will be able to honour its obligations.

15. EVENTS AFTER THE REPORTING PERIOD

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 lockdown and weakened economy post 30 June 2020 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.

By order of the Board



CJ Roodt
Chairman of the Board

27 August 2020

FORWARD-LOOKING STATEMENTS

Any forward-looking statements included in this results announcement involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Any reference to forecast information included in this results announcement does not constitute an earnings forecast and has not been reviewed or reported on by the Group's external auditors.

STELLAR
CAPITAL PARTNERS

DIRECTORS

CJ Roodt (Chairman)*, PJ Van Zyl (Chief Executive Officer), S Graham (Chief Financial Officer), L Potgieter#, DD Tabata*, MVZ Wentzel*, HC Steyn^, PJ Bishop^

Lead Independent non-executive
* Independent non-executive
^ Non-executive

COMPANY SECRETARY

Wilma Dreyer

REGISTERED OFFICE AND BUSINESS ADDRESS

Fourth Floor
The Terraces
25 Protea Road
Claremont
Cape Town
7708

POSTAL ADDRESS

Suite 229
Private Bag X1005
Claremont
Cape Town
7735

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)

ONEHUNDREDPERCENT

/// DESIGN AND LAYOUT BY ONE HUNDRED PERCENT /
DESIGN & BRAND CONSULTANCY /
www.onehundredpercent.co.za

STELLAR
CAPITAL PARTNERS

www.stellarcapitalpartners.co.za