Consolidated annual financial statements for the year ended 31 March 2019

MULTICHOICE
ENRICHING LIVES

MultiChoice Group Limited

Statement of responsibility by the board of directors

for the year ended 31 March 2019

The consolidated annual financial statements of the group are the responsibility of the directors of MultiChoice Group Limited. In discharging this responsibility, they rely on the management of the group to prepare the consolidated annual financial statements presented on pages 18 to 78 in accordance with International Financial Reporting Standards (IFRS) and the Companies Act No 71 of 2008. As such, the consolidated annual financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the consolidated annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective.

The directors believe that the group has adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The consolidated annual financial statements support the viability of the group. The preparation of the consolidated annual financial statements was supervised by the group's chief financial officer, Tim Jacobs CA(SA). These results were made public on 18 June 2019.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated annual financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on pages 11 to 17.

The consolidated annual financial statements were approved by the board of directors on 14 June 2019 and are signed on its behalf by:

Imtiaz Patel
Chair

Calvo Mawela
Chief executive

Company Secretary's Certification

for the year ended 31 March 2019

In terms of section 88(2)(e) of the Companies Act No 71 of 2008 I, Donna Dickson, in my capacity as company secretary of MultiChoice Group Limited, confirm that for the year ended 31 March 2019 the company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are, to the best of my knowledge, true, correct and up to date.

Donna Dickson
Company Secretary

14 June 2019

Report of the audit committee

for the year ended 31 March 2019

I am pleased to present the report of the audit committee for the year ended 31 March 2019. The audit committee submits this report, as required by section 94 of the South African Companies Act No 71 of 2008 (the Act).

Members of the audit committee and attendance at meetings

The audit committee consists of the independent non-executive directors listed below and meets at least three times per year in accordance with its charter. All members act independently as described in section 94 of the Act. During FY2019, two meetings were held as the committee was only constituted on 6 December 2018. The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also present. The chairperson of the board, group CEO, group CFO, corporate CFO and group general counsel are not members however attend audit committee meetings by invitation.

The names of the members who were in office during FY2019 and the details of the audit committee meetings attended by each of the members are:

Name of committee member	Qualification	Two meetings were held during the year. Attendance	Category
SJZ Pacak	B.Acc (Wits) and CA(SA)	2	Independent non-executive chair
DG Eriksson	CTA (Wits) and CA(SA)	2	Independent non-executive
L Stephens	BBSc (UCT), BCom(Hons) (RAU), CA(SA), CD(SA)	2	Independent non-executive

All members of the committee comply with the member requirements as set out in section 94 of the Act. The board and the nomination committee unanimously recommend to shareholders at the AGM that the current committee members be re-elected. All audit committee members served on the committee for the remainder of the financial year post appointment on 6 December 2018.

Responsibilities and key actions

The audit committee has adopted formal terms of reference, delegated by the board of directors, as set out in its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- reviewed the provisional report, consolidated annual financial statements and integrated annual report, culminating in a recommendation to the board to adopt them.

In the course of its review the committee:

  - took appropriate steps to ensure the consolidated annual financial statements were prepared in accordance with IFRS and in the manner required by the Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of consolidated annual financial statements, and internal financial controls;
  - reviewed legal matters that could have a significant impact on the organisation's consolidated annual financial statements; and
  - reviewed the ability of the group to continue as a going concern, including an analysis of the group's liquidity and solvency and recommended it to the board for approval.

- reviewed external audit reports on the consolidated annual financial statements;
- reviewed the board-approved internal audit charter;
- reviewed and approved the internal and external audit plans;
- reviewed internal audit and risk management reports and, where relevant, made recommendations to the board;
- evaluated the effectiveness of risk management, controls and governance processes;
- verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. (PwC) as auditor for FY2019 and noted the appointment of Brett Humphreys as the designated auditor;
- approved audit fees and engagement terms of the external auditor;
- determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor;
- reviewed audit committee reports of all major subsidaries; and
- reviewed the JSE Limited's report on the proactive monitoring of consolidated annual financial statements.

Key areas of focus during FY2019

The committee's key focus areas during the year included:

- discharging its functions in terms of its charter;
- review and approval of group policies for the MultiChoice group;
- ensuring a successful listing and unbundling from Naspers Limited by:
  - review and approval of the pre-listing statement financial information (including working capital statement) in terms of the JSE Listings Requirements; and
  - ensuring appropriate gap analysis and remediation was performed on the internal control environment around the separation from Naspers Limited (including establishing appropriate secretarial, risk management and internal audit structures).
- assessing the impact of changes in accounting standards and JSE Listings Requirements; and
- reviewing the organisations application and extent of application of the practices set out in the King IV™ report on corporate governance.

Financial statement reporting issues

The audit committee's main responsibility in relation to the group's financial reporting is to review, with both management and the external auditor, the appropriateness of the group's consolidated annual financial statements (AFS) with its primary focus being on:

- the quality and acceptability of accounting policies and practices;
- material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor; and
- an assessment of whether the consolidated AFS, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The significant judgements, issues and conclusions reached, or actions taken by the audit committee in relation to the FY2019 consolidated AFS are outlined below. The significant judgements and issues are broadly comparable in nature to prior years, as disclosed in the group's pre-listing statement. Each of the matters were discussed with the external auditor and, where appropriate, have been addressed as key audit matters in the report on the audit of the consolidated annual financial statements on pages 11 to 17.

Significant reporting matter	Conclusions reached/actions taken
Preparation of Consolidated Financial Statements The MultiChoice group was only formed on 28 September 2018 under a common control business combination transaction (the transaction). As this is excluded from the scope of IFRS 3 – Business Combinations judgement was required to be applied to develop an accounting policy to account for the transaction (refer to note 1 of the consolidated annual financial statements for the principles applied in the preparation of the consolidated annual financial statements).	The audit committee reviewed the basis of preparation prepared by management and ensure it was in line with IFRS. Technical accounting advice was received which was audited by the external auditors. Consequently, the audit committee was satisfied with the basis of preparation applied in the consolidated annual financial statements by management.
Empowerment transaction As part of the formation of the Multichoice group, MultiChoice Group Limited allocated for no consideration, an additional 5% stake in MultiChoice South Africa group to Phuthuma Nathi. In terms of IFRS 2 'Share-based payment' (IFRS 2), this transaction qualifies as an equity-settled share-based payment. The value of the 5% Phuthuma Nathi share issue according to the terms of the empowerment transaction has been calculated at ZAR2.6bn (including an allocation of ZAR0.7bn to the non-controlling interest).	The audit committee reviewed the accounting principles applied to the empowerment transaction to ensure they were in line with IFRS. The disclosure thereof in the consolidated annual financial statements was also reviewed. Technical accounting advice was received which was audited by the external auditors. Consequently, the audit committee was satisfied with the accounting and disclosure of the empowerment transaction included in the consolidated annual financial statements by management.
Accounting for Taxation The group operates across many tax jurisdictions and has recognised significant tax provisions and disclosed significant contingencies in this regard (refer to notes 2, 9, 10, 14 and 15). Significant management judgement is exercised in estimating potential exposures where the interpretation of tax laws and regulations is subjective.	The audit committee reviewed updates on the group's assessment on certain tax matters and challenged both management and the external auditor on the legal judgements underpinning the provisioning and disclosure adopted in relation to contingent tax liabilities and operating assumptions underlying deferred tax asset recognition. Consequently, the audit committee was satisfied with the approach adopted in the consolidated annual financial statements by management

Other reporting matters

The audit committee reviewed the adoption and calculation of the group's non-IFRS measures including trading profit, core headline earnings and free cash flow. The audit committee was satisfied that these measures are key to understanding the financial performance of the group and further concluded that the adoption and calculation was appropriate and was adequately disclosed in the provisional report and consolidated AFS (where appropriate).

Internal audit

The audit committee has oversight of the group's consolidated AFS and reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors and serves as a link between the board of directors and these functions. The group head of internal audit reports functionally to the chair of the committee and administratively to the group CFO. An assessment of the effectiveness of the internal audit function, as well as the head of internal audit, is performed annually by the committee. Based on the assessment, the committee is of the opinion that the internal audit function, as well as the head of internal audit, is effective.

Effectiveness of group's internal financial controls

The committee reports to the board that it is of the opinion that, based on enquiries made and the reports from the internal and external auditors, the risk management processes and systems of internal control of the group were effective for the year under review. No material weaknesses in financial control of the group and its subsidiaries were reported for the year under review.

Independence and effectiveness of the external auditor

PwC was appointed as auditor of the group until the next AGM. PwC has been the auditor of the group since 10 December 2018. The committee believes that the auditor has observed the highest level of business and professional ethics. The committee is satisfied that the auditor has at all times acted with unimpaired independence.

Details of fees paid to the external auditor are disclosed in note 6 to the consolidated AFS. All non-audit services provided by the auditor were approved by the committee during the current financial year in accordance with the board-approved policy on non-audit services performed by the external auditor. The audit committee approved the provision of non-audit services that it believes are routine and recurring services that would not impair the independence of the auditor and are consistent with the principles of the Code of Professional Conduct set by the Independent Regulatory Board for Auditors. Approved services included general consulting advice and limited tax consulting advice such as tax compliance and tax planning. Services approved for the FY2019 amounted to ZAR1.1m for general tax consulting advice and ZAR3.1m for other consulting advice.

During FY2019, the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor. The quality of the external audit was reviewed, focusing on a range of factors considered relevant to audit quality and feedback from PwC on their performance against their own objectives, the committee concluded the external audit to be satisfactory. It was confirmed that no unresolved issues of concern exist between the group and the external auditors.

The partner responsible for the audit is required to rotate every five years. Brett Humphreys was appointed as the audit partner for the first time in FY2019.

The committee has, in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, satisfied itself that the external auditors and designated auditor are accredited on the JSE list of auditors and advisers, and further confirms that it has assessed the suitability for the appointment of the external auditor and the designated individual audit partner. The committee has, as part of its assessment, requested and reviewed the information detailed in paragraph 22.15(h) of the JSE Listings Requirements from the external auditor.

Accordingly, the committee recommends the reappointment of the external auditors, PwC, and designated auditor, Brett Humphreys, at the next AGM.

Confidential meetings

Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors, separately and independently from senior management.

Expertise and experience of the group's CFO and the finance function

As required by the King IV™ principle 8 practice 59f and the JSE Limited Listings Requirements 3.84(g), the audit committee has satisfied itself that the group CFO has appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements. Based on an assessment performed annually, the committee is of the opinion that the finance function, as well as the CFO, is effective.

Integrated combined assurance

The board does not only rely on the adequacy of the embedded internal control process in the business but considers reports on the effectiveness of risk management activities from the risk committee. The committee ensures that the assurance functions of management as well as internal and external audit are sufficiently integrated and is satisfied with the effectiveness with the arrangements for combined assurance. The various assurance providers to the board comprise the following:

- senior management and the risk committee considers the group's risk strategy and policy, along with the effectiveness and efficiency thereof. The risk committee also considers the adequacy of risk management strategies, systems of internal control, risk profiles and legal compliance. The audit committee receives assurance from the risk committee that risk management activities are sufficient and effective; and
- the committee considers the systems of internal control, internal and external audit reports and reviews the independence of the auditor, the extent and nature of audit engagements, scope of work and findings. This committee also reviews the level of disclosure in the AFS and the appropriateness of accounting policies adopted by management and jointly with the risk committee considers material issues of fraud and reporting on fraud. The board reviews the performance of the committee against its charter.

The chair of the committee reports to the board at the board meeting following each committee meeting on matters addressed by the committee at its last meeting.

Report of the audit committee

for the year ended 31 March 2019

Discharge of responsibilities

The committee determined that, during FY2019, it had discharged its legal and other responsibilities as outlined in terms of its charter, details of which are included in the full corporate governance report on www.multichoice.com. The board concurred with this assessment.

Key focus areas going forward

The committee's key focus areas for FY2020 include:

- discharging its functions in terms of its charter;
- assessing the impact of changes to accounting standards and the JSE Listings Requirements;
- King IV™ recommendations;
- focusing regularly on the group's working capital requirements and ensuring that the group and its subsidiaries continue to operate as going concerns; and
- reviewing at each meeting the accounting for taxation provisions and contingencies.

Stephen Pacak
Chair: Audit committee
14 June 2019

1. NATURE OF BUSINESS

MultiChoice Group (MCG or the group) operates video-entertainment subscriber platforms in South Africa and sub-Saharan Africa (50 countries in total) and offers satellite (DTH), digital terrestrial television (DTT), over-the-top (OTT) and on-demand online video and related video-entertainment services. Video-entertainment is a commercial service that provides packages of video and audio programming to consumers, typically for a monthly charge.

2. FINANCIAL REVIEW

The group delivered solid results for the year ended 31 March 2019. A total of 1.6m subscribers were added across the continent, representing 12% year-on-year (YoY) growth, taking the overall active subscriber base to 15.1m subscribers. This was achieved despite continued macro-economic headwinds and consumer affordability pressure, illustrating the resilience of our products. The year also marks the first time that the Rest of Africa (RoA) base of 7.7m subscribers exceeded the 7.4m subscribers in South Africa.

The group generated revenue of ZAR50.1bn, up 6% on last year (6% organic). Subscription revenue amounted to ZAR41.2bn, up 7% on last year (8% organic). This represents an acceleration in growth from previous years driven by the continued success of our value strategy in the RoA and a healthy contribution from South Africa.

Group trading profit rose 11% to ZAR7.0bn (27% organic) benefitting from a ZAR0.9bn reduction in losses in RoA. As part of the group's cost optimisation programme, a further ZAR1.3bn in costs were removed from the base during the year. This resulted in overall costs being contained to an increase of 5% (2% organic) and achieved the group target of keeping the rate of growth in costs below the rate of growth in revenue.

The group continued its investment in local content adding a further 4 600 hours to take the local content library to nearly 50 000 hours. The ratio of spend on local general entertainment content as a % of total general entertainment content increased from 38% to 40%, in line with the strategy to reach a target of 45%.

Core headline earnings, the board's measure of sustainable business performance, was up 10% on last year at ZAR1.8bn.

Consolidated free cash flow of ZAR3.3bn was up 96% compared to the prior year. This was achieved after an improvement in the trading result from the RoA, the non-recurrence of once-off content prepayments in the prior year and remittances of cash from Angola.

Capital expenditure of ZAR1.0bn was slightly up YoY due to additional investments in billing infrastructure to improve customer experience as well as the renewal of our DTT license in Nigeria. The cash conversion ratio (EBITDA-Capex/EBITDA) remains positive at 90%.

As one of the largest taxpayers in Africa, MCG paid direct cash taxes of ZAR3.7bn, in line with the previous year.

Net interest paid amounted to ZAR305m, an increase of ZAR152m from the previous year. This was due to an increase in the interest-bearing loan funding received from Naspers in the RoA segment which was capitalised as part of the unbundling.

The group balance sheet is strong with ZAR9.8bn in net assets, including ZAR6.7bn of cash and cash equivalents and ZAR3.5bn in undrawn facilities providing ZAR10.2bn in financial flexibility to fund our business plan.

3. SEGMENTAL REVIEW

South Africa

The South African business delivered subscriber growth of 8% YoY or 0.5m subscribers and generated revenues of ZAR33.7bn, up 3% (4% organic) from the prior year. This was on the back of healthy subscriber growth in the mass market and despite absorbing a 1% increase in value-added tax by not passing it on to customers. The Premium segment remained under pressure as consumers are impacted by rising fuel and other costs and we compete for share of wallet. Average revenue per user (ARPU) declined from ZAR335 to ZAR322 due to the ongoing change in subscriber mix towards the mass market. Trading profit was in line with the prior year at ZAR10.2bn, while the trading margin remained relatively stable at 30%.

The segment continued to drive product enhancements by expanding the content offering in some if its bouquets and adding JOOX, a music streaming service, to its platform. Sustained efforts to grow the digital offering through Connected Video and position the business for the future, saw good uptake of both the Showmax and DStv Now services. As a result, online subscribers are more than double that of the prior year.

Rest of Africa

The RoA business continued to build on the success of its value strategy by growing the subscriber base 17% YoY or 1.1m subscribers. The Fifa World Cup resonated extremely positively with our customers and we used the event to drive uptake of our products on both the satellite and digital terrestrial platforms.

The strong subscriber growth translated into revenue growth of 13% (13% organic) to ZAR14.8bn, while trading losses reduced 19% (41% organic) or ZAR0.9bn (ZAR1.9bn organic) to ZAR3.7bn. Encouragingly, ARPU in the RoA has stabilised at ZAR159 (2018: ZAR160). This is despite the macroeconomic environment that remained challenging with material currency depreciation in the Angolan kwanza (60%), Zambian kwacha (17%) and the Ghanaian cedi (11%).

To solidify our position in the Angolan market, we converted the Angolan operation from an agency to a subsidiary, which will be fully consolidated, from 1 February 2019.

Cash balances and trade receivables of ZAR298m held in Angola and Zimbabwe and that remain exposed to weakening currencies, have reduced 80% compared to last year's balance. Liquidity constraints in Angola improved considerably in FY2019, leaving a closing cash position of ZAR168m as at 31 March 2019.

Technology

The Technology segment delivered steady results and contributed ZAR1.6bn in revenues and ZAR0.6bn in trading profit. Despite the impact of non-recurring projects, which generated revenues in the prior year, tight cost controls resulted in trading profits increasing 18% (21% organic) YoY.

Irdeto had some key customer wins in FY2019, including Tata Sky and Bharti Airtel in India. It continues to invest in connected industries, a market which is showing great promise, and that should start contributing more meaningfully to group revenues in the medium term.

4. EMPOWERMENT TRANSACTION

The group remains fully committed to broad-based black economic empowerment and transformation. To reinforce this, on 4 March 2019, the date of the group unbundling from Naspers Limited, the group allocated, for no consideration, an additional 5% stake in the MultiChoice South Africa group to Phuthuma Nathi, our black economic empowerment scheme. The value of the 5% allocation has been calculated at ZAR1.9bn, after the impact of the non-controlling interest, which has an adverse impact on earnings and headline earnings per share of 438 ZAR cents.

5. PROSPECTS

In the year ahead, the group will continue scaling its video-entertainment services across the continent, mainly in the middle and mass markets. Top-line volume growth combined with inflationary price increases and a focus on cost containment is expected to deliver a continued reduction in trading losses in the RoA and stable margins in South Africa and the Technology segment. Innovation is core to our future, and we will continue to drive the adoption of online products (particularly in South Africa).

6. DIVIDEND

As set out in the pre-listing statement no dividend is being proposed for FY2019. The group remains on track to declare a dividend of ZAR2.5bn, or 569 ZAR cents per share, for FY2020.

7. SHARE CAPITAL

Refer to note 26 of the consolidated annual financial statements for information regarding changes in the group's share capital during the year.

8. PROPERTY, PLANT AND EQUIPMENT

At 31 March 2019 the group's investment in property, plant and equipment amounted to ZAR17.3bn (2018: ZAR17.6bn). Details are reflected in note 18 of the consolidated annual financial statements.

Capital commitments at 31 March 2019 amounted to ZAR68.0m (2018: ZAR106.9m).

9. LISTING OF THE GROUP

On 28 September 2018, MultiChoice Group Limited became the parent of the MultiChoice South Africa Holdings (Pty) Ltd and subsidiaries, MultiChoice Africa Holdings B.V. and subsidiaries, Irdeto Holdings B.V and subsidiaries; and Showmax B.V and subsidiaries. On 27 February 2019, the group was listed on the Johannesburg Stock Exchange (JSE). On 4 March 2019, the MultiChoice Group was unbundled from Naspers Limited to its shareholders as a dividend in specie.

10. DIRECTORATE

On 14 May 2019, Ms Christine Sabwa was appointed to the board as an independent non-executive director. Over the past 21 years, she gained experience in audit, accounting, special investigations, revenue assurance, risk management, banking, governance and digital finance.

No other changes have been made to the directorate of the group since the publishing of the pre-listing statement on 21 January 2019.

The directors' names, details and attendance are presented below and the group company secretary's name and business and postal addresses are presented on page 78. Directors' shareholdings in the issued share capital of the group are disclosed in note 31 of the consolidated annual financial statements.

Directors and attendance at meetings in the 2019 financial year:

	Date first appointed in current position	Board	Audit	Risk	Category
		Attendance			
		Two meetings	Two meetings	Two meetings	
MI Patel	6 December 2018	2	*	2	Executive chair
DG Eriksson	6 December 2018	2	2	2	Independent non-executive
FLN Letele	6 December 2018	2	*	*	Non-executive
KD Moroka	6 December 2018	1	*	*	Independent non-executive
SJZ Pacak	6 December 2018	2	2	2	Lead independent non-executive
JJ Volkwyn	6 December 2018	2	*	*	Non-executive
E Masilela	6 December 2018	2	*	*	Non-executive
TN Jacobs	6 December 2018	2	*	2	Executive - CFO
CP Mawela	6 December 2018	2	*	2	Executive - CEO
L Stephens	6 December 2018	2	2	2	Independent non-executive
CM Sabwa	14 May 2019	**	*	*	Independent non-executive

** Not a member.*
*** No board meetings held since appointment.*

There were no Human resources and Remuneration, Nomination and Social and Ethics meetings held during FY2019.

11. GROUP COMPANY SECRETARY

On 1 April 2019, Mrs RJ Gabriels relinquished her secretarial duties as acting group company secretary for MultiChoice Group Limited. Ms DM Dickson was subsequently appointed as the group company secretary on 1 April 2019 by the board.

Independent auditor's report

To the Shareholders of MultiChoice Group Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of MultiChoice Group Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

MultiChoice Group Limited's consolidated financial statements set out on pages 18 to 77 comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for 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

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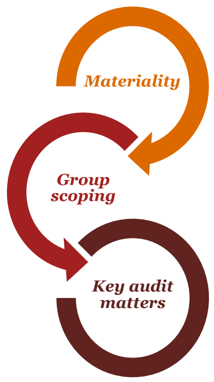
requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Our audit approach

Overview



Overall group materiality

R500,950,000, which represents 1% of Revenue.

Group audit scope

We performed full scope audits, in accordance with determined materiality, on all significant components in terms of their financial significance and risk to the group results and in respect of the centralised functions.

Key audit matters

1. *Preparation of the consolidated financial statements*
2. *Empowerment transaction*
3. *Accounting for taxation*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R500,950,000*
How we determined it	*1% of Revenue*
Rationale for the materiality benchmark applied	*We selected revenue as our materiality benchmark because, in our view, it reflects the activity levels of the group and it is a benchmark against which the performance and growth of the group can be consistently measured in circumstances of volatile year-on-year earnings attributable to foreign exchange volatility predominantly in the Rest of Africa segment. We chose 1% based on our professional judgement, after consideration of the range of qualitative materiality thresholds that we would typically apply.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The scoping included consideration of financially significant components, risk characteristics as well as taking into consideration the sufficiency of work performed over material line items in the financial statements.

The group operates in multiple different geographical locations including South Africa, the Rest of Africa (including the following main markets: Nigeria, Angola, Kenya and Zambia), Europe (including the following main markets Netherlands, France and the United Kingdom) and other locations (including Canada, the United States of America, Brazil and India).

The group financial statements are a consolidation of all the Group's reporting components, comprising of the group's significant operating businesses and centralised functions. We performed full scope audits, in accordance with determined materiality, on all significant components in terms of their financial significance and risk to the group results and in respect of the centralised functions.

In addition, specified audit procedures were performed on certain account balances for additional components. The group engagement team also performed audit and analytical review procedures over the remaining balances and the consolidation process.

We ensured that the audit teams both at group and component levels included the appropriate skills and competencies; experts in valuations, information technology, actuarial, and specialists in tax were included in the team structures.

In establishing the overall approach to the group audit and in order to issue our audit opinion on the consolidated financial statements of the Group, we determined the extent of the work that needed to be performed by us, as the group engagement team, and the component audit teams operating under our instructions. All the component teams comprised of PwC network firms. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient and appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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***
1. Preparation of the consolidated financial statements *On 28 September 2018, MultiChoice Group Limited ("the Group") legally acquired the entities listed in note 1 of the consolidated financial statements prior to the unbundling of the Group ("the transaction") from Naspers Limited on 4 March 2019.*	*We assessed the appropriateness of the basis on which the consolidated financial statements were prepared. We did this by involving our accounting specialists in evaluating whether the principles applied in the preparation of the consolidated financial statements are appropriate and prepared in accordance with*

Key audit matter	*How our audit addressed the key audit matter*
The acquired entities were ultimately controlled by Naspers Limited before and after the transaction. This meets the definition of a business combination under common control, which is excluded from the scope of IFRS 3 – Business combinations. Accordingly, the Group needed to apply judgement to develop an accounting policy to account for the transaction that provides reliable and relevant information in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (refer to Note 1 Basis of preparation for the principles applied in the preparation of the consolidated financial statements). *The preparation of the consolidated financial statements was considered to be a matter of most significance to our audit due to:* *• the judgement applied in determining the principles to be applied to account for the transaction,* *• the identification of the businesses to be consolidated, and* *• the application of the principles applied in preparing the consolidated financial statements.*	*IFRS requirements and found these to be appropriate.* *We obtained management's workings for preparing the consolidated financial statements and performed the following procedures:* *• We inspected the signed MIH Holdings Share for Share Agreements to obtain an understanding of the transaction and to identify the businesses acquired and confirmed that these have been appropriately included in management's workings, and* *• We assessed that the accounting principles as set out in Note 1 to the consolidated financial statements have been appropriately applied by management in their workings and noted no inconsistencies.*
2. Empowerment Transaction *As part of the formation of the MultiChoice Group, MultiChoice Group Limited allocated for no consideration, an additional 5% stake in MultiChoice South Africa Holdings Proprietary Limited ("MCSA") to Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively "Phuthuma Nathi").* *In terms of IFRS 2 'Share-based payments' ("IFRS 2"), this transaction qualifies as an equity-settled share-based payment. The value of the 5% Phuthuma Nathi share issue according to the terms of the Empowerment Transaction has been calculated at R2.6 billion using a discounted cash flow valuation method, applying a terminal growth rate of 5.5%, a cost of equity of 11.9% and a non-controlling interest discount rate of 17.5%. A share-based payment expense has been recognised in this regard.* *We considered this to be a matter of most significance to the audit due to the judgement*	*We obtained an understanding of the empowerment transaction by performing the following procedures:* *● Through engaging in discussions with management which included the process followed by them in determining the attributable value of shares issued, and* *● Inspected the share issue agreement and confirmed that 22.5 million (5%) MCSA shares were issued for no consideration.* *We obtained management's valuation of the MCSA Group and independently tested the valuation with the assistance of our internal valuation expertise by performing the following procedures:* *• Obtained the ten-year approved business plan of the MCSA Group used to value the underlying business and agreed it to management's valuation noting no material exceptions,*

Key audit matter	*How our audit addressed the key audit matter*
applied in determining the value of the transaction. *Further details of the matter have been included in note 2 and note 8 to the consolidated financial statements.*	*• Assessed the appropriateness of the valuation methodology applied and concluded this to be appropriate;* *• Assessed the reasonableness of the cash flows relating to the business against prior year actual results and concluded the cash flows to be reasonable;* *• Assessed the reasonableness of the key assumptions by performing stress tests on the assumptions used in the valuation being the terminal growth rate of 5.5%, cost of equity of 11.9% and the non-controlling interest discount of 17.5%;* *We performed an independent recalculation of the accuracy of the valuation noting no material exceptions; and* *We utilised our internal accounting and taxation specialists to assess the accounting applied for the transaction noting no material exceptions.*
3. Accounting for taxation *The entities listed in Note 1 to the consolidated financial statements operate across many tax jurisdictions. Due to the inherent nature of exposures in developing markets, specifically within the Rest of Africa, the entities have recognised tax provisions and contingencies to account for these factors.* *Management applies their judgement to estimate the potential exposure where the interpretation of the applicable tax laws and regulations could be subjective.* *Accounting for taxation was a matter of most significance to our audit due to the:* *• complexity and nature of these exposures;* *• significant level of management judgement involved in interpreting specific Acts; and* *• practices in determining the amounts of these liabilities.* *For further information refer to note 2 and notes 9, 10, 14 and 15 of the consolidated financial statements.*	*With the assistance of our international tax specialists, we evaluated management's assessment of tax exposures relating to withholding tax, value-added tax, permanent establishment exposures and other taxes.* *Meetings were held between our international tax specialists and the group's local territories' tax advisers and management to discuss the significant exposures and evaluate the reasonableness of management's conclusions.* *To corroborate management's assessment, we inspected the correspondence received by management from the tax authorities and the reporting entities legal advisers noting no inconsistencies between the assessment and the correspondence inspected.* *Where required, we performed an independent recalculation of the tax exposures and the related tax balances and reviewed the appropriateness of the disclosures in the consolidated financial statements, noting no material exceptions.*

Other information

The directors are responsible for the other information. The other information comprises the information included in the *MultiChoice Group Consolidated annual financial statements for the year ended 31 March 2019*, which includes the Company Secretary's Certification, Report of the audit committee and the Directors' report to shareholders as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the *MultiChoice Group Limited Integrated annual report*, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 financial statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated 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 PricewaterhouseCoopers Inc. has been the auditor of MultiChoice Group Limited for 35 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: BS Humphreys

Registered Auditor

Johannesburg

14 June 2019

Consolidated statement of financial position

as at 31 March 2019

	Notes	2019 ZAR'm	2018 ZAR'm
ASSETS			
Non-current assets		**23 684**	**24 101**
Property, plant and equipment	18	**17 279**	17 585
Goodwill and other intangible assets	23	**4 283**	4 190
Investments and loans	25	**238**	123
Amounts due from related parties	27	**180**	1 191
Derivative financial instruments	12	**282**	-
Deferred taxation	10	**1 422**	1 012
Current assets		**17 319**	**14 477**
Inventory	20	**924**	461
Programme and film rights	19	**5 133**	4 910
Trade and other receivables	21	**4 095**	4 827
Amounts due from related parties	27	**-**	139
Derivative financial instruments	12	**444**	96
Cash and cash equivalents	22	**6 723**	4 044
TOTAL ASSETS		**41 003**	**38 578**
EQUITY AND LIABILITIES			
Equity reserves attributable to the group's equity holders		**12 538**	**(4 650)**
Share capital	26	**-**	-
Other reserves		**(12 445)**	(7 156)
Retained earnings		**24 983**	2 506
Non-controlling interests		**(2 743)**	(1 343)
TOTAL EQUITY		**9 795**	**(5 993)**
Non-current liabilities		**15 186**	**28 526**
Capitalised finance leases	12	**14 441**	12 784
Long-term loans and other liabilities	12	**59**	189
Amounts due to related parties	27	**134**	15 000
Derivative financial instruments	12	**4**	404
Deferred taxation	10	**548**	149
Current liabilities		**16 022**	**16 045**
Capitalised finance leases	12	**1 290**	819
Programme and film rights	12	**2 493**	2 206
Provisions	16	**136**	169
Accrued expenses and other current liabilities	15	**11 885**	11 430
Amounts due to related parties	27	**-**	316
Derivative financial instruments	12	**218**	1 105
TOTAL EQUITY AND LIABILITIES		**41 003**	**38 578**

The accompanying notes are an integral part of the consolidated annual financial statements.

Consolidated income statement

for the year ended 31 March 2019

	Notes	2019 ZAR'm	2018 ZAR'm
Revenue	5	**50 095**	47 452
Cost of providing services and sale of goods	6	**(29 203)**	(27 588)
Selling, general and administration expenses	6	**(13 496)**	(13 058)
Other operating losses - net	7	**(33)**	(425)
Operating profit	6	**7 363**	**6 381**
Interest income	13	**910**	699
Interest expense	13	**(1 437)**	(1 548)
Net foreign exchange translation (losses)/gains	13	**(1 492)**	699
Empowerment transaction	8	**(2 564)**	-
Share of equity-accounted results		**(171)**	(97)
Other (losses)/gains - net	7	**(112)**	113
Profit before taxation		**2 497**	**6 247**
Taxation	9	**(3 773)**	(3 709)
(Loss)/profit for the year		**(1 276)**	**2 538**
Attributable to:			
Equity holders of the group		**(1 644)**	1 456
Non-controlling interests		**368**	1 082
		(1 276)	**2 538**
Earnings per share			
Basic and diluted (loss)/earnings per ordinary share (ZAR cents)	4	**(374)**	332

The accompanying notes are an integral part of the consolidated annual financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2019

	Notes	2019 ZAR'm	2018 ZAR'm
(Loss)/profit for the year		**(1 276)**	**2 538**
Total other comprehensive income, net of tax, for the year:			
Exchange (loss)/gain arising on translation of foreign operations*[1]		**(6 181)**	4 607
Fair value gains/(losses) on investments held at fair value through other comprehensive income		**50**	(47)
Net movement in hedging reserve*		**1 326**	(565)
Net tax effect of movements in hedging reserve*		**(560)**	152
		(5 365)	**4 147**
Total comprehensive (loss)/income for the year		**(6 641)**	**6 685**
Attributable to:			
Equity holders of the group		**(6 722)**	5 077
Non-controlling interests		**81**	1 608
		(6 641)	**6 685**

1 Relates to translation of foreign currency Rest of Africa and Technology businesses. The movement relates mainly to the net liability position of these businesses and the ZAR depreciation from a closing rate of ZAR11.84 in FY2018 to ZAR14.50 in FY2019. This movement is recognised in other reserves on the consolidated statement of changes in equity.
** These components of other comprehensive income may subsequently be reclassified to the income statement during future reporting periods.*

The accompanying notes are an integral part of the consolidated annual financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2019

	Share capital[1] ZAR'm	Other reserves[2] ZAR'm	Retained earnings ZAR'm	Non-controlling interest ZAR'm	Total equity ZAR'm
Balance at 1 April 2017	**-**	**(9 721)**	**(3 157)**	**(1 037)**	**(13 915)**
Profit for the year	-	-	1 456	1 082	2 538
Other comprehensive income	-	3 621	-	526	4 147
Total comprehensive income for the year	**-**	**3 621**	**1 456**	**1 608**	**6 685**
Other movements	-	-	-	-	-
Share-based compensation movement	-	-	75	-	75
Transactions with non-controlling shareholders	-	-	76	(79)	(3)
Foreign exchange movements on equity reserves	-	(1 056)	-	(443)	(1 499)
Contribution from parent[3]	-	-	9 409	-	9 409
Dividends declared	-	-	(5 353)	(1 392)	(6 745)
Balance at 1 April 2018	**-**	**(7 156)**	**2 506**	**(1 343)**	**(5 993)**
Change in accounting policy (note 2)	**-**	**-**	**17**	**18**	**35**
Restated balance at 1 April 2018	**-**	**(7 156)**	**2 523**	**(1 325)**	**(5 958)**
Loss for the year	**-**	**-**	**(1 644)**	**368**	**(1 276)**
Other comprehensive income	**-**	**(5 078)**	**-**	**(287)**	**(5 365)**
Total comprehensive Loss for the year	**-**	**(5 078)**	**(1 644)**	**81**	**(6 641)**
Share-based compensation movement[4]	**-**	**-**	**3 246**	**60**	**3 306**
Transactions with non-controlling shareholders	**-**	**-**	**(218)**	**19**	**(199)**
Foreign exchange movements on equity reserves	**-**	**(211)**	**-**	**(115)**	**(326)**
Contribution from parent[5]	*****	**-**	**26 356**	**-**	**26 356**
Dividends declared[6]	**-**	**-**	**(5 280)**	**(1 463)**	**(6 743)**
Balance at 31 March 2019	*****	**(12 445)**	**24 983**	**(2 743)**	**9 795**

1 Upon unbundling 438 837 468 ordinary shares were issued and valued at a nominal value. Refer to note 26.
2 Other reserves include the hedging reserve, fair value reserve and foreign currency translation reserve.
3 Relates primarily to related party loan waivers between the group and Naspers Limited group companies. This includes a loan waiver of ZAR7.0bn from Buscapé Company Limited (a Naspers group company)
4 Includes empowerment transaction of ZAR2.6bn. Refer to note 8.
5 The group entered into various related party transactions in the ordinary course of business. In the six months ended 30 September 2018, loans owing to the Naspers Group amounting to ZAR20bn were capitalised. Prior to unbundling from Naspers Limited, further loan funding provided from 30 September 2018 up to the unbundling were also capitalised amounting to R3bn. In total the contribution from Naspers Limited through the contribution of businesses (ZAR3bn) and the capitalisation of loans (ZAR23bn) as part of the unbundling amounted to ZAR26bn.
6 Relates to dividends paid by companies in the group to previous legal owners. Non-controlling interest relates to dividends paid to Phuthuma Nathi.

The accompanying notes are an integral part of the consolidated annual financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2019

	Notes	2019 ZAR'm	2018 ZAR'm
Cash flows from operating activities			
Cash from operations	11	**9 449**	7 243
Cash generated from operating activities	11	**9 449**	7 243
Interest income received		**368**	582
Interest costs paid		**(673)**	(734)
Taxation paid		**(3 694)**	(3 664)
Net cash generated from operating activities		**5 450**	**3 427**
Cash flows from investing activities			
Property, plant and equipment acquired		**(784)**	(665)
Proceeds from sale of property, plant and equipment		**23**	122
Intangible assets acquired		**(220)**	(223)
Proceeds from sale of intangible assets		**3**	7
Loans to related parties*		**(27 726)**	(27 937)
Repayment of loans by related parties*		**28 590**	27 510
Acquisitions of subsidiaries and businesses, net of cash acquired		**(8)**	(114)
Disposals of subsidiaries and businesses		**-**	141
Net cash utilised in investing activities		**(122)**	**(1 159)**
Cash flows from financing activities			
Proceeds from long- and short-term loans raised	12	**1 755**	1 541
Repayments of long- and short-term loans	12	**(1 813)**	(1 509)
Proceeds from related party funding	12	**4 573**	6 607
Repayment of related party funding	12	**(196)**	(3 207)
Repayments of capitalised finance lease liabilities	12	**(879)**	(776)
Repayments of capital contribution from parent		**(20)**	(26)
Transactions with non-controlling interest**		**(85)**	-
Dividends paid***		**(5 261)**	(5 336)
Dividends paid by subsidiaries to non-controlling shareholders		**(1 463)**	(1 421)
Net cash utilised in financing activities		**(3 389)**	**(4 127)**
Net movement in cash and cash equivalents		**1 939**	(1 859)
Foreign exchange translation adjustments on cash and cash equivalents		**740**	(642)
Cash and cash equivalents at the beginning of the year		**4 044**	6 545
Cash and cash equivalents at the end of the year	22	**6 723**	**4 044**

** Relates to gross inflows and outflows into the Naspers Limited group cash pool which was started at the end of FY2017 to improve cash yield in the group. The cash pool with Naspers Limited ended in February 2019.*
***During the year ended 31 March 2019, MultiChoice Africa Holdings B.V. increased their controlling interest in MultiChoice Uganda Limited and MultiChoice Tanzania Limited by 20% and 25% respectively for a purchase consideration of ZAR85m.*
**** Relates to dividends paid by companies in the group to previous legal owners.*

The accompanying notes are an integral part of the consolidated annual financial statements.

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1. Basis of preparation

Background information

MultiChoice Group Limited (formerly MultiChoice Group Proprietary Limited and K2018473845 (South Africa) Proprietary Limited) was incorporated on 4 September 2018, as a wholly owned subsidiary of the Naspers Limited Group (Naspers).

On 28 September 2018, MultiChoice Group Limited received a parent company contribution from Naspers of MultiChoice South Africa Holdings Proprietary Limited group, MultiChoice Africa Holdings B.V. group, Irdeto Holdings B.V group and the Showmax B.V group. This resulted in the formation of the MultiChoice group (MCG or the group).

On 27 February 2019 the group was listed on the Johannesburg Stock Exchange (JSE) and on 4 March 2019 was unbundled from Naspers to its shareholders as a dividend in specie. Up until this date the results of the group were consolidated within Naspers within the video-entertainment segment.

The year ended 31 March 2019 is the first financial year the group will present consolidated financial results.

Presentation of consolidated annual financial statements

Although there was a change in the legal ownership of the underlying subsidiaries, the previous shareholder, Naspers, retained control of the group and its newly contributed subsidiaries both before and after the time of the creation of the new group (the restructuring). The Restructuring is a business combination under common control as defined by *IFRS 3 – Business Combinations*. Although IFRS 3 defines a business combination under common control, IFRS 3 does not provide any guidance on accounting for these types of business combinations. Therefore, management have developed an accounting policy to present the results and financial position of the group, including the comparatives, at 31 March 2019 as follows:

- The consolidated annual financial statements have been prepared on the basis that the entities have always been consolidated and therefore the comparative information incorporates the results, assets, liabilities and disclosures of all entities that form part of the group.
- The consolidated historical financial information was prepared as a combination of the historic financial information recognised in the Naspers consolidated financial statements related to the group; no new goodwill was recognised (predecessor accounting).
- *Contribution from parent* – As a result of applying predecessor accounting, the contribution from Naspers was recognised at the carrying value of the net assets contributed to the group at the earliest comparative period presented in the consolidated financial statements. On unbundling from Naspers this has subsequently been converted to the retained earnings of the group and has been renamed as such for all periods presented.
- *Intercompany* – Transactions and balances with Naspers Limited and Naspers group companies have been disclosed as related party transactions and balances up until the date of unbundling. Thereafter these have been reflected as third-party transactions and balances.
- *Directors' remuneration* – In the comparative years, the group did not exist and therefore there was no key management personnel for the group. However, the consolidated financial statements have been prepared on the basis that the entities had always been combined. Therefore, in order to present useful information, the directors' emoluments disclosed for the periods prior to unbundling, reflect the directors' emoluments applicable to the video-entertainment segment of Naspers.

The measurement and recognition policies applied in the preparation of the consolidated annual financial statements are consistent with those applied in the combined historical financial information that was included in the pre-listing statement published on 21 January 2019.

The consolidated annual financial statements of the group are presented in accordance with, and comply with International Financial Reporting Standards (IFRS) and interpretations of those standards as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act No 71 of 2008. The consolidated annual financial statements are prepared using the historic cost convention apart from certain financial instruments (including derivative instruments).

The consolidated annual financial statements are presented on the going concern basis.

A closing US dollar exchange rate at 31 March 2019 of 14.50:1 (2018: 11.84:1) has been utilised for the consolidation of our Rest of Africa and Technology segments who have a US dollar presentation currency.

1. Basis of preparation (continued)

The consolidated annual financial statements are presented in South African Rands (ZAR), which is the group's functional and presentation currency, rounded to the nearest million.

The group has adopted all new and amended accounting pronouncements issued by the IASB that are effective for financial years commencing 1 April 2018. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2018 had a material impact on the group.

2. Principal accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out in the relevant notes to the consolidated financial statements. The accounting policies represent those policies that were effective for the group at the time of the unbundling from Naspers Limited.

The accounting policies have been consistently applied to all years presented.

The group adopted the following new accounting pronouncements, set out below, during the current period.

Subsequent measurement	
Accounting pronouncement	**Adoption impact**
IFRS 9 Financial Instruments (IFRS 9) IFRS 9 replaces the previous financial instrument recognition and measurement guidance applied by the group as contained in IAS 39 Financial Instruments: Recognition and Measurement.	The group has applied IFRS 9 from 1 April 2018 and elected not to restate comparatives on transition. The impact of adoption has been recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. The only significant impact of adoption was an increase in impairment allowances on trade receivables due to the IFRS 9 requirement to consider forward-looking information when determining expected credit losses. The cumulative net impact of adopting IFRS 9 was an increase of ZAR170m in expected credit losses on trade receivables and a corresponding decrease of ZAR157m in retained earnings and ZAR13m in non-controlling interests. Principles of IFRS 9 hedge accounting have been applied by the group.
IFRS 15 Revenue from Contracts with Customers (IFRS 15) IFRS 15 replaces the previous revenue recognition guidance applied by the group as contained in IAS 18 Revenue.	The group has applied IFRS 15 on a retrospective basis hence the impact is included in the comparative information contained in the summarised consolidated financial results. The application of IFRS 15 did not have a significant impact on the group's results or financial position. The only impact from the adoption of IFRS 15 was the reclassification from set-top box revenue to installation revenue of ZAR308m in the prior year.
IFRIC 22 Foreign Currency Transactions and Advance Consideration (IFRIC 22) IFRIC 22 clarifies that non-monetary assets and liabilities arising from the payment/receipt of advance consideration (e.g. prepaid expenses and deferred revenue) are not retranslated to the entity's functional currency after initial recognition.	The group has applied IFRIC 22 on a prospective basis, with the impact of adoption recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. The impact of adoption was an increase in prepaid expenses of ZAR205m, and a corresponding increase of ZAR174m in retained earnings and ZAR31m in non-controlling interests.

2. Principal accounting policies (continued)

Pronouncements adopted with adjustments to the opening balance of retained earnings

Adjustments to the opening balances of the statement of financial position (extract)

As at 1 April	2018 Restated ZAR'm	2018 Change in accounting policy * ZAR'm	2018 Previously reported ZAR'm
ASSETS			
Non-current assets	**24 101**	**-**	**24 101**
Current assets (subtotal)	**14 512**	**35**	**14 477**
Programme and film rights	5 115	205	4 910
Trade and other receivables	4 657	(170)	4 827
TOTAL ASSETS	**38 613**	**35**	**38 578**
EQUITY AND LIABILITIES			
Capital and reserves attributable to the group's equity holders	**(4 633)**	**17**	**(4 650)**
Other reserves	(7 156)	-	(7 156)
Retained earnings	2 523	17	2 506
Non-controlling interests	**(1 325)**	**18**	**(1 343)**
TOTAL EQUITY	**(5 958)**	**35**	**(5 993)**
Non-current liabilities	**28 526**	**-**	**28 526**
Current liabilities	**16 045**	**-**	**16 045**
TOTAL EQUITY AND LIABILITIES	**38 613**	**35**	**38 578**

** Represents the impacts of adopting IFRS 9 Financial Instruments and IFRIC 22 Foreign Currency Transactions and Advance Consideration as of 1 April 2018.*

Impairment of financial assets - Impact of IFRS 9

The group has four types of financial assets that are subject to the expected credit loss model:

- **a)** trade receivables from commercial subscriptions and sale of hardware,
- **b)** trade receivables from technology customers,
- **c)** other receivables relating to sundry services and sales, and
- **d)** related party receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

a) Trade receivables from commercial subscriptions and hardware

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables from the sales of commercial subscriptions and hardware have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for the current and prior year are based on the payment profiles of sales over a period of 36 month before 31 March 2019 or 1 April 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The majority of commercial subscription and hardware revenue is prepaid.

The majority of these receivables relates to retailers with low credit risk. The group identifies specific credit loss allowances if these receivables are greater than 90 days. There were no specific loss allowances identified for the current and prior year.

Receivables are written-off after 365 days. No specific write-offs were recognised by the group during the current year.

2. Principal accounting policies (continued)

On that basis, the loss allowance for trade receivables as at 31 March 2019 and 1 April 2018 (on adoption of IFRS 9) was determined as follows:

31 March 2019	Current	Days past due				Total*
		>30	>60	>90	>120	
Expected loss rate (%)	9	10	18	30	51	24
Gross carrying amount (ZAR'm)	984	438	249	112	750	2 533
Lifetime expected credit losses (ZAR'm)	89	44	46	34	385	598

1 April 2018	Current	Days past due				Total*
		>30	>60	>90	>120	
Expected loss rate (%)	10	16	25	30	36	25
Gross carrying amount (ZAR'm)	934	463	171	168	1 514	3 250
Lifetime expected credit losses (ZAR'm)	89	74	43	50	544	800

** The total expected loss rate (%) represents an average percentage.*

b) Trade receivables from technology customers

The majority of technology contract assets are subject to IFRS 9 impairment tests. The group has applied the full lifetime expected credit loss method on a similar basis to trade receivables of commercials subscriptions and hardware sales.

After IFRS 9 assessments were conducted by the group, the expected credit loss was not determined to be material.

c) Other receivables relating to sundry services and sales

The group applies an internal expected credit loss model on a similar basis to trade receivables of commercials subscriptions and hardware sales to measure the expected credit losses which uses a lifetime expected loss allowance for other receivables.

After IFRS 9 assessments were conducted by the group, the expected credit loss was not determined to be material.

d) Related party receivables

In assessing the expected credit loss on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets (which can be accessed immediately after taking into consideration any more senior external or internal loans which would need to be repaid) to repay the outstanding intercompany loan if the loan was demanded at reporting date. If sufficient highly liquid current assets could be accessed the probability of default would approximate 0%.
- If it was determined that the borrower does not have sufficient highly liquid current assets, the group would allow the borrower to continue trading or to sell assets over a period of time. A review of a cash flow forecast was performed to give an indication of the expected trading cash flows and/or liquid assets expected to be generated during the recovery period. The expected credit losses was limited to the effect of discounting the amount due on the loan over the period until cash is realised and repaid to the group. IFRS 9 requires the discount rate to be the loan's effective interest rate. The intercompany loans are interest free and repayable on demand and such have an effective interest rate of 0%. Accordingly, for such loans, discounting over the recovery period has no effect.

Upon assessment the expected credit loss was determined as Rnil (2018: Rnil).

Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 April 2018, the financial instruments of the group were as follows, with any reclassifications noted:

2. Principal accounting policies (continued)

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original ZAR'm	New ZAR'm	Difference ZAR'm
Non-current financial assets					
Investments held at fair value through other comprehensive income	Available-for-sale	Fair value through other comprehensive income	105	105	-
Amounts due from related parties	Amortised cost	Amortised cost	1 191	1 191	-
Current financial assets					
Trade receivables	Amortised cost	Amortised cost	2 833	2 663	(170)
Other receivables	Amortised cost	Amortised cost	1 994	1 994	-
Amounts due from related parties	Amortised cost	Amortised cost	139	139	-
Derivative assets	Held to maturity	Fair value through profit/loss / Fair value through other comprehensive income*	96	96	-
Non-current financial liabilities					
Long-term loans and other liabilities	Amortised cost	Amortised cost	189	189	-
Amounts due to related parties	Amortised cost	Amortised cost	15 000	15 000	-
Derivative liabilities	Held to maturity	Fair value through profit/loss / Fair value through other comprehensive income*	404	404	-
Current financial liabilities					
Trade payables	Amortised cost	Amortised cost	1 999	1 999	-
Other payables	Amortised cost	Amortised cost	9 431	9 431	-
Amounts due to related parties	Amortised cost	Amortised cost	316	316	-
Derivative liabilities	Held to maturity	Fair value through profit/loss / Fair value through other comprehensive income*	1 105	1 105	-

** Derivative financial instruments are always at fair value through profit/loss unless they are qualifying hedging instruments in a cash flow hedge.*

Accounting judgements and sources of estimation uncertainty

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as reported income and expenses. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates.

Where relevant, the group has provided sensitivity analysis demonstrating the impact of changes in key estimates and assumptions on reported results.

The significant accounting estimates and judgements have been set out in the note to which it relates, these are:

	Note reference	Estimate/judgement relates to:
Equity compensation benefits	6	Valuation/estimates of vesting
Empowerment transaction	8	Valuation
Deferred taxation assets	9	Uncertainties around future financial performance
Taxation contingencies	14	Uncertainties
Property, plant and equipment	18	Residual values and useful lives
Programme and film rights	19	Amortisation period
Goodwill and other intangible assets	23	Impairment

PART I. SEGMENTS

3. Segmental information

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segments and to assess their performance. Following the unbundling from Naspers, the CODM has been identified as the board of directors of the group. No change has occurred in segment identification as a result of the unbundling.

The group has identified its operating segments based on its business by geography or product as follows: South Africa, Rest of Africa and Technology. Below are the types of services and products from which each segment generates revenue:

South Africa – offers digital satellite television, online services and subscription video-on-demand services to subscribers in South Africa.

Rest of Africa – offers digital satellite, online services and digital terrestrial television services to subscribers across Africa.

Technology – provides digital content management and protection systems to group companies and customers globally to protect, manage and monetise digital media on multiple platforms.

Sales between the above segments are eliminated in the “Eliminations” row in the tables below. The revenue from external parties and all other items of income, expenses, profits and losses reported in the segment report is measured in a manner consistent with that in the income statement. EBITDA, as presented in the segmental report, refers to earnings before interest, tax, depreciation and amortisation.

The revenues from external customers for each major group of products and services are disclosed in note 5. The group is not reliant on any one major customer as the group’s products are consumed by the general public in a large number of countries.

Segmental revenue and results

Revenue Years ended 31 March		**2019**			**2018**	
	External ZAR'm	**Inter-segment ZAR'm**	**Total ZAR'm**	**External ZAR'm**	**Inter-segment ZAR'm**	**Total ZAR'm**
South Africa	**33 696**	**6 605**	**40 301**	32 702	7 398	40 100
Rest of Africa	**14 836**	**250**	**15 086**	13 106	686	13 792
Technology	**1 563**	**1 721**	**3 284**	1 644	1 361	3 005
Eliminations	**-**	**(8 576)**	**(8 576)**	-	(9 445)	(9 445)
Total	**50 095**	**-**	**50 095**	**47 452**	**-**	**47 452**

3. Segmental information (continued)

2019

	ZAR'm Year ended 31 March 2019							
	Revenue	COPS*	SGA**	EBITDA****	Depreciation	Software amortisation	Lease interest ***	Trading profit/(loss)****
South Africa	**40 301**	**(20 407)**	**(7 793)**	**12 101**	**(1 292)**	**(226)**	**(384)**	**10 199**
Rest of Africa	**15 086**	**(13 487)**	**(4 027)**	**(2 428)**	**(1 041)**	**-**	**(266)**	**(3 735)**
Technology	**3 284**	**(1 101)**	**(1 566)**	**617**	**(67)**	**-**	**-**	**550**
Eliminations	**(8 576)**	**7 811**	**765**	**-**	**-**	**-**	**-**	**-**
Total	**50 095**	**(27 184)**	**(12 621)**	**10 290**	**(2 400)**	**(226)**	**(650)**	**7 014**

2018

	ZAR'm Year ended 31 March 2018							
	Revenue	COPS*	SGA**	EBITDA****	Depreciation	Software amortisation	Lease interest ***	Trading profit/(loss)****
South Africa	40 100	(20 442)	(7 303)	12 355	(1 343)	(193)	(373)	10 446
Rest of Africa	13 792	(13 034)	(4 073)	(3 315)	(1 000)	(1)	(275)	(4 591)
Technology	3 005	(775)	(1 697)	533	(64)	(3)	-	466
Eliminations	(9 445)	8 684	761	-	-	-	-	-
Total	**47 452**	**(25 567)**	**(12 312)**	**9 573**	**(2 407)**	**(197)**	**(648)**	**6 321**

** Refers to cost of providing services and sale of goods. Segmental COPS excludes depreciation and amortisation.*

*** Refers to selling, general and administration expenses. Segmental SGA excludes depreciation, amortisation, equity-settled share-based compensation and early settlement gains.*

**** Relates to interest on capitalised transponder leases.*

***** Trading profit excludes the amortisation of intangible assets (other than software), but includes the finance cost on transponder leases, while trading profit and EBITDA (earnings before interest, taxation, depreciation and amortisation) excludes impairment of assets, equity-settled share-based payment expenses and other gains/losses.*

	2019 ZAR'm	2018 ZAR'm

3. Segmental information (continued)

Trading profit as presented in the segment disclosure is the CODM and management's measure of each segment's operational performance. A reconciliation of the segmental trading profit to operating profit as reported in the income statement is provided below:

	2019 ZAR'm	2018 ZAR'm
Trading profit per segmental income statement	**7 014**	6 321
Adjusted for:		
Lease interest on capitalised transponder leases	**650**	648
Amortisation of intangibles (other than software)	**(79)**	(71)
Other operating losses - net	**(33)**	(425)
Equity-settled share-based compensation	**(189)**	(87)
Early settlement gains	**-**	(5)
Operating profit per the income statement*	**7 363**	**6 381**

** The consolidated income statement discloses all reconciling items from consolidated operating profit to consolidated profit before taxation.*

Geographical information

The group operates in the following geographical areas:

Africa - The group derives revenues from video-entertainment platform services and technology products and services predominately to individual consumers. The group is domiciled in South Africa which is managed and consequently presented separately. The main markets throughout the Rest of Africa include Nigeria, Angola, Kenya and Zambia. The Rest of Africa is managed independently by a dedicated team and is consequently presented as a single segment.

Europe - The group generates revenue from technology products and services provided by subsidiaries based in the Netherlands, France and the United Kingdom. These revenues are business to business.

Other – The group generates revenue from technology products and services provided by subsidiaries primarily based in Canada, the United States of America, Brazil and India.

	Africa				
31 March 2019	**South Africa**	**Rest of Africa**	**Europe**	**Other**	**Total**
	ZAR'm	**ZAR'm**	**ZAR'm**	**ZAR'm**	**ZAR'm**
External consolidated revenue	**33 696**	**14 836**	**1 184**	**379**	**50 095**
Consolidated assets	**27 261**	**11 428**	**2 314**	**-**	**41 003**

	Africa				
31 March 2018	**South Africa**	**Rest of Africa**	**Europe**	**Other**	**Total**
	ZAR'm	**ZAR'm**	**ZAR'm**	**ZAR'm**	**ZAR'm**
External consolidated revenue	32 702	13 106	1 176	468	47 452
Consolidated assets	25 873	10 955	1 750	-	38 578

Revenue is allocated to a geographic area based on the location of subscribers or users/customers.

Assets are allocated to a geographic area based on the location of the assets, subscribers or customers.

PART II. INCOME STATEMENT

4. Earnings per share

Earnings per share (EPS) is a measure of the group's profit for the year allocated to each outstanding ordinary share. It is calculated by dividing profit after tax attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

The group is required to calculate headline earnings per share in accordance with the JSE Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' Circular 2/2015 'Headline Earnings'. Headline earnings per share is calculated by dividing headline earnings by the weighted average number of shares in issue during the year, excluding treasury shares.

During the prior period, the group did not exist and therefore there were no issued shares. During the current year, the group issued 439m shares for no consideration, as a result, the earnings per share in the current and prior year is based on the 439m shares issued.

Years ended 31 March		**2019**				**2018**			
	Notes	**Gross ZAR'm**	**Taxation ZAR'm**	**Non-controlling interests ZAR'm**	**Net ZAR'm**	**Gross ZAR'm**	**Taxation ZAR'm**	**Non-controlling interests ZAR'm**	**Net ZAR'm**
Basic and diluted (loss)/earnings attributable to equity holders of the group					**(1 644)**				1 456
Headline adjustments:									
Impairment of property, plant and equipment	18	**5**	**-**	**(1)**	**4**	111	-	-	111
Impairment of other intangibles	23	**51**	**(14)**	**(7)**	**30**	-	-	-	-
Impairment of other assets	7	**-**	**-**	**-**	**-**	341	(28)	(26)	287
Reversal of impairment of other assets	7	**(15)**	**1**	**4**	**(10)**	-	-	-	-
Impairment of joint ventures		**79**	**-**	**(23)**	**56**	-	-	-	-
Reversal of impairment of associates		**(5)**	**-**	**1**	**(4)**	-	-	-	-
Loss/(profit) on sale of property, plant and equipment	7	**20**	**-**	**-**	**20**	(5)	1	1	(3)
(Profit)/loss on sale of intangible assets	7	**(3)**	**1**	**-**	**(2)**	(4)	1	1	(2)
Profit on sale of investments	7	**-**	**-**	**-**	**-**	(113)	33	17	(63)
Changes in deferred tax balance*		**-**	**-**	**-**	**-**	22	-	(11)	11
Basic and diluted headline (loss)/earnings attributable to equity holders of the group					**(1 550)**				**1 797**

** Changes in deferred tax balance result from the use of a different tax rate related to items excluded from HEPS.*

4. Earnings per share (continued)

	2019 Number of shares 'm	2018 Number of shares 'm
Number of ordinary shares in issue at year-end	**439**	439
Basic and diluted (loss)/earnings per ordinary share (ZAR cents)	**(374)**	332
Basic and diluted headline (loss)/earnings per ordinary share (ZAR cents)	**(353)**	410

During the current year, no shares were issued under the the group's share schemes and therefore there was no dilution impact on the group's earnings per ordinary share.

5. Revenue

The group recognises revenue from the following major sources:

- **Subscription fees**
- **Set-top box sales**
- **Installation revenue**
- **Advertising revenue**
- **Technology contracts and licensing**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Revenue is measured as the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Subscription fees

Pay-television, subscription video-on-demand, transactional video-on-demand and access fees are earned over the period the services are provided. Subscription revenue arises from the monthly billing of subscribers for pay-television and online services provided by the group. Revenue is recognised in the month the service is rendered. Any subscription revenue received in advance of the service being provided is recorded as deferred revenue on the consolidated statement of financial position and recognised as revenue in the month the service is provided.

Set-top box sales

Revenue is recognised at a point in time, when the devices are provided to the customer. Payments for the devices are either received upon delivery of the device or through extension of credit to the customer. Repayment terms for credit sales are up to 24 months, however the extended repayment terms are deemed insignificant to the group.

Installation revenue

Installation revenue on devices is recognised when the device is provided to the customer. Payments for the installation are either received upon delivery of the device or through extension of credit to the customer. Repayment terms for credit sales are up to 24 months, however the extended repayment terms are deemed insignificant to the group.

Advertising revenue

The group mainly derives advertising revenues from advertisements broadcast on its video-entertainment platforms and shown online on its websites and instant messaging windows as well as sponsorship revenues earned on major events. Advertising revenues from video-entertainment platforms are recognised upon showing. Online advertising revenues are recognised over the period in which the advertisements are displayed. Sponsorship revenues are recognised over the period of the event.

Technology contracts and licensing

For contracts with multiple obligations (eg. maintenance and other services), the transaction price is allocated between each of the obligations based on the price that the group would charge if the goods or services were sold separately.

The group recognises revenue allocated to maintenance and support fees, for on-going customer support and product updates, rateably over the period of the relevant contracts. Contract periods generally range from between 3-5 years. Payments for maintenance and support fees are generally made in advance and are non-refundable. For revenue allocated to consulting services and for consulting services sold separately, the group recognises revenue as the related services are performed.

	2019 ZAR'm	2018 ZAR'm

5. Revenue (continued)

The group enters into arrangements with network operators whereby application software is licensed to network operators in exchange for a percentage of the subscription revenue they earn from their customers. Where all of the software under the arrangement has been delivered, the revenue is recognised as and when the network operator reports to the group its revenue share, which is generally done on a quarterly basis. Under arrangements where the group has committed to deliver unspecified future applications, the revenue earned on the delivered applications is recognised on a subscription basis over the term of the arrangement. Standard payment terms for network operators are 30 days.

Subscription fees	**41 248**	38 547
Advertising	**3 180**	3 092
Set-top boxes	**2 042**	1 847
Installation fees	**123**	308
Technology contracts and licensing	**1 564**	1 639
Other revenue*	**1 938**	2 019
	50 095	**47 452**

**Other revenue primarily includes sub-licencing and production revenue.*

The following table shows unsatisfied performance obligations resulting from long-term technology contracts as at 31 March 2019.

Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied	350	*

** As permitted under the transitional provision in IFRS 15, the transaction price allocated to unsatisfied performance obligations as of 31 March 2018 is not disclosed.*

Management expects that 35% of the transaction price allocated to the unsatisfied contracts as of 31 March 2019 will be recognised as revenue during the next reporting period (ZAR123m) and 31% (ZAR109m) will be recognised as revenue in the FY2021 reporting period. The remaining 34% (ZAR118m) will be recognised as revenue in FY2022 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

All other technology contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed and is also not material.

6. Expenses by nature

Operating profit includes the following items:

(a) Cost of providing services and sale of goods		
Content*	**17 715**	16 793
Set-top box purchases	**6 056**	5 435
Depreciation	**1 957**	1 978
Other**	**3 475**	3 382
	29 203	**27 588**

** Included in content is amortisation of programme and film rights of ZAR16.1bn in 2019 (2018: ZAR15.2bn).*

*** Includes various cost items such as agency fees, licence fees, communication and network costs.*

(b) Selling, general and administration expenses		
Employee costs	**5 541**	5 454
Sales and marketing	**2 467**	1 944
Depreciation	**443**	429
Operating leases	**203**	206
Auditors remuneration	**59**	40
Other*	**4 783**	4 985
	13 496	**13 058**

** Includes various cost items such as administration, maintenance and general overhead costs.*

	2019 ZAR'm	2018 ZAR'm

6. Expenses by nature (continued)

(c) Employee-related expenditure

Employee remuneration is charged to the income statement and recognised as an expense in the period in which the employees render the related service.

Short-term employee benefits

Short-term employee benefits include salaries and wages, medical-aid contributions, paid vacation leave, sick leave and incentive bonuses.

Long-term employee benefits

Long-term employee benefits are those benefits that are expected to be wholly settled more than 12 months after the end of the annual reporting period in which the services have been rendered and are discounted to their present value.

Retirement benefits

The group provides retirement benefits to its full-time employees, by means of monthly contributions to a defined contribution pension fund. The assets of this fund are held in separate trustee administered funds. The group's contribution to the retirement fund is recognised as an expense in the period in which the employees render the related service.

Termination benefits

The group recognises termination benefits when it is demonstrably committed to either terminate the employment of employees before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Termination benefits are immediately recognised as an expense in the income statement.

Equity-settled share-based compensation benefits

MultiChoice Group Limited (MCG) operates a number of equity-settled compensation plans which allow certain employees the right to receive ordinary shares in MCG after a prescribed period. In terms of these plans, employees are offered awards in the form of either share options or restricted stock units (RSUs). As MCG grants these awards and has the obligation to settle the awards, the schemes have been recognised as equity-settled.

All awards are granted subject to the completion of a requisite service period by employees, ranging from one to five years. The awards granted vest in tranches which results in a comparatively higher charge in earlier years.

Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is charged as employee costs, with a corresponding increase in equity, on a straight-line basis over the period that the employees become unconditionally entitled to the shares, adjusted to reflect management's estimate of the awards that will vest. These equity-settled share-based payments are not subsequently revalued. In respect of RSU's, awards are automatically settled in MCG equity instruments on the vesting date.

Cash-settled share-based compensation benefits

The group has granted share appreciation rights (SARs) which allow certain employees to earn a long-term incentive amount calculated with reference to the increase in the underlying entity's share price between the offer date of the SARs to the date the employee exercises their right. In respect of the share options and SARs on exercise date, following completion of the vesting period, awards are settled with employees in the equity instruments of MCG or its subsidiaries for equity-settled plans and in cash or other assets for cash-settled plans.

The SARs are granted subject to the completion of a requisite service period by employees. The SARs granted are subject to tranche vesting which results in a comparatively higher charge in earlier years. The SARs expire ten years from the date of offer.

		2019 ZAR'm	2018 ZAR'm

6. Expenses by nature (continued)

The fair value of the cash-settled liability is calculated at grant and recognised at each reporting date as an employee cost with an increase/decrease in liabilities. The employee cost is recognised on a straight-line basis over the period that the employees become unconditionally entitled to the SARs, adjusted to reflect management's estimate of the awards that will vest.

Staff costs

The group had 7 053 permanent employees in 2019 (2018: 6 963).

		2019 ZAR'm	2018 ZAR'm
The total cost of employment of all employees, including subsidiary executive directors, was as follows:			
Salaries, wages and bonuses		**5 537**	5 212
Share-based compensation		**189**	230
Cash-settled: SARs	6.1	**-**	143
Equity-settled: RSUs and share options	6.2/6.3	**189**	87
Retirement benefit costs		**318**	298
Medical aid fund contributions		**244**	221
Severance		**63**	191
Other costs*		**138**	114
Total staff costs		**6 489**	**6 266**
Included in cost of providing services and sale of goods**		**948**	812
Included in selling, general and administration expenses		**5 541**	5 454
		6 489	**6 266**

** Other costs primarily include training and recruitment costs.*

*** Included in content costs as relates to local production staff.*

6.1. SARs

The group operates three cash-settled SAR plans which are disclosed in the table below.

One third of SAR's in the MultiChoice 2008 SAR Scheme vests after years three, four and five from grant date.

One fifth of the SAR's in the Irdeto Holdings B.V. 2012 Scheme and the Showmax SAR Scheme vests after years one, two, three, four and five.

The Multichoice 2008 SAR and Irdeto 2012 schemes were retained by the MultiChoice group after the unbundling from Naspers and the awards in terms of these schemes remained unchanged and continue to vest in accordance with the original vesting schedule. An annual valuation will be performed, and all other provisions of the scheme rules will continue to apply. In the prior financial year and prior to the date of the unbundling, these schemes were accounted for as cash-settled liabilities as they were settled in Naspers shares. As these awards will now be settled in MultiChoice shares the related cash-settled liability was remeasured at the modification date and the remeasured fair value of this liability was then reclassified to an equity-settled share based payment reserve.

31 March	**Liability balance per statement of financial position 2019 ZAR'm**	**Liability balance per statement of financial position 2018 ZAR'm**	**Total intrinsic value of rights vested, but not yet exercised 2019 ZAR'm**	**Total intrinsic value of rights vested, but not yet exercised 2018 ZAR'm**
MultiChoice 2008 (MCA 2008)*	-	192	-	572
Irdeto Holdings B.V. 2012 (Irdeto 2012)*	-	213	-	6
Showmax*	-	-	-	2

6. Expenses by nature (continued)

** Intrinsic values for MCA 2008 are disclosed in ZAR'm, while Irdeto 2012 and Showmax are disclosed in US$'m.*

The fair value of the awards were calculated using the Bermudan binomial tree model, taking into account the following significant assumptions:

Weighted average	MCA 2008		Irdeto 2012		Showmax	
	Number of options	**Average exercise price per option (ZAR)**	**Number of options**	**Average exercise price per option (USD)**	**Number of options**	**Average exercise price per option (USD)**
Outstanding at 31 March 2017	23 250 365	115	1 258 482	21	424 990	18
Employee transfers*	-	-	-	-	19 865	18
Granted during the year	7 961 661	94	191 209	43	183 292	18
Exercised during the year**	(80 948)	88	(296 820)	20	-	-
Forfeited during the year	(3 392 808)	113	(57 387)	24	(206 206)	18
Outstanding at 31 March 2018	27 738 270	109	1 095 484	25	421 941	18
Employee transfers*	(471 169)	109	(30 311)	25	39 151	18
Granted during the year	10 468 929	77	226 925	55	81 619	18
Exercised during the year**	(2 406)	69	(483 205)	22	-	-
Forfeited during the year	(6 459 271)	107	(32 700)	46	(128 690)	18
Outstanding at 31 March 2019	**31 274 353**	**99**	**776 193**	**35**	**414 021**	**18**

** Employee transfers to/(from) other entities within the group.*

*** The weighted average share price at the date of exercise of the options exercised during the year ended 31 March 2019 was ZAR132 (2018: ZAR138).*

The fair value of the liabilities were calculated using the Bermudan binomial tree model, taking into account the following significant assumptions:

Weighted average	2019			2018		
	MultiChoice 2008 (ZAR)	**Irdeto Holdings B.V. 2012 (USD)**	**Showmax (USD)**	**MultiChoice 2008 (ZAR)**	**Irdeto Holdings B.V. 2012 (USD)**	**Showmax (USD)**
Fair value of SAR at measurement date	**33**	**24**	**7**	23	13	7
Exercise price	**77**	**55**	**18**	94	43	18
Risk-free interest rate* (%)	**8.4**	**2.9**	**2.9**	7.8	2.8	2.8
Annual suboptimal rate (%)	**100.0**	**122.5**	**100.0**	100.0	122.5	100.0
Expected volatility** (%)	**21.6**	**45.4**	**38.1**	21.6	29.2	39.2
Vesting period (years)	**4**	**3**	**3**	4	3	3
Option life (years)	**10**	**10**	**10**	10	10	10

** Based on the zero rate bond yield.*
*** Determined using the historical annual company valuation.*

6.2. RSUs

Employees of MultiChoice Group Limited participated in the Naspers Restricted Stock Plan Trust. RSUs were granted to employees by Naspers Limited and Naspers Limited has the obligation to settle the awards. As such, the RSU awards are classified as equity-settled by MultiChoice Group Limited.

The RSUs vest in equal annual tranches over a four-year period and are automatically settled with participants on the vesting date. RSUs do not have an exercise price.

	2019 ZAR'm	2018 ZAR'm

6. Expenses by nature (continued)

The fair value of the RSUs at grant date (weighted average: ZAR3 140, 2018: ZAR2 600) was estimated by taking the market value of the Naspers Limited shares on that date less the present value of future dividends that will not be received by the employees during the vesting period.

On 4 March 2019 the MultiChoice Group (MCG) was unbundled from the Naspers group. As part of the unbundling, participants in the Naspers Restricted Stock Plan (RSU) had their RSUs vest on a pro rata basis. This means that the portion of the RSU award participants received was calculated based on the number of days participants were employed by the group in the vesting year up to date of unbundling. The pro rata portion of RSUs was exercised automatically on the date of listing in accordance with the scheme rules. All remaining unvested RSUs lapsed on the same date.

In November 2018 the participants were given the choice of either:

Option A. Receiving MCG shares in addition to Naspers shares at a 1 for 1 ratio.

Option B. Cash. When the participant's pro rata portion of RSUs was settled the participant received Naspers shares plus a cash payment. The cash payment was equal to the number of RSUs settled multiplied by ZAR106.01 (the closing price of MCG shares on the listing date).

Movement in number of RSUs	**Naspers RSU (ZAR)**	**MCG - Naspers RSU (ZAR)**
Outstanding at 1 April 2017	33 512	-
Granted during the year	14 748	-
Vested during the year	(8 769)	-
Forfeited during the year	(3 327)	-
Outstanding at 31 March 2018	**36 164**	**-**
Employee transfers*	**(518)**	**572**
Granted during the year	**9 333**	**942**
Vested during the year	**(17 169)**	**(1 514)**
Forfeited during the year	**(27 810)**	**-**
Outstanding at 31 March 2019	**-**	**-**
Average vesting period (years)	**2.5**	**2.5**

** Employee transfers to/(from) other entities within the group.*

The fair value of the equity-settled options are calculated at grant date using the Bermudan binomial tree model, taking into account the following significant assumptions:

Weighted average	**Naspers RSU**	**MCG - Naspers RSU**
2018		
Expected dividend yield (%)	0.3	-
Expiry date (years)	2.5	-
2019		
Expected dividend yield (%)	**-**	**-**
Expiry date (years)	**2.5**	**2.5**

6. Expenses by nature (continued)

6.3. Share options

Employees of MultiChoice Group Limited participated in share options granted under two separate schemes. The share options are granted by either MIH Holdings Limited or MIH Services FZ LLC who have the obligation to settle the options with the employees. As such, the share options are classified as equity-settled by MultiChoice Group Limited.

All share options are granted with an exercise price of not less than 100% of the market value of the Naspers Limited share price on the date of grant.

The share options vest in tranches over a period of four or five years as follows:

- Options granted before 25 August 2017: one third vests after years three, four and five.
- Options granted after 25 August 2017: one quarter vests after years one, two, three and four.

The share options expire ten years after the offer date.

All unvested awards were accelerated on listing date and participants were able to exercise all their profitable awards for 60 days starting on the date of listing (27 Feb 2019) until 27 April 2019.

In November 2018 the participants were given the choice of either:

Option A. Receiving MultiChoice Group shares in addition to Naspers shares at a 1 for 1 ratio. The MultiChoice Group shares had the same offer and vesting dates as the Naspers options and were linked to the Naspers options, so they had to be traded simultaneously.

Option B. Adjusting the strike price of the options by the closing price of MultiChoice Group shares on the listing date. When participants subsequently exercised their options, they would pay less for the options and receive Naspers shares instead of receiving MultiChoice Group shares.

The fair value of the awards were calculated using the Bermudan binomial tree model, taking into account the following significant assumptions:

	MIH Holdings Limited		MIH Services FZ LLC		MCG - MIH Services FZ LLC (Naspers shares - 2017)	
Weighted average	**Number of options**	**Average exercise price per option (ZAR)**	**Number of options**	**Average exercise price per option (ZAR)**	**Number of options**	**Average exercise price per option (ZAR)**
Outstanding at 31 March 2017	287 384	1 115	131 948	1 078	-	-
Employee transfers*	31 516	1 665	450	3 113	-	-
Granted during the year	44 147	3 013	29 295	2 946	-	-
Exercised during the year**	(102 963)	700	(45 950)	373	-	-
Forfeited during the year	(12 790)	2 070	(10 217)	1 908	-	-
Outstanding at 31 March 2018	**247 294**	**1 647**	**105 526**	**1 832**	**-**	**-**
Employee transfers*	**4 396**	**1 647**	**(693)**	**1 832**	**7 518**	**-**
Granted during the year	**44 514**	**3 163**	**38 483**	**3 100**	**7 193**	**-**
Exercised during the year**	**(140 361)**	**1 788**	**(90 310)**	**2 002**	**(5 649)**	**-**
Forfeited during the year	**(23 565)**	**2 304**	**(5 639)**	**2 585**	**-**	**-**
Expired during the year	**(27)**	**175**	**-**	**-**	**-**	**-**
Outstanding at 31 March 2019	**132 251**	**1 846**	**47 367**	**2 346**	**9 062**	**-**

	2019 ZAR'm	2018 ZAR'm

6. Expenses by nature (continued)

	MCG - MIH Holdings Share Trust (Naspers shares - 2017)		MCG - MIH Holdings Share Trust (Naspers Shares)		MCG - MIH Services FZ LLC - N - ZAR (Naspers shares)	
Weighted average	**Number of options**	**Average exercise price per option (ZAR)**	**Number of options**	**Average exercise price per option (ZAR)**	**Number of options**	**Average exercise price per option (ZAR)**
Employee transfers*	13 487	-	53 841	-	24 498	-
Granted during the year	21 501	-	-	-	-	-
Exercised during the year**	(8 510)	-	(17 946)	-	(13 299)	-
Outstanding at 31 March 2019	26 478	-	35 895	-	11 199	-

** Employee transfers to/(from) other entities within the group.*

*** The weighted average share price at the date of exercise of the options exercised during the year ended 31 March 2019 was ZAR 1 136 (2018: ZAR 3 168).*

Share options outstanding at 31 March 2019 and 31 March 2018 have the following expiry date and exercise prices:

	2019			2018		
	Weighted average exercise price (ZAR)	**Number of options**	**Weighted average remaining contractual life (Years)**	**Weighted average exercise price (ZAR)**	**Number of options**	**Weighted average remaining contractual life (Years)**
MIH Holdings Limited						
Exercisable	1 774	131 451	5.9	560	72 726	3.7
Not-exercisable	1 702	800	6.4	2 099	174 568	7.9
MIH Services FZ LLC						
Exercisable	2 346	47 367	7.4	510	24 306	3.7
Not-exercisable	-	-	-	2 228	81 220	8.2
MCG - MIH Services FZ LLC (Naspers shares - 2017)						
Exercisable	-	8 272	8.9	-	-	-
MCG - MIH Holdings Share Trust (Naspers shares - 2017)						
Exercisable	-	26 478	8.9	-	-	-
MCG - MIH Holdings Share Trust (Naspers Shares)						
Exercisable	-	35 895	5.4	-	-	-
MCG - MIH Services FZ LLC - N - ZAR (Naspers shares)						
Exercisable	-	11 199	4.7	-	-	-

	2019 ZAR'm	2018 ZAR'm

6. Expenses by nature (continued)

The fair value of the equity-settled options are calculated at grant date using the Bermudan binomial tree model, taking into account the following significant assumptions:

Weighted average	2019				2018	
	MIH Holdings Limited	MIH Services FZ LLC	MCG - MIH Services FZ LLC (Naspers shares - 2017)****	MCG - MIH Holdings Share Trust (Naspers shares - 2017)****	MIH Holdings Limited	MIH Services FZ LLC
Share price at grant date (ZAR)	**3 078**	**3 113**	**121**	**121**	3 013	2 946
Exercise price (ZAR)	**3 078**	**3 113**	**-**	**-**	3 013	2 946
Risk-free interest rate* (%)	**8.0**	**8.0**	**8.0**	**8.0**	8.0	7.9
Annual suboptimal rate** (%)	**340.0**	**340.0**	**1.0**	**1.0**	318.0	318.0
Expected volatility*** (%)	**36.0**	**34.0**	**1.0**	**1.0**	26.5	26.4
Expected dividend yield (%)	**-**	**-**	**-**	**-**	0.2	0.2
Expiry date (years)	**3**	**3**	**3**	**3**	10	10

** Based on the zero rate bond yield at perfect fit.*

*** The rate at which participants are expected to exercise their options.*

**** Determined using historical daily share prices.*

***** There were no grants made in for the MCG - MIH Holdings Share Trust (Naspers Shares) and MCG - MIH Services FZ LLC - N - ZAR (Naspers shares) in the prior year.*

7. Other (losses)/gains - net

Other operating losses - net	**Notes**		
Dividends received		**19**	18
(Loss)/profit on sale of property, plant and equipment		**(20)**	5
Profit on sale of Intangible assets		**3**	4
Impairment of assets		**(35)**	(452)
Impairment of property, plant and equipment*	18	**(5)**	(111)
Impairment of other intangibles	23	**(51)**	-
Reversal of impairment of other assets		**15**	-
Other		**6**	(341)
		(33)	**(425)**
Other (losses)/gains - net			
Profit on sale of investments		**-**	113
Loss on acquisition of assets and liabilities**		**(112)**	-

** Relates primarily to the write-off of digital terrestrial transmission equipment.*
*** The group took over the management of our cash collections in Angola from an agent. This amount relates to the costs of assuming this management function.*

8. Empowerment transaction

On 4 March 2019, the date of the group unbundling from Naspers Limited, the group allocated, for no consideration, an additional 5% stake in MultiChoice South Africa Holdings Proprietary Limited (MCSA) to Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively Phuthuma Nathi). In terms of *IFRS 2 - Share-based payments*, this transaction is treated as an equity-settled share-based payment. The value of the 5% allocated to Phuthuma Nathi shareholders has been calculated at ZAR2.6bn which has been included in the consolidated income statement and in retained earnings in the consolidated statement of changes in equity.

After the allocation to the non-controlling interest, the transaction had an adverse impact on earnings and headline earnings of ZAR1.9bn or 438 ZAR cents per share.

	2019 ZAR'm	2018 ZAR'm

8. Empowerment transaction (continued)

The value of the ZAR2.6bn has been calculated using a discounted cash flow valuation method, applying a terminal growth factor of 5.5%, applying a cost of equity of 11.9% and a non-controlling interest discount factor of 17.5%.

9. Taxation

The tax charge is determined based on taxable income for the year and includes current tax, deferred tax and dividend withholding tax.

The current tax charge is the tax payable on the taxable income for the financial year applying enacted or substantively enacted tax rates.

Deferred tax is provided for on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill; and
- investments in subsidiaries, associates and interests in joint arrangements to the extent that the temporary difference will probably not reverse in the foreseeable future and the control of the reversal of the temporary difference lies with the parent, investor, joint venturer or joint operator.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised.

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group's operations where taxation losses can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward. The estimated tax losses available may be subject to various statutory limitations as to its usage. The group has not recognised any deferred tax assets for carry forward unused tax losses in any of the years presented.

The holding company tax rate is 28% for 2019 and 2018.

Dividends paid on or after 22 February 2017 to shareholders that are not exempted from dividends withholding tax under South African tax law are subject to dividend withholding tax at a rate of 20%. This tax is on the shareholders and is not recognised in the consolidated income statement. Dividends paid prior to this date are subject to dividend withholding tax at a rate of 15%.

The group operates a number of businesses in jurisdictions where taxes are payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures.

Major components of the tax expense

	2019 ZAR'm	2018 ZAR'm
Current		
South Africa	**3 033**	2 926
Current year	**3 079**	2 892
Prior year	**(46)**	34
Foreign taxation	**1 285**	462
Current year	**1 283**	356
Prior year	**2**	106
	4 318	**3 388**
Deferred		
South Africa	**(541)**	320
Current year	**(555)**	350
Prior year	**14**	(30)
Foreign taxation - Current year	**(4)**	1
	(545)	**321**
Total taxation per income statement	**3 773**	**3 709**

	2019 ZAR'm	2018 ZAR'm

9. Taxation (continued)

Reconciliation of taxation

	2019 ZAR'm	2018 ZAR'm
Taxation at statutory rate of 28%	**699**	1 749
Adjusted for:		
Non-deductible expenses	**354**	274
Empowerment transaction	**718**	-
Intercompany and related party dividends	**11**	13
Initial recognition of prior year taxes	**(30)**	110
Non-taxable income	**(197)**	(72)
Temporary differences not provided for*	**887**	1 287
Foreign withholding taxes	**1 182**	261
Tax adjustment for foreign taxation rates	**118**	61
Tax attributable to equity-accounted earnings	**31**	26
Taxation provided in income statement	**3 773**	**3 709**

** Relates to unrecognised assessed tax losses in the Rest of Africa segment.*

10. Deferred taxation

Reconciliation of deferred tax asset

	2019 ZAR'm	2018 ZAR'm
At beginning of year	**863**	1 090
Credited/(Charged) to income statement	**545**	(321)
(Charged)/Credited to other comprehensive income	**(560)**	152
Disposal of subsidiaries and business	**-**	(31)
Foreign exchange effects	**26**	(27)
	874	**863**

	2019 ZAR'm	2018 ZAR'm
10. Deferred taxation (continued)		
Deferred tax is attributable to the following temporary differences		
Assets		
Provisions and other current liabilities	**489**	445
Capitalised finance leases	**2 880**	2 512
Income received in advance	**414**	429
Other*	**241**	577
	4 024	**3 963**
Liabilities		
Property, plant and equipment	**(74)**	(75)
Intangible assets	**(30)**	(59)
Receivables and other current assets	**(337)**	(361)
Capitalised finance leases	**(2 069)**	(2 269)
Programme and film rights	**(314)**	(300)
Other*	**(326)**	(36)
	(3 150)	**(3 100)**

** Other includes derivative financial assets and liabilities.*

For all temporary differences noted, the current year movement has been recognised in profit and loss with the exception of changes in the fair value of derivative financial instruments that relate to cash flow hedges which have been recognised in other comprehensive income.

The group has tax losses carried forward of approximately ZAR21.7bn (2018: ZAR14.6bn). A summary of the tax losses carried forward at 31 March 2019 by tax jurisdiction and the expected expiry dates are set out below:

	Rest of Africa ZAR'm	Latin America and USA * ZAR'm	Total ZAR'm
Expires in year one	**83**	**-**	**83**
Expires in year two	**226**	**-**	**226**
Expires in year three	**171**	**-**	**171**
Expires in year four	**660**	**-**	**660**
Expires in year five	**640**	**-**	**640**
Expires after year five	**14 445**	**5 457**	**19 902**
	16 225	**5 457**	**21 682**

** Technology segment tax jurisdictions.*

PART III. CASH FLOWS AND LIABILITY MANAGEMENT

11. Cash generated from operations

	Notes	2019 ZAR'm	2018 ZAR'm
Operating profit		**7 363**	6 381
Adjustments:			
Non-cash and other		**3 809**	3 932
Loss/(profit) on sale of assets	7	**17**	(9)
Depreciation and amortisation	18/23	**2 705**	2 675
Share-based compensation expenses	6	**189**	230
Impairment of assets	7	**35**	452
Net realisable value adjustments on inventory	20	**275**	483
Hedge accounting revaluations		**555**	393
Other		**33**	(292)
Working capital		**(1 723)**	(3 070)
Cash movement in trade and other receivables		**898**	(601)
Cash movement in accrued expenses and other current liabilities		**(1 693)**	(855)
Cash movement in programme and film rights		**(248)**	(1 418)
Cash movement in related party current accounts		**(81)**	216
Cash movement in inventory		**(599)**	(412)
Cash from operations		**9 449**	**7 243**

12. Liabilities funding operations

The group's long-term sources of financing primarily consists of finance lease liabilities for transponder capacity and amounts due for programme and film rights.

Financial liabilities include current and non-current debt. Financial liabilities are classified as current unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities, other than those arising under finance leases, are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Liabilities arising under finance leases are initially recognised at the lower of fair value and the present value of the minimum lease payments. The interest rate implicit in the lease or, where this cannot be reliably determined, the group's incremental borrowing rate is used to calculate the present values of minimum lease payments. Each lease payment is allocated between the lease obligation and finance charges with the interest element charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The related leased asset is initially recognised as property, plant and equipment at an equivalent amount (refer to note 18).

Financial liabilities are derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the consolidated income statement as interest expense based on the effective interest rate method.

Derivative instruments and hedge accounting

Hedging strategy

The group applies hedging where economically viable in all markets for periods between 12 and 36 months as part of our foreign currency risk management strategy which is reviewed regularly by the board of directors. This provides certainty in terms of future financial assets and obligations denominated in foreign currency and allows the group to set achievable financial plans and deliver sustainable returns to shareholders. This is applied in the South Africa, Rest of Africa and Technology segments through forward exchange contracts (FECs), non-deliverable forwards (NDFs) and futures instruments in Nigeria.

Hedging of foreign currency costs

In the South Africa segment, the group uses FECs to hedge the exposures arising from its cash obligations denominated in US dollar for transponder lease payments and its US dollar and Euro denominated payments to purchase programming and channels, because the entities with the obligation to settle these exposures do not have the US dollar or Euro as their functional currencies. This is performed for periods between 18 and 36 months.

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

Hedging of local currency collections

FECs, NDFs and futures (hedging instruments) are used to hedge currency risk relating to local currency collections in the Rest of Africa segment. This is performed by implementing hedging instruments centrally to secure a foreign exchange rate for all cash extracted in the future for periods up to 12 months in key markets such as Nigeria, Kenya, Zambia and Ghana. This protects the group against foreign currency depreciation (especially in markets which experience liquidity challenges) and provides certainty of cash remittance rates.

Hedging of operating costs in the Technology segment

The Technology segment utilises FECs and NDFs to hedge operational costs to provide certainty of foreign exchange rates for financial planning purposes.

Hedge accounting

The group applies hedge accounting where all the relevant criteria are met.

The group designates hedging instruments taken out as either a cash flow hedge or fair value hedge as follows:

- Cash flow hedge: hedge of the foreign currency risk of a firm commitment to purchase programming and channels, operating costs in the Technology segment and in the Rest of Africa local in-country collections.;
- Fair value hedge: hedge of the fair value of recognised transponder lease liabilities and in the Rest of Africa local in-country collections.

FECs and NDFs in the Rest of Africa segment are designated as cash flow hedges whilst the Nigerian futures are designated as fair value hedges.

Changes in the fair value of FECs that are designated, and qualify, as cash flow hedges are recognised in consolidated other comprehensive income and the ineffective part of the hedge is recognised in the consolidated income statement. The amounts deferred in consolidated other comprehensive income are transferred to the consolidated income statement and classified as income or expense in the same periods during which the hedged transaction affects the consolidated income statement. The amounts transferred are recognised in either 'cost of providing services and sale of goods' or 'selling, general and administration expenses'.

Changes in the fair value of derivatives that are designated, and qualify, as fair value hedges are recorded in the income statement, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. These are presented in 'finance costs/(income)' (refer to note 13).

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms (notional value and timing of exposure) of the hedging instrument match the terms of the hedged item. In addition, the gain or loss on the hedged item (which for transponder lease liabilities is designated as the portion of the contractual cash flows covered by forward exchange contracts) is compared to the gain or loss on the hedging instrument to ensure the hedging relationship is effective. The group therefore performs a qualitative and quantitative assessment of effectiveness.

Rebalancing will occur when adjustments need to be made to the hedged item due to a material change in the underlying hedged item. This is treated as a continuation of the hedging relationship.

Hedge ineffectiveness will be assessed and recognised immediately in the consolidated income statement before adjusting the hedging relationship.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes significantly from what was originally estimated, the total amount of the hedged item reduces or if there are changes in the credit risk of either party to the hedging relationship.

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

Hedge accounting will be discontinued in its entirety when the hedging relationship no longer meets the risk management objective, the hedging relationship no longer complies with the qualifying criteria or the hedging instrument has been sold or terminated.

Partial discontinuation will occur when a portion of the forecast transaction is no longer highly probable, or a portion of the hedged item is no longer part of the hedging relationship due to an adjustment to the hedge ratio (percentage cover in relation to highly probable forecasted transactions).

	2019 ZAR'm	2018 ZAR'm
(a) Interest-bearing: Capitalised finance leases	**14 441**	**12 784**
Total liabilities	**15 731**	13 603
Less: Current portion	**(1 290)**	(819)
(b) Interest-bearing: Loans and other liabilities (A)	**13**	**9**
Total liabilities	**13**	9
Less: Current portion	**-**	-
(c) Non-interest-bearing: Programme and film rights	**-**	**-**
Total liabilities	**2 493**	2 206
Less: Current portion	**(2 493)**	(2 206)
(d) Interest- and non-interest-bearing: Amounts due to related parties	**134**	**15 000**
Total liabilities	**134**	15 316
Less: Current portion	**-**	(316)
Non-interest-bearing: Loans and other liabilities (B)	**46**	**180**
Net non-current liabilities	**14 634**	27 973
Net non-current loans and other liabilities (A)+(B)	**59**	189

The impact of these liabilities on the group's liquidity is disclosed in note 17.

Reconciliation of liabilities arising from financing activities	**Capitalised finance leases 2019 ZAR'm**	**Interest bearing liabilities 2019 ZAR'm**	**Related- party loans 2019 ZAR'm**	**Non - Interest bearing liabilities 2019 ZAR'm**
Balance at 1 April 2018	**13 603**	**9**	**15 316**	**180**
Additional liabilities recognised	**10**	**1 753**	**4 573**	**2**
Repayments*	**(1 529)**	**(1 813)**	**(196)**	**-**
Interest accrued	**650**	**-**	**455**	**-**
Contribution from parent**	**-**	**-**	**(22 617)**	**-**
Foreign exchange translation***	**2 997**	**(1)**	**3 019**	**25**
Transfer to interest bearing liabilities	**-**	**65**	**(65)**	**-**
Reallocated to third party current payable	**-**	**-**	**(35)**	**-**
Cash movement in intercompany current accounts	**-**	**-**	**(316)**	**-**
Reallocation of Share based payment liability to equity reserve	**-**	**-**	**-**	**(161)**
Balance at 31 March 2019	**15 731**	**13**	**134**	**46**
Less: Current portion	**(1 290)**	**-**	**-**	**-**
Non-current liabilities	**14 441**	**13**	**134**	**46**

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

Reconciliation of liabilities arising from financing activities	**Capitalised finance leases 2018 ZAR'm**	**Interest bearing liabilities 2018 ZAR'm**	**Related- party loans 2018 ZAR'm**	**Non - Interest bearing liabilities 2018 ZAR'm**
Balance at 1 April 2017	16 181	-	24 574	177
Additional liabilities recognised	37	1 500	6 607	41
Repayments*	(1 424)	(1 500)	(3 207)	(9)
Interest accrued	648	9	616	-
Waiver of related party loan**	-	-	(7 036)	-
Contribution from parent**	-	-	(4 037)	-
Foreign exchange translation***	(1 839)	-	(2 201)	(29)
Balance at 31 March 2018	13 603	9	15 316	180
Less: Current portion	(819)	-	(316)	-
Non-current liabilities	12 784	9	15 000	180

** Capital repayments of ZAR879m (2018: ZAR776m) are included in repayment of capitalised finance lease liabilities within financing activities in the cash flow statement and ZAR650m (2018: ZAR648m) is included as part of interest costs paid within operating activities in the cash flow statement.*

*** These items are non-cash in nature. Refer to the consolidated statement of changes in equity where these loan capitalisation transactions are included within retained earnings.*

**** This item is non-cash in nature.*

a) Interest-bearing: Capitalised finance leases

Asset leased	**Related platform ****	**Years of final repayment (calendar year)**	**Weighted average year-end interest rate**	**2019 ZAR'm**	**2018 ZAR'm**
Transponder 1-21	SA DTH	2027-2032	3.50-4.98%	**10 156**	8 569
W7 transponder	RoA DTH	2025	4.35-6.00%	**2 308**	2 135
E36 B&C transponder	RoA DTH	2025-2031	3.93-4.04%	**3 154**	2 708
IS 904 Intelsat Transponder 1 - 8,13	RoA DTT	2019-2020	3.49-5.43%	**113**	191
Total capitalised finance leases*				**15 731**	**13 603**

** All transponder leases are denominated in US dollars.*

*** South Africa direct-to-home (SA DTH), Rest of Africa direct-to-home (RoA DTH) and Rest of Africa digital terrestrial television (RoA DTT).*

(b) Interest-bearing: Loans and other liabilities

Unsecured	**Loan utilised for**	**Currency of year-end balance**	**Years of final repayment (calendar year)**	**Weighted average year-end interest rate**	**2019 ZAR'm**	**2018 ZAR'm**
Austrian government	Research and development	EUR	2021-2024	0.75%	**13**	9

12. Liabilities funding operations (continued)

(c) Non-interest-bearing: Programme and film rights

Unsecured	**Currency of year-end balance**	**Years of final repayment (calendar year)***	**2019 ZAR'm**	**2018 ZAR'm**
Various trade suppliers	ZAR	2019	**1 613**	177
Various trade suppliers	USD	2019	**-**	374
Various trade suppliers	ZAR	2020	**177**	1 295
Various trade suppliers	USD	2020	**393**	117
Various trade suppliers	ZAR	2020-2024	**143**	175
Various trade suppliers	GBP	2020	**2**	-
Various trade suppliers	EUR	2020	**9**	-
Various international production studios	EUR	2019	**-**	27
Various international production studios	USD	2020	**156**	41
Total programme and film rights			**2 493**	**2 206**

** Relates to the length of studio contracts and does not correlate to the recognition of liabilities. In line with the accounting policy of the group, all liabilities are current in nature.*

(d) Interest- and non-interest-bearing: Amounts due to related parties

Amounts due to related parties: Non-current	**Nature of relationship**	**2019 ZAR'm**	**2018 ZAR'm**
MIH Finance VOF*	Fellow subsidiary	**-**	14 726
Other	Fellow subsidiaries, holding company and equity investees	**134**	274
		134	**15 000**

** The amounts owing to MIH Finance VOF are unsecured, denominated in US dollars and bear interest at 3-months US dollar LIBOR plus a 1.75 percentage point mark-up. As part of the unbundling, the loan was capitalised in September 2018 and February 2019. Gains on capitalisation of these loans were recognised in equity.*

Amounts due to related parties: Current	**Nature of relationship**	**2019 ZAR'm**	**2018 ZAR'm**
Showmax B.V. (Polish entities)	Fellow subsidiary	**-**	155
Myriad International Holdings B.V.	Fellow subsidiary	**-**	49
MIH Finance VOF	Fellow subsidiary	**-**	46
Myriad / MIH (Malta) Limited	Fellow subsidiary	**-**	39
Other	Fellow subsidiaries	**-**	27
		-	**316**

These current balances are unsecured, interest free and have no fixed terms of repayment, except for amounts owing to MIH Finance VOF which carries interest as disclosed above.

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

(e) Management of foreign currency exposure on cash obligations

A significant portion of the group's cash obligations under contracts for transponder leases as well as programming and channels are denominated in US dollars, Euro and Nigerian naira. In the Rest of Africa segment, for local in-country collections forward foreign exchange cover is either not available in certain territories or does not meet management's risk objective (i.e. the cost of the hedge is uneconomical) and accordingly exposures in those territories are not hedged. Where forward cover is available, the group uses forward exchange contracts, non-deliverable forwards (NDFs) and futures to hedge the exposure to foreign currency risk, because the entities with the obligation to settle these exposures do not have these foreign currencies as their functional currencies. The group generally covers forward 100% of highly probable forecasted exposures in foreign currency for a minimum of 12 months and committed exposures up to three years. This results in the group typically taking out cover as follows:

- Programming and channels; operating costs and set-top box costs: 100% of all highly probable forecasted exposures to purchase programming and channels, operating costs and set-top box costs, except in territories where forward exchange cover is not available or does not meet management's risk objective.
- Transponder lease payments: due to the long-term nature of the transponder lease agreements, the group only takes out cover for up to three years of lease payments. A portion of the foreign exchange movement in the recognised lease liability is therefore unhedged.

Market Risk

The group uses a combination of forward exchange contracts, non-deliverable forwards and futures to hedge its exposure to foreign currency risk. Under the group's policy, an economic relationship should exist between the hedged item and hedging instrument.

The group designates the contracted forward rate of foreign currency hedges in the hedge relationships. The contracted forward rate is determined with reference to relevant market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. This differential is discounted where it is material.

The fair value of the derivative financial instruments, and whether those derivatives were designated in a hedge relationship or not, are set out below:

	2019 ZAR'm	2018 ZAR'm
Non-current assets		
Forward exchange contracts	**282**	-
Current assets	**444**	96
Forward exchange contracts	**361**	76
Currency depreciation features*	**83**	20
Non-current liabilities		
Forward exchange contracts	**(4)**	(404)
Current liabilities		
Forward exchange contracts	**(218)**	(1 105)
Net derivative assets/(liabilities)	**504**	**(1 413)**

** Currency depreciation features relate to clauses in content acquisition agreements that provide the group with a contractually specified level of currency depreciation protection.*

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

The following amounts were recognised in profit or loss in relation to the forward exchange contracts:

	2019 ZAR'm	2018 ZAR'm
Net profit/(loss) on the forward exchange contracts	**406**	(376)

Movements in the hedging reserve related to cash flow hedges are detailed below. The amount deferred is expected to realise over three years in line with maturity of the forward exchange contracts.

	2019 ZAR'm	2018 ZAR'm
Opening balance	**(680)**	(355)
Net fair value losses recognised in other comprehensive income	**699**	(643)
Derecognised and added to asset	**22**	346
Derecognised and reported in revenue	**(4)**	21
Derecognised and reported in cost of providing services and sale of goods	**649**	(201)
Derecognised and reported in finance cost	**(40)**	(87)
Tax effects	**(560)**	151
Non-controlling interests in hedging reserve	**(360)**	88
Closing balance	**(274)**	**(680)**

Exposure to foreign currency on uncovered commitments

The below details the group's uncovered commitments that are denominated in a currency other than the functional currency of the settling entity:

Uncovered commitments:	**2019 Currency amount of commitments 'm**	**2019 ZAR'm**	**2018 Currency amount of commitments 'm**	**2018 ZAR'm**
US dollar*	**49**	**712**	1 327	15 746
South African Rands	**60**	**60**	116	116
Euro	**62**	**1 007**	85	1 243
Other currencies**	**9 063**	**585**	9 376	508
		2 364		**17 613**

** In FY2019 the group extended its hedging programe to 36 months which resulted in a decrease in US dollar uncovered commitments.*
*** Include Nigeria naira, British pound and Australian dollar.*

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency related hedging instruments on the group's financial position and performance are as follows:

Foreign exchange contracts	**2019**		**2018**	
	Cash flow hedges	**Fair value hedges**	**Cash flow hedges**	**Fair value hedges**
Carrying amount per currency pair - asset/(liability) (ZAR'm)				
- USD/ZAR	**307**	**255**	(1 040)	(217)
- EUR/ZAR	**(21)**	**-**	(115)	-
- USD/NGN	**-**	**(15)**	-	77
- Other*	**(89)**	**(16)**	(138)	-
	197	**224**	**(1 293)**	**(140)**
Notional amount per currency pair - buy/(sell)				
- USD/ZAR - (USD'm)	**318**	**435**	585	121
- EUR/ZAR - (EUR'm)	**50**	**-**	69	-
- USD/NGN - (NGN'm)	**-**	**(64 880)**	-	(68 627)
- Other	*	*	*	*
Maturity date range	**April 2019 - January 2022**	**April 2019 - January 2022**	April 2018 - January 2020	April 2018 - January 2020
Hedge ratio per currency pair				
- USD/ZAR	**100 %**	**100 %**	100 %	100 %
- EUR/ZAR	**100 %**	**100 %**	100 %	100 %
- USD/NGN	**100 %**	**100 %**	100 %	100 %
- Other	*	*	*	*
Change in value of hedged item used to determine hedge effectiveness per currency pair - gain/(loss) (ZAR'm)				
- USD/ZAR	**866**	**626**	**	**
- EUR/ZAR	**52**	**-**	**	**
- USD/NGN	**-**	**(16)**	**	**
- Other*	**(94)**	**(36)**	**	**
	824	**574**	**	**
Weighted average hedged rate per currency pair for the year				
- USD/ZAR	**13.86**	**14.76**	14.29	14.27
- EUR/ZAR	**17.43**	**-**	17.44	-
- USD/NGN	**-**	**363.94**	-	348.06
- Other	*	*	*	*

** Other relates to multiple immaterial hedging currency pairs.*
*** The group elected to apply IFRS 9 on a modified retrospective basis (i.e. from 1 April 2018) and therefore no comparative information is disclosed.*

	2019 ZAR'm	2018 ZAR'm

12. Liabilities funding operations (continued)

Sensitivity analysis

Equity price risk

Management's best estimate of the reasonably possible changes in the market values of the investment held at fair value through other comprehensive income (Refer to note 25), assuming all other variables were held constant, specifically foreign exchange rates, would result in an increase in total equity of ZAR15.6m (2018: increase by ZAR10.6m).

Foreign exchange risk

Some of the groups entities have a functional currency other than US dollar. These entities hold significant US dollar liabilities, (eg. Transponder leases (Note 12(a)), resulting in foreign exchange profit and loss exposures (Note 13). In addition, a significant portion of the group's programme and film rights purchases are in US dollar whereas the corresponding revenues are in local currencies, which exposes the group to cash flow foreign exchange risk. As explained in note 12(e) the group enters into hedging arrangements to partially mitigate this risk.

The sensitivity results below detail the group's sensitivity to a 10% decrease in the Rand against the US dollar, Euro and British pound. These percentage decreases represent management's assessment of the possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the above percentage change in foreign currency rates.

The sensitivity analysis below excludes the effects of the hedging relationships noted in note 12(e).

A 10% decrease of the Rand against the US dollar, Euro and British pound would result in the profit after tax increasing by ZAR220.7m (2018: decreasing ZAR520.3m). Changes in other equity would increase by ZAR1.9bn (2018: decrease ZAR267.1m).

Interest rate risk

The majority of the group's borrowings relate to transponder leases that have fixed interest rates (refer to note 12(a)).

The group has no other significant variable rate borrowings or assets.

The group is mainly exposed to interest rate fluctuations of the South African Repo/JIBAR, US/GBP LIBOR and EURIBOR rates. The following changes in the rates represent management's best estimate of the possible change in interest rates at the respective year-ends:

- South African Repo/JIBAR rate: increases by 100 basis points (2018: increases by 100-basis points)

- US/GBP LIBOR and EURIBOR rates: increases by 100 basis points each (2018: increases by 100-basis points each)

If interest rates changed as stipulated above and all other variables were held constant, specifically foreign exchange rates, the group's net profit after tax would increase by ZAR28.7m (2018: increase ZAR19.1m).

Total equity would be unaffected by the above changes in interest rates (2018: ZARnil).

13. Interest (expense)/income

	2019 ZAR'm	2018 ZAR'm
Interest expense		
Loans and overdrafts	**(485)**	(704)
Transponder leases	**(650)**	(648)
Other*	**(302)**	(196)
	(1 437)	**(1 548)**

** Relates mainly to discounting on programme and film rights of ZAR220m (2018: ZAR180m).*

	2019 ZAR'm	2018 ZAR'm

13. Interest (expense)/income (continued)

	2019 ZAR'm	2018 ZAR'm
Interest income		
Loans and bank accounts	**335**	322
Other	**575**	377
	910	**699**

A significant portion of the group's operations are exposed to foreign exchange risk. The table below presents the net (loss) or profit from our foreign exchange exposure and incorporates effects of qualifying forward exchange contracts that hedge this risk.

	2019 ZAR'm	2018 ZAR'm
Net (loss)/profit from foreign exchange translation and fair value adjustments on derivative financial instruments		
On translation of liabilities	**(11)**	(75)
On translation of transponder leases*	**(1 887)**	1 150
On translation of forward exchange contracts	**406**	(376)
Net foreign exchange translation (losses)/gains	**(1 492)**	**699**

** Movement relates to ZAR depreciation from a closing rate of ZAR11.84 in FY2018 to ZAR14.50 in FY2019 on our US dollar transponder lease liability. Refer to note 12.*

14. Commitments and contingencies

The group is subject to commitments and contingencies, which occur in the normal course of business, including legal proceedings and claims that cover a wide range of matters. The group plans to fund these commitments and contingencies out of existing facilities and internally generated funds.

Commitments

(a) Capital expenditure

Commitments in respect of contracts placed for capital expenditure at 31 March 2019 amount to ZAR68.0m (2018: ZAR106.9m).

(b) Programme and film rights

At 31 March 2019 the group had entered into contracts for the purchase of programme and film rights. The group’s commitments in respect of these contracts amount to ZAR33.4bn (2018: ZAR33.5bn).

(c) Set-top boxes

At 31 March 2019 the group had entered into contracts for the purchase of set-top boxes (decoders). The group’s commitments in respect of these contracts amount to ZAR2.0bn (2018: ZAR2.2bn).

(d) Guarantees

The group has guarantees of ZAR145m (2018: ZAR475m) mainly in respect of payments for sports rights and for service contracts.

(e) Assets pledged as security

The group pledged property, plant and equipment with a net carrying value of ZAR12.1bn (2018: ZAR12.4bn) as security against certain assets acquired in terms of finance leases. Refer note 18 for further details.

(f) Other commitments

At 31 March 2019 the group had entered into contracts for the receipt of various services. These service contracts are for the receipt of advertising, transmission services, computer and decoder support services, access to networks and contractual relationships with customers, suppliers and employees. The group’s commitments in respect of these agreements amount to ZAR2.0bn (2018: ZAR1.0bn).

	2019 ZAR'm	2018 ZAR'm

14. Commitments and contingencies (continued)

(g) Operating lease commitments

The group has the following operating lease commitments:

	2019 ZAR'm	2018 ZAR'm
Minimum lease payments due		
Payable in year one	**353**	337
Payable later than one year but not later than five	**695**	676
Payable after five years	**240**	260
	1 288	**1 273**

The group leases office, manufacturing, warehouse and satellite uplinks under various non-cancellable operating leases. Certain contracts contain renewal options and escalation clauses for various periods of time.

Contingencies

Taxation matters

The group operates a number of businesses in jurisdictions where taxes are payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to ZAR1.8bn (2018: ZAR1.7bn). No provision has been made as at 31 March 2019 and 2018 for these possible exposures.

15. Accrued expenses and other current liabilities

	2019 ZAR'm	2018 ZAR'm
Trade payables	**2 676**	1 999
Deferred income*	**2 994**	2 555
Accrued expenses	**2 508**	2 847
Taxes and other statutory liabilities	**2 484**	2 177
Employee benefits	**941**	1 014
Bonus accrual	**608**	593
Accrual for leave	**270**	230
Severance	**63**	191
Other current liabilities	**282**	838
	11 885	**11 430**

** Relates to subscription fees received from customers in advance.*

16. Provisions

	2019 ZAR'm	2018 ZAR'm
Ad valorem duties	**23**	23
Warranties	**33**	20
Other provisions	**80**	126
	136	**169**

The group is currently involved in various litigation matters. The litigation provision has been estimated based on legal counsel and management's estimates of costs and possible claims relating to these.

Included in other provisions are estimated amounts related to other regulatory matters.

	2019 ZAR'm	2018 ZAR'm

17. Liquidity management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the articles of association of the group, no limitation is placed on its borrowing capacity. The facilities expiring beyond one year are subject to renewal.

	2019 ZAR'm	2018 ZAR'm
On call	**3 500**	-
Expiring beyond one year	**-**	1 983
	3 500	**1 983**

The following analysis details the remaining contractual maturity of the group's non-derivative and derivative financial liabilities. The analysis is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to settle the liability. The analysis includes both interest and principal cash flows.

31 March 2019	**Carrying value**	**Contractual cash flows**	**0-12 months**	**1-5 years**	**5 years+**
Non-derivative financial liabilities					
Interest-bearing: Capitalised finance leases	**15 731**	**19 260**	**1 881**	**7 950**	**9 429**
Interest-bearing: Loans and other liabilities	**13**	**13**	**1**	**12**	**-**
Non-interest-bearing: Programme and film rights	**2 493**	**2 806**	**1 885**	**921**	**-**
Non-interest-bearing: Loans and other liabilities	**46**	**46**	**4**	**15**	**27**
Trade payables	**2 676**	**2 661**	**2 661**	**-**	**-**
Accrued expenses and other current liabilities	**3 246**	**3 212**	**3 212**	**-**	**-**
Amounts due to related parties	**134**	**134**	**-**	**134**	**-**
Other financial liabilities	**16**	**20**	**20**	**-**	**-**
Derivative financial (liabilities)/assets					
Forward exchange contracts - inflow	**643**	**12 340**	**6 201**	**5 351**	**788**
Forward exchange contracts - outflow	**(222)**	**(11 873)**	**(6 045)**	**(5 068)**	**(760)**
Currency devaluation features	**83**	**54**	**47**	**7**	**-**
	24 859	**28 673**	**9 867**	**9 322**	**9 484**

31 March 2018	**Carrying value**	**Contractual cash flows**	**0-12 months**	**1-5 years**	**5 years+**
Non-derivative financial liabilities					
Interest-bearing: Capitalised finance leases	13 603	17 044	1 323	6 395	9 326
Interest-bearing: Loans and other liabilities	9	9	-	-	9
Non-interest-bearing: Programme and film rights	2 206	2 438	2 438	-	-
Non-interest-bearing: Loans and other liabilities	180	180	-	156	24
Trade payables	2 680	2 869	2 869	-	-
Accrued expenses and other current liabilities	2 916	2 926	2 926	-	-
Amounts due to related parties	15 316	15 316	15 316	-	-
Other financial liabilities	25	28	28	-	-
Derivative financial (liabilities)/assets					
Forward exchange contracts - inflow	76	11 375	8 146	3 229	-
Forward exchange contracts - outflow	(1 509)	(12 821)	(9 146)	(3 675)	-
Currency devaluation features	20	20	16	4	-
	35 522	**39 384**	**23 916**	**6 109**	**9 359**

PART IV. ASSETS TO SUPPORT OUR OPERATIONS

18. Property, plant and equipment

The group's property, plant and equipment is acquired either as an outright purchase or, in the case of transmission equipment and certain land and buildings, by entering into a finance lease.

Property, plant and equipment is stated at cost plus any cost to prepare these assets for their intended use, less accumulated depreciation and accumulated impairment losses.

Subsequent costs, including major renovations, are included in an asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement.

In the case of assets acquired under finance leases, cost is calculated at the lower of the fair value of the asset and the present value of the minimum lease payments. The interest rate implicit in the lease or, where this cannot be reliably determined, the group's incremental borrowing rate is used to calculate the present values of minimum lease payments. The related lease obligation is initially recognised at an equivalent amount (refer to note 12).

Land is not depreciated as its deemed to have an indefinite life. All other property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life.

The depreciation methods estimated remaining useful lives and residual values are reviewed at least annually. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management.

	South Africa	**Rest of Africa**	**Technology**
Buildings - owned	10 to 50 years	5 to 50 years	n/a
Buildings - leased	5 years	n/a	1 to 10 years
Improvements to buildings - owned	4 to 50 years	5 to 50 years	n/a
Improvements to buildings - leased	5 years	n/a	3 to 10 years
Manufacturing equipment	n/a	n/a	5 years
Office equipment	2 to 17 years	2 to 5 years	3 to 5 years
Computer equipment	1 to 10 years	3 to 5 years	1 to 5 years
Furniture	5 years	2 to 5 years	n/a
Vehicles	2 to 10 years	4 to 5 years	n/a
Transmission equipment - owned	5 to 20 years	5 to 10 years	n/a
Transmission equipment - leased	15 years	3 to 15 years	n/a

The carrying value of work-in-progress mainly comprises digital terrestrial transmission broadcasting equipment and land and buildings that are under construction.

The group recognised impairment losses of ZAR5m (2018: ZAR111m) on property, plant and equipment, relating to South African DTT transmission equipment due to a lower than expected subscriber base on the DTT Platform (2018: relating to transmission equipment in Rest of Africa due to lower than expected financial performance). The impairment losses have been included in "Other (losses)/gains – net" in the consolidated income statement. The recoverable amounts of the assets impaired amounted to ZARnil (2018: ZARnil).

The group has pledged property, plant and equipment with a carrying value of ZAR12.1bn (2018: ZAR12.4bn) as security against certain assets acquired in terms of finance leases. The pledge mainly relates to assets acquired in terms of finance leases. The pledge would come into effect should default on the lease payments occur.

18. Property, plant and equipment (continued)

	Land and buildings ZAR'm	Transmission equipment ZAR'm	Vehicles, furniture, computers and office equipment ZAR'm	Total ZAR'm
1 April 2018				
Cost	**2 563**	**23 780**	**2 506**	**28 849**
Accumulated depreciation and impairment	**(645)**	**(9 116)**	**(1 733)**	**(11 494)**
Carrying value at 1 April 2018	**1 918**	**14 664**	**773**	**17 355**
Foreign currency translation effects	**65**	**1 184**	**43**	**1 292**
Transfer from work-in-progress	**80**	**91**	**32**	**203**
Acquisitions	**54**	**219**	**311**	**584**
Disposals/scrapings	**-**	**(15)**	**(63)**	**(78)**
Impairment	**-**	**(5)**	**-**	**(5)**
Depreciation	**(117)**	**(1 963)**	**(320)**	**(2 400)**
31 March 2019				
Cost	**2 812**	**25 647**	**2 674**	**31 133**
Accumulated depreciation and impairment	**(812)**	**(11 472)**	**(1 898)**	**(14 182)**
Carrying value excluding work-in-progress	**2 000**	**14 175**	**776**	**16 951**
Work-in-progress				**328**
Total carrying value at 31 March 2019*				**17 279**

** Includes leased transmission equipment with carrying values of ZAR12.1bn.*

	Land and buildings ZAR'm	Transmission equipment ZAR'm	Vehicles, furniture, computers and office equipment ZAR'm	Total ZAR'm
1 April 2017				
Cost	2 653	25 564	2 426	30 643
Accumulated depreciation and impairment	(590)	(8 206)	(1 575)	(10 371)
Carrying value at 1 April 2017	2 063	17 358	851	20 272
Foreign currency translation effects	(87)	(949)	(49)	(1 085)
Transfer from work-in-progress	31	126	62	219
Acquisitions	17	217	242	476
Disposals/scrapings	(1)	-	(8)	(9)
Impairment	-	(110)	(1)	(111)
Depreciation	(105)	(1 978)	(324)	(2 407)
31 March 2018				
Cost	2 563	23 780	2 506	28 849
Accumulated depreciation and impairment	(645)	(9 116)	(1 733)	(11 494)
Carrying value excluding work-in-progress	1 918	14 664	773	17 355
Work-in-progress				230
Total carrying value at 31 March 2018*				**17 585**

** Includes leased land and buildings and transmission equipment with carrying values of ZAR19m and ZAR12.4bn respectively.*

	2019 ZAR'm	2018 ZAR'm

19. Programme and film rights

Programme and film rights are recognised at cost when the rights come into licence or the period to which the sports event relates commences, as set out in the table below. The group may make prepayments for the rights and such prepayments are recognised as prepayment assets until such time as the asset meets the criteria for initial recognition as a programme and film right.

The group often contracts for programme and film rights in advance. These non-cancellable contracts are disclosed as commitments, unless a prepayment has been made as explained above.

	Programme and film rights	**Sports events rights**
Nature	Rights to broadcast programmes, series and films	Rights to broadcast sports events
Initial recognition and measurement		
Date recognised as an asset	*Purchased:* Date the rights come into license *Produced:* Capitalised as incurred	Start of the period to which the events relate
Measurement on initial recognition*	*Purchased:* Purchase price translated at spot rate on the purchase date. When a prepayment has been made on a programme and film right, the right will be recorded at the spot rate on prepayment date for the portion of the right prepaid and at the spot rate on licence date for the portion of the licence not prepaid. *Produced:* All costs necessary to produce and complete a programme. Costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.	Purchase price translated at spot rate on the date of initial recognition. Any amounts prepaid are re-translated to the spot rate on initial recognition as the group will be entitled to a refund of the amount prepaid should the sports event not materialise. Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred.
	Gains and losses recognised on foreign exchange contracts entered into to hedge foreign currency cash flows are capitalised to the asset on the date of initial recognition of the purchased and produced content and the sports rights.	
Subsequent measurement		
Pattern of recognition as an expense	Based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.	
Average period over which recognised as an expense	Programme and film rights are expensed over 5-7 television screenings.	Sports rights are expensed on a straight-line basis over the period to which the events relate.
Impairment	Unscreened content is assessed and any unscheduled content or content that will not be screened is written off immediately.	Sports rights are assessed for impairment by assessing likelihood of the sporting event being cancelled based on facts and circumstances available at year-end.

** From 1 April 2019 on adoption of IFRIC 22, the group measured the sport right assets at the spot rate on the date that the consideration is transferred, except where payment is deferred in which case it will continue to be recognised at the spot rate of the consideration payable at the date of initial recognition of the sport rights assets.*

	2019	2018
Cost price	**15 097**	9 102
Accumulated amortisation and impairment	**(12 401)**	(6 568)
Carrying value of programme and film rights assets	**2 696**	2 534
Prepayments for programme and film rights	**2 437**	2 376
Total programme and film rights	**5 133**	**4 910**

	2019 ZAR'm	2018 ZAR'm

19. Programme and film rights (continued)

The movement in programme and film right assets for the year is set out below:

	2019 ZAR'm	2018 ZAR'm
Cost	**9 102**	9 851
Accumulated amortisation and impairment	**(6 568)**	(7 446)
Opening carrying value at 1 April	**2 534**	2 405
Acquisitions	**16 244**	15 360
Amortisation and impairment	**(16 082)**	(15 231)
Closing carrying value at 31 March	**2 696**	2 534
Cost	**15 097**	9 102
Accumulated amortisation and impairment	**(12 401)**	(6 568)

All programme and film rights are classified as current on the consolidated statement of financial position.

At 31 March 2019 the group had entered into contracts for the purchase of programme and film rights. The group's commitments in respect of these contracts can be found in note 14.

20. Inventory

Inventory is stated at the lower of cost and net realisable value. The cost of inventory is determined by means of the weighted average method.

Net realisable value is the estimate of the selling price, less the costs of completion and selling expenses. Allowances are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

Net realisable value write-downs relate primarily to set-top box subsidies. The group sells set-top boxes below cost as part of its marketing strategy to acquire subscribers. However, set-top boxes are not necessarily sold at the same time as a customer signs-up for a subscription service, therefore the loss from selling the set-top box below its cost price is not capitalised as customer acquisition cost taken into account in the allocation of subscription revenue.

	2019 ZAR'm	2018 ZAR'm
Decoders and associated components	**1 516**	923
Allowance for slow-moving and obsolete inventories	**(592)**	(462)
	924	**461**

The total allowance charged to the income statement to write inventory down to net realisable value amounted to ZAR275m (2018:ZAR 483m), and there was no reversal of these allowances in 2019 (2018: ZARnil).

21. Trade and other receivables

Trade and other receivables consist primarily of invoiced amounts from normal trading activities and includes agency receivables in the Rest of Africa (agencies ordinarily have 30 day payment terms). The group has a relatively homogenous customer base, which is primarily residential in nature and is dispersed across many geographical areas. Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method, less expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a full lifetime expected loss allowance for all trade receivables (refer to note 2). The group always recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Once a debt is considered irrecoverable it is written off as a bad debt.

	2019 ZAR'm	2018 ZAR'm

21. Trade and other receivables (continued)

The group is exposed to certain concentrations of credit risk relating to its agency receivables in the Rest of Africa. It places its cash, where possible, with major banking groups and high-quality institutions relatively high credit ratings in that country. The group's treasury policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. At 31 March 2019 cash was held with numerous financial institutions.

As at 31 March 2019, the directors were unaware of any significant unprovided and uninsured concentration of credit risk, as these are individual households and corporate entities (including agencies in the Rest of Africa).

	2019 ZAR'm	2018 ZAR'm
Trade receivables	**2 830**	3 491
Expected credit loss for trade receivables	**(645)**	(658)
Net trade receivables	**2 185**	2 833
Prepayments	**968**	755
Staff debtors	**25**	18
VAT and related taxes receivable	**194**	277
Sundry deposits	**38**	19
Other receivables*	**685**	925
Total other receivables	**1 910**	**1 994**
Total trade and other receivables	**4 095**	**4 827**
The movement in the expected credit loss for trade receivables during the year was as follows:		
Opening balance at 1 April	**(658)**	(755)
Change in accounting policy (note 2)	**(170)**	-
Restated opening balance at 1 April	**(828)**	(755)
Additional allowances charged to the income statement	**(88)**	(77)
Allowances reversed through the income statement	**237**	93
Allowances utilised	**65**	56
Foreign currency translation effects	**(31)**	25
	(645)	**(658)**

**Includes primarily accrued income and clearing receipts.*

The group has not pledged any of its trade receivables as security against its finance leases or other liabilities.

The group's maximum exposure to credit risk at the reporting date is the carrying value of the trade and other receivables mentioned above. The group has a large diversified customer base across many geographical areas. The group does not hold any form of collateral as security relating to trade receivables.

The ageing of trade receivables as well as the expected credit loss per age class is presented below:

	Carrying value 2019 ZAR'm	Impairment 2019 ZAR'm	Carrying value 2018 ZAR'm	Impairment 2018 ZAR'm
Current	**1 144**	**(89)**	1 028	-
Past due 30 to 59 days	**483**	**(47)**	450	(47)
Past due 60 to 89 days	**270**	**(46)**	203	(21)
Past due 90 to 119 days	**104**	**(34)**	178	(21)
Past due 120 days and older*	**829**	**(429)**	1 632	(569)
	2 830	**(645)**	**3 491**	**(658)**

** In 2018, ZAR1.1bn of trade receivables related to the group's agency in Angola. A significant portion of the 30 days to 119 days aging buckets also related to the agency in Angola. Due to constrained liquidity and limited availability of foreign currency, remittances from Angola were delayed. In 2019, liquidity improved signicantly in Angola and the majority of this foreign currency was remited. To solidify our position in the Angolan market, we converted the Angolan operation from an agency to a subsidiary, which was fully consolidated, on 1 February 2019.*

	2019 ZAR'm	2018 ZAR'm

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank and on hand	**6 723**	4 044

Cash and cash equivalents consists of South African accounts denominated in Rands and foreign bank accounts. Foreign accounts are translated to South African Rands using the closing spot rate at year-end. All foreign accounts translated at year-end amounted to ZAR3.8bn (2018: ZAR2.7bn). Of the ZAR3.8bn, ZAR1.6bn is held by entities with a different functional currency to the related cash and cash equivalents balances which exposes the group to foreign currency risk. Foreign accounts include US dollar accounts amounting to ZAR2.1bn (2018: ZAR2.0bn) and Nigeria naira accounts of ZAR0.6bn (2018: ZAR0.3bn).

Included in cash and cash equivalents is the following restricted cash balances:

Restricted cash	**316**	273

Restricted cash is still included in cash and cash equivalents due to the fact that it mostly relates to cash held on behalf of customers.

Included in cash and cash equivalents is an amount of ZAR368m (2018: ZAR69m) relating to cash balances held by subsidiaries where in-country foreign exchange illiquidity restricts the ability of subsidiaries to remit cash to intermediate holding companies in US dollar. Local currency can still be utilised in-country.

23. Goodwill and other intangible assets

Goodwill in a business combination is recognised at the acquisition date when the consideration transferred, and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Goodwill and intangible assets with indefinite lives are tested for impairment annually.

Amortisation periods for intangible assets with finite useful lives vary in accordance with the expected benefits that are to be derived, but are subject to the following maximum limits:

Patents	5 years
Title rights	10 years
Brand names and trademarks	30 years
Software	10 years
Intellectual property rights	30 years
Customer-related assets	11 years

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in "Other (losses)/gains – net" in the income statement.

23. Goodwill and other intangible assets (continued)

	Goodwill ZAR'm	Software ZAR'm	Other* ZAR'm	Total ZAR'm
1 April 2018				
Cost	**4 317**	**1 319**	**3 369**	**9 005**
Accumulated amortisation and impairment	**(862)**	**(806)**	**(3 186)**	**(4 854)**
Carrying value at 1 April 2018	**3 455**	**513**	**183**	**4 151**
Foreign currency translation effects	**23**	**3**	**19**	**45**
Acquisitions	**-**	**94**	**80**	**174**
Acquisitions of subsidiaries and business	**35**	**146**	**5**	**186**
Transfers from work-in-progress	**-**	**57**	**-**	**57**
Disposals	**-**	**-**	**(2)**	**(2)**
Amortisation	**-**	**(226)**	**(79)**	**(305)**
Impairment	**-**	**(51)**	**-**	**(51)**
31 March 2019				
Cost	**4 557**	**1 646**	**3 657**	**9 860**
Accumulated amortisation and impairment	**(1 044)**	**(1 110)**	**(3 451)**	**(5 605)**
Carrying value excluding work-in-progress	**3 513**	**536**	**206**	**4 255**
Work-in-progress				**28**
Total carrying value at 31 March 2019				**4 283**

**Includes intellectual property rights and subscriber base with carrying values of ZAR76m and ZAR50m, respectively, and brand names that have been fully amortised.*

	Goodwill ZAR'm	Software ZAR'm	Other* ZAR'm	Total ZAR'm
1 April 2017				
Cost	4 383	1 145	3 709	9 237
Accumulated amortisation and impairment	(967)	(636)	(3 594)	(5 197)
Carrying value at 1 April 2017	3 416	509	115	4 040
Foreign currency translation effects	(12)	(1)	(9)	(22)
Acquisitions	-	101	39	140
Acquisitions of subsidiaries and business	51	-	122	173
Transfers from work-in-progress	-	101	-	101
Disposals	-	-	(13)	(13)
Amortisation	-	(197)	(71)	(268)
31 March 2018				
Cost	4 317	1 319	3 369	9 005
Accumulated amortisation and impairment	(862)	(806)	(3 186)	(4 854)
Carrying value excluding work-in-progress	3 455	513	183	4 151
Work-in-progress				39
Total carrying value at 31 March 2018				**4 190**

**Includes intellectual property rights and subscriber base with carrying values of ZAR82m and ZAR51m, respectively, and brand names that have been fully amortised.*

23. Goodwill and other intangible assets (continued)

Impairment testing of goodwill

The group recognised impairment losses on goodwill of ZARnil (2018: ZARnil).

The group has allocated goodwill to various cash-generating units. The recoverable amounts of these cash-generating units have been determined based on value in use calculations. Value in use is based on discounted cash flow calculations. The group based its cash flow calculations on three year budgeted and forecast information approved by senior management and/or the various boards of directors of group companies. Long-term average growth rates for the respective countries in which the entities operate or, where more appropriate, the growth rate of the cash-generating units, were used to extrapolate cash flows into the future. The discount rates used reflect specific risks relating to the relevant cash-generating units and the countries in which they operate while maximising the use of market observable data. Other assumptions included in cash flow projections vary widely between cash-generating units due to the group's diverse range of business models, and are closely linked to entity-specific key performance indicators.

The group allocated goodwill to the following segments of cash-generating units:

Segments of cash-generating units	Carrying value of goodwill ZAR'm	Basis of determination of recoverable amount	Discount rate applied to pre-tax cash flows %	Growth rate used to extra-polate cash flows %
Technology	218	Value in use	16.0	1.0
South Africa	3 295	Value in use	13.0	3.0
	3 513			

Pre-tax discount rates have been applied as value in use was determined using pre-tax cash flows. Impairment testing is performed using the appropriate local currency cash flows, and accordingly, discount rates take into account country risk premiums and inflation differentials as appropriate.

If either the discount rate applied to cash flows were to increase by 5% or the growth rate used to extrapolate cash flows were to decrease by 5%, or if both the discount rate and the growth rate were to increase and decrease by 5% respectively, there would be no further significant impairments that would have to be recognised.

24. Investments in subsidiaries

All subsidiaries have the same financial year-end as MultiChoice Group Limited.

The following information relates to the group's interest in its significant subsidiaries:

Name of subsidiary	Effective % interest 2019	Effective % interest 2018	Nature of business	Country of incorporation	Functional currency	Direct/ indirect
South Africa						
MultiChoice South Africa Holdings Proprietary Limited*	**75.0**	80.0	Investment holding	South Africa	ZAR	Direct
Electronic Media Network Proprietary Limited (M-Net)*	**75.0**	80.0	Video-entertainment content provider	South Africa	ZAR	Indirect
SuperSport International Holdings Proprietary Limited*	**75.0**	80.0	Video-entertainment content provider	South Africa	ZAR	Indirect
DStv Media Sales Proprietary Limited*	**75.0**	80.0	Commercial airtime sales	South Africa	ZAR	Indirect
MultiChoice Proprietary Limited*	**75.0**	80.0	Subscription television	South Africa	ZAR	Indirect
MultiChoice South Africa Proprietary Limited*	**75.0**	80.0	Subscription television	South Africa	ZAR	Indirect
MultiChoice Support Services Proprietary Limited*	**75.0**	80.0	Subscriber management and technical support services and property holding company	South Africa	ZAR	Indirect
MultiChoice Group Treasury Services Proprietary Limited	**100.0**	-	Treasury Services	South Africa	ZAR	Direct
Rest of Africa						
MultiChoice Africa Holdings B.V. Group	**100.0**	100.0	Investment holding	The Netherlands	US$	Direct
MultiChoice Nigeria Limited	**79.0**	79.0	Subscription television	Nigeria	NGN	Indirect
MultiChoice Uganda Limited	**95.0**	75.0	Subscription television	Uganda	USX	Indirect
MultiChoice Zambia Limited	**51.0**	51.0	Subscription television	Zambia	ZK	Indirect
MultiChoice Kenya Limited	**60.0**	60.0	Subscription television	Kenya	KSH	Indirect
MultiChoice Tanzania Limited	**85.0**	60.0	Subscription television	Tanzania	TSH	Indirect
Technology						
Irdeto B.V.	**100.0**	100.0	Technology development	The Netherlands	US$	Direct
Irdeto South Africa Proprietary Limited	**100.0**	100.0	Market research and support services	South Africa	ZAR	Indirect

** The empowerment transaction as per note 8 resulted in a change in the ownership percentage during FY2019.*

24. Investments in subsidiaries (continued)

	MultiChoice Nigeria Limited 31 March 2019 ZAR'm	MultiChoice Nigeria Limited 31 March 2018 ZAR'm	MultiChoice South Africa Holdings Proprietary Limited 31 March 2019 ZAR'm	MultiChoice South Africa Holdings Proprietary Limited 31 March 2018 ZAR'm
Summarised statement of financial position				
Non-current assets	**1 400**	1 178	**16 041**	17 047
Current assets	**1 514**	902	**13 990**	10 054
Total assets	**2 914**	**2 080**	**30 031**	**27 101**
Non-current liabilities	**4 487**	4 201	**10 212**	8 877
Current liabilities	**16 085**	11 041	**9 518**	9 355
Total liabilities	**20 572**	**15 242**	**19 730**	**18 232**
Accumulated non-controlling interests	**(3 708)**	(2 764)	**1 329**	1 774
Summarised income statement				
Revenue	**5 329**	4 049	**40 391**	40 165
Net (loss)/profit for the year	**(1 463)**	(4 348)	**3 466**	7 789
Other comprehensive income	**-**	-	**1 728**	(485)
Total comprehensive (loss)/income	**(1 463)**	**(4 348)**	**5 194**	**7 304**
(Loss)/profit attributable to non-controlling interests	**(307)**	(913)	**942**	1 461
Dividends paid to non-controlling interests	**-**	-	**1 320**	1 300
Summarised statement of cash flows				
Cash flows (utilised in)/generated from operating activities	**1 001**	(894)	**8 558**	7 461
Cash flows utilised in investing activities	**(160)**	(83)	**(645)**	(390)
Cash flows (utilised in)/generated from financing activities	**(697)**	(559)	**(8 431)**	(7 325)

25. Investments and loans

	Notes		
Investment in joint ventures	(a)	**15**	18
Investments held at fair value through other comprehensive income	(b)	**155**	105
Other investments and loans*		**68**	-
		238	**123**

** Loans to the MultiChoice Enterprise Development Trust beneficiaries. These loans are non-interest bearing loans and are repayable over a fixed repayment term.*

(a) Investment in joint ventures

All of these entities are unlisted. They are all incorporated and have their principal place of business in South Africa. All these entities have the same year-end and all have the South African Rand as their functional currency:

Name of company	Effective interest 2019 %	Effective interest 2018 %	Carrying value 2019 ZAR'm	Carrying value 2018 ZAR'm
Kwazulu Natal Cricket Proprietary Limited	**50**	50	**(2)**	(2)
Western Province Professional Cricket Proprietary Limited	**50**	50	**(1)**	(1)
Titans Cricket Proprietary Limited	**50**	50	**18**	19
Vast Networks Proprietary Limited	**49**	49	**-**	2
			15	**18**

	2019 ZAR'm	2018 ZAR'm

25. Investments and loans (continued)

The group continues to recognise losses in these investments as the group guarantees the obligations related to these companies.

(b) Investments held at fair value through other comprehensive income

In March 2016 the group acquired 1 200 000 shares in Phuthuma Nathi Investments 2 (RF) Limited at a cost price of ZAR10 per share. At year-end these shares were revalued to market value of ZAR130 per share (2018: ZAR88 per share).

PART V. OTHER DISCLOSURES

26. Share capital

	2019 ZAR'm	2018 ZAR'm
Authorised and Issued		
438 837 468 ordinary shares	*	*

** Ordinary shares were issued and valued at a nominal value.*

In the prior year, the legal entity did not exist, refer to the basis of preparation in note 1.

Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk.

The group relies upon distributions, including dividends, from its subsidiaries to generate the funds necessary to meet the obligations and other cash flow requirements of the group.

The group optimises the management of its capital through a centralised treasury holding company (treasury holdco) structure. This structure is approved by the South African Reserve Bank. The treasury holdco is managed by the group treasury function and manages:

- Centralised cash management and yield maximisation;
- Forward exchange contracts on behalf of operating entities;
- Treasury policy compliance; and
- Group funding requirements.

Funding to subsidiaries is provided through a combination of loans and share capital, depending on country-specific requirements including regulatory. Intergroup loan funding is generally considered to be part of the capital structure.

The group follows a risk-based approach to the determination of the optimal capital structure. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders through share buy backs, issue new shares or sell assets to reduce debt.

The group does not have a formally targeted leverage policy. The group has specific financial covenants in place with various financial institutions to govern its debt, all of which were complied with during the reporting period.

South African exchange control regulations provide for a common monetary area consisting of the Republic of South Africa, the Kingdom of Lesotho, the Kingdom of Swaziland and the Republic of Namibia, and restrict the export of capital from the common monetary area. Approval by the South African Reserve Bank is required for any acquisitions outside of the common monetary area if the acquisition is funded from within the common monetary area.

		2019 ZAR'm	2018 ZAR'm

27. Related parties

(a) Related party balances

	Notes	2019 ZAR'm	2018 ZAR'm
Amounts due to related parties: Non-current	12	**(134)**	(15 000)
Amounts due to related parties: Current	12	**-**	(316)
Amounts due from related parties: Non-current	(i)	**180**	1 191
Amounts due from related parties: Current	(ii)	**-**	139
		46	**(13 986)**

(i) Amounts due from related parties: Non-current	**Nature of relationship**	2019 ZAR'm	2018 ZAR'm
MIH Treasury Services Proprietary Limited*	Fellow subsidiary	**-**	966
Vast Networks Proprietary Limited	Joint venture	**-**	99
Other	Fellow subsidiaries and equity investees	**180**	126
		180	**1 191**

(ii) Amounts due from related parties: Current	**Nature of relationship**	2019 ZAR'm	2018 ZAR'm
MIH Finance VOF*	Fellow subsidiary	**-**	64
Showmax B.V. (Polish entities)*	Fellow subsidiary	**-**	20
PayU Global B.V.*	Fellow subsidiary	**-**	24
Other	Fellow subsidiaries	**-**	31
		-	**139**

These current balances are unsecured, interest free and have no fixed terms of repayment.

(b) Related party transactions

The group entered into transactions with a number of related parties, including equity investees, shareholders and entities under common control. The significant transactions with related parties are summarised below. Transactions that are eliminated on consolidation are not included.

Sales of goods and services	**Nature of relationship**	2019 ZAR'm	2018 ZAR'm
Showmax B.V. (Polish entities)*	Fellow subsidiary	**147**	235
Other	Fellow subsidiaries	**31**	16
		178	**251**

Purchases of goods and services:	**Nature of relationship**	2019 ZAR'm	2018 ZAR'm
Showmax B.V. (Polish entities)*	Fellow subsidiary	**(232)**	(445)
New Media Publishing Proprietary Limited*	Fellow subsidiary	**(47)**	(84)
Media24 Proprietary Limited*	Fellow subsidiary	**(97)**	(99)
Minority shareholders and companies with common directors	Minority shareholders and companies with common directors	**(275)**	-
Other	Fellow subsidiaries	**(29)**	(3)
		(680)	**(631)**

		2019 ZAR'm	2018 ZAR'm

27. Related parties (continued)

Interest (paid)/received:	**Nature of relationship**		
MIH Holdings Proprietary Limited*	Fellow subsidiary	**(30)**	(41)
MIH Finance VOF*	Fellow subsidiary	**(425)**	(610)
Other	Fellow subsidiaries	**5**	6
		(450)	**(645)**

** Effective 4 March 2019, the group was unbundled from the Naspers Group. As a result of this, as at 31 March 2019, these entities are not classified as related parties. Transactions with these entities for 11 months (up to 28th February 2019) prior to the unbundling are disclosed as related party transactions.*

During FY2019, loans owing to the Naspers group amounting to ZAR23bn were capitalised as part of the unbundling from Naspers (refer to Note 12).

Key management remuneration

Consolidated		
Short-term employee benefits	**133**	103
Long-term post-employment benefits	**11**	7
Share-based payment charge	**110**	36
Fees paid to key management	**254**	**146**

Non-executive directors		
Directors' fees	**31**	**-**

Key management remuneration and participation in share-based incentive plans

Comparatives have not been restated to account for the change in the composition of key management.

For shares listed on a recognised stock exchange as follows:

32 877 (2018: 20 268) Naspers Limited Class N ordinary shares were allocated during the 2019 financial year and an aggregate of 51 802 (2018: 77 939) Naspers Limited Class N ordinary shares were allocated as at 31 March 2019.

3 537 (2018: Nil) MCG shares were allocated during the 2019 financial year and an aggregate of 17 038 (2018: Nil) MCG shares were allocated as at 31 March 2019.

For share appreciation rights (SARs) in unlisted companies as follows:

1 835 431 (2018: 493 967) MultiChoice 2008 SARs were allocated during the 2019 financial year and an aggregate of 4 495 108 (2018: 2 520 897) MultiChoice 2008 SARs were allocated as at 31 March 2019.

13 035 (2018: 7 025) Irdeto SARs were allocated during the 2019 financial year and an aggregate of 62 450 (2018: 82 394) Irdeto SARs were allocated as at 31 March 2019.

Nil (2018: Nil) Naspers Global Ecommerce SARs were allocated during the 2019 financial year and an aggregate of 21 227 (2018: Nil) Naspers Global Ecommerce SARs were allocated as at 31 March 2019.

Nil (2018: Nil) Showmax SARs were allocated during the 2019 financial year and an aggregate of 20 259 (2018: 28 122) Showmax SARs were allocated as at 31 March 2019.

These shares and SARs were granted on the same terms and conditions as those offered to employees of the group.

28. Fair value of financial instruments

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13 – Fair value measurement, as shown below.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).

Level 3: Inputs for the asset or liability that are unobservable.

(a) Fair value of instruments measured at fair value

The fair values of the group's financial instruments that are measured at fair value are categorised as follows:

Financial instrument	Fair value 2019 ZAR'm	Fair value 2018 ZAR'm	Valuation method	Level in fair value hierarchy
Financial assets				
Investments held at fair value through other comprehensive income	**155**	105	Quoted prices in a public market	Level 1
Forward exchange contracts	**643**	76	Fair value using forward exchange rates that are publicly available	Level 2
Currency depreciation features	**83**	20	The fair value is calculated based on the LIBOR rate of 2.48%	Level 3
Financial liabilities				
Forward exchange contracts	**15**	-	Fair value using forward exchange rates that are publicly available	Level 1
Forward exchange contracts	**207**	1 509	Fair value using forward exchange rates that are publicly available	Level 2

Currency depreciation features – relate to clauses in content acquisition agreements that provide the group with protection in the event of significant depreciation of the purchasing entity's functional currency relative to the currency of the content acquisition agreement. The fair value of currency depreciation features is measured through the use of discounted cash flow techniques. Key inputs used in measuring fair value include the terms and benchmark rates contained in content acquisition agreements and spot exchange rates prevailing at the relevant measurement dates.

(b) Fair value of instruments not measured at fair value

The group discloses the fair values of the following financial instruments as their carrying values differ from their fair values:

Financial instrument	Carrying value 2019 ZAR'm	Fair value 2019 ZAR'm	Carrying value 2018 ZAR'm	Fair value 2018 ZAR'm
Financial liabilities				
Capitalised finance leases (level 3)	**15 731**	**15 727**	13 603	13 212

Level 3 – the fair values of all level 3 disclosures have been determined through the use of discounted cash flow analyses. Key inputs include current market interest rates as well as contractual cash flows.

The carrying values of all other financial instruments are considered to be a reasonable approximation of their fair values.

	2019 ZAR'm	2018 ZAR'm

29. Subsequent events

There have been no events noted, that occurred after the reporting date, that could have a material impact on the consolidated annual financial statements.

30. Recently issued accounting standards

The IASB issued a number of standards, amendments to standards and interpretations during the year ended 31 March 2019. The following amended accounting standards have been adopted by the group and are applicable for the first time during the year ended 31 March 2019. These pronouncements had no significant effect on the group's consolidated annual financial statements:

Standard/Interpretation	Title
IFRS 2	*Share-based payments*
Various	*Annual Improvements to IFRS 2014 – 2016*

The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2019. The group is currently evaluating the effects of these standards and interpretation, which have not been early adopted. The group has done an initial assessment and tentatively concluded that the implementation of these changes will not have a material impact on the financial statements.

Standard/Interpretation	Title	Effective for year ending
IAS 1	*Presentation of Financial Statements*	March 2021
IAS 8	*Accounting Policies, Change in Accounting Estimates and Errors*	March 2021
IAS 19	*Employee benefits*	March 2021
IFRS 3	*Business Combinations*	March 2021
IFRS 9	*Financial instruments*	March 2020
IFRS 16	*Leases*	March 2020
IFRIC 23	*Uncertainty over Income tax treatments*	March 2020
Various	*Annual improvements cycle 2015 - 2017*	March 2020

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016 and will be adopted by the group on 1 April 2019. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals is recognised. The only exceptions are short-term and low-value leases (such as leases of operating equipment etc.). The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets (including property leases) will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The group is currently assessing the impact of this standard and the impact on the future consolidated annual financial statements. The group plans to elect the practical expedient to not reassess the definition of leases. The group expects that the impact will largely relate to the recognition of existing operating lease commitments (refer to note 14 for these commitments as at 31 March 2019) as right-of-use assets and obligations to make lease payments in the consolidated statement of financial position. The group will also record the corresponding lease liability which will initially be measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. We expect this to result in an increase in current and long-term liabilities, and an increase in non-current assets.

The adoption of the standard will result in a change in the presentation of lease payments in the consolidated income statement. The lease payments currently disclosed as operating expenses, will in future, under the right of-use model, be disclosed as depreciation and interest expense. Operating cash inflows will decrease, and financing cash outflows are expected to increase as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

30. Recently issued accounting standards (continued)

The group's activities as a lessor are not material, however additional disclosures may be required in the following reporting period.

31. Directors' emoluments

Directors and prescribed officers emoluments	**48**	32
Non-executive directors		
Fees for services as directors of the group	**2**	-
Remuneration for services to other group companies	**14**	-
Fees for services as directors of other group companies	**15**	-
	31	-
	79	32

Refer to note 1 for the accounting policy adopted by the group for comparative information on directors emoluments.

No director has a notice period of more than one year.

The group directors' service contracts do not include predetermined compensation as a result of termination that would exceed one year's salary and benefits and none are linked to any restraint payments.

The individual directors received the following remuneration and emoluments:

2019	**Salary and other allowances**	**Annual cash bonuses and performance related payments**	**Pension contributions paid on behalf of the director**	**Total**
Executive directors	**ZAR'm**	**ZAR'm**	**ZAR'm**	**ZAR'm**
MI Patel(1)	13.79	7.94	0.76	22.49
CP Mawela(1)(2)	2.40	-	0.31	2.71
TN Jacobs(1)(2)	2.08	3.81	0.28	6.17
B De Villiers(1)(2)(3)	4.97	-	-	4.97
U Raman(1)(4)	6.26	4.80	0.77	11.83
	29.50	**16.55**	**2.12**	**48.17**

(1) Paid by other companies in the group
(2) Appointed on 1 November 2018
(3) Prescribed officer
(4) Resigned on 31 October 2018

2018	**Salary and other allowances**	**Annual cash bonuses and performancer elated paymer ts**	**Pension contributions paid on behalf of the director**	**Total**
Executive directors	**ZAR'm**	**ZAR'm**	**ZAR'm**	**ZAR'm**
MI Patel(1)	12.64	6.43	0.65	19.72
U Raman(1)	4.48	7.44	0.64	12.56
	17.12	**13.87**	**1.29**	**32.28**

(1) Paid by other companies in the group

31. Directors' emoluments (continued)

2019	Directors' remuneration		Directors' fees		Committee and trustee fees[(2)(3)]		
	Paid for services to the group	Paid for services to other group companies	Paid for services to the group	Paid for services to other group companies[(1)]	Paid for services to the group	Paid for services to other group companies	Total
Non-executive directors	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm	ZAR'm
DG Eriksson	-	-	0.18	3.81	0.11	4.25	8.35
FLN Letele[(4)]	-	11.52	-	-	-	-	11.52
E Masilela	-	-	0.18	0.56	-	0.29	1.03
KD Moroka	-	-	0.18	0.71	0.18	0.52	1.59
SJZ Pacak	-	-	0.18	4.11	0.29	0.63	5.21
L Stephens	-	-	0.18	0.24	0.14	0.14	0.70
JJ Volkwyn[(5)]	-	2.64	-	-	-	-	2.64
	-	**14.16**	**0.90**	**9.43**	**0.72**	**5.83**	**31.04**

(1) Includes fees paid by Naspers for 11 months for DG Eriksson and SJZ Pacak relating to Naspers board services..
(2) Committee fees include fees for the attendance of the audit committee, risk committee, human resources and remuneration committee, the nomination committee and the social and ethics committee meetings of the board. Other fees relate to payments for other services to the group.
(3) Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds. An additional fee may be paid to directors for work done as directors with specific expertise.
(4) Remunerated as an employee of the MultiChoice South Africa group.
(5) Remunerated as an employee of MultiChoice Africa Services BV.

There was no comparable information for non-executive directors as no non-executive directors existed before the MultiChoice group formation and there were no comparable group structure with non-executive directors.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act.

Directors' interest in the group's share incentive schemes

For details of the various share plans within the group refer to note 6.

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
CP Mawela	MCA 2008 SAR Plan	15-Sep-14	5 087	125.60	15-Sep-19	58.08
		15-Sep-15	16 240	113.19	15-Sep-19	46.75
		15-Sep-15	16 242	113.19	15-Sep-20	51.69
		01-Sep-16	13 958	116.30	01-Sep-19	39.54
		01-Sep-16	13 958	116.30	01-Sep-20	45.30
		01-Sep-16	13 958	116.30	01-Sep-21	50.62
		28-Jun-17	10 594	94.39	28-Jun-20	35.73
		28-Jun-17	10 594	94.39	28-Jun-21	39.76
		28-Jun-17	10 595	94.39	28-Jun-22	43.51
		27-Jun-18	26 119	77.19	27-Jun-21	29.48
		27-Jun-18	26 119	77.19	27-Jun-22	32.92
		27-Jun-18	26 119	77.19	27-Jun-23	36.00
			189 583			

31. Directors' emoluments (continued)

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
JJ Volkwyn	MCG - MIH Services FZ LLC - N - ZAR (Naspers shares)	24-Jul-15	3 636	0.00	24-Jul-19	106.10
		24-Jul-15	3 638	0.00	24-Jul-20	106.10
			7 274			
	MIH Services FZ LLC - N - ZAR (Naspers shares)	24-Jul-15	3 636	1 822.89	24-Jul-19	829.44
		24-Jul-15	3 638	1 822.89	24-Jul-20	903.61
			7 274			

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
MI Patel	MCA 2008 SAR Plan	15-Sep-14	28 198	125.60	15-Sep-19	58.08
		15-Sep-15	82 276	113.19	15-Sep-19	46.75
		15-Sep-15	82 276	113.19	15-Sep-20	51.69
		01-Sep-16	58 369	116.30	01-Sep-19	39.54
		01-Sep-16	58 369	116.30	01-Sep-20	45.30
		01-Sep-16	58 370	116.30	01-Sep-21	50.62
		28-Jun-17	67 996	94.39	28-Jun-20	35.73
		28-Jun-17	67 996	94.39	28-Jun-21	39.76
		28-Jun-17	67 996	94.39	28-Jun-22	43.51
		27-Jun-18	119 527	77.19	27-Jun-21	29.48
		27-Jun-18	119 527	77.19	27-Jun-22	32.92
		27-Jun-18	119 529	77.19	27-Jun-23	36.00
			930 429			
	Showmax SAR Plan	18-Sep-15	2 222	18.00	18-Sep-19	9.83
		18-Sep-15	2 223	18.00	18-Sep-19	10.28
			4 445			

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
TN Jacobs	MCA 2008 SAR Plan	03-Dec-18	151 142	77.19	03-Dec-21	30.37
		03-Dec-18	151 142	77.19	03-Dec-22	33.97
		03-Dec-18	151 143	77.19	03-Dec-23	37.27
			453 427			

31. Directors' emoluments (continued)

2019

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
B De Villiers	*SAR Plan*					
	MCA 2008 SAR Plan	27-Jun-16	81 471	116.30	27-Jun-19	13.07
		27-Jun-16	81 471	116.30	27-Jun-20	13.40
		27-Jun-16	81 473	116.30	27-Jun-21	14.85
		01-Sep-16	2 866	116.30	01-Sep-19	39.54
		01-Sep-16	2 866	116.30	01-Sep-20	45.30
		01-Sep-16	2 866	116.30	01-Sep-21	50.62
		28-Jun-17	14 125	94.39	28-Jun-20	35.73
		28-Jun-17	14 125	94.39	28-Jun-21	39.76
		28-Jun-17	14 127	94.39	28-Jun-22	43.51
		27-Jun-18	21 591	77.19	27-Jun-21	29.48
		27-Jun-18	21 591	77.19	27-Jun-22	32.92
		27-Jun-18	21 593	77.19	27-Jun-23	36.00
			360 165			
	Naspers shares					
	MCG - MIH HOLDINGS Share Trust	27-Jun-16	1 375	0.00	27-Jun-19	106.10
		27-Jun-16	1 375	0.00	27-Jun-20	106.10
		27-Jun-16	1 377	0.00	27-Jun-21	106.10
		05-Jul-16	147	0.00	05-Jul-19	106.10
		05-Jul-16	147	0.00	05-Jul-20	106.10
		05-Jul-16	149	0.00	05-Jul-21	106.10
			4 570			
	MIH HOLDINGS Share Trust	27-Jun-16	1 375	2 098.89	27-Jun-19	824.12
		27-Jun-16	1 375	2 098.89	27-Jun-20	926.68
		27-Jun-16	1 377	2 098.89	27-Jun-21	1 019.02
		05-Jul-16	147	2 162.89	05-Jul-19	841.96
		05-Jul-16	147	2 162.89	05-Jul-20	947.48
		05-Jul-16	149	2 162.89	05-Jul-21	1 040.60
			4 570			
	MIH Services FZ LLC - N - ZAR	28-Aug-17	339	2 839.88	28-Aug-19	850.48
		28-Aug-17	339	2 839.88	28-Aug-20	1 005.30
		28-Aug-17	340	2 839.88	28-Aug-21	1 143.82
		25-Jun-18	393	3 100.99	25-Jun-19	806.21
		25-Jun-18	393	3 100.99	25-Jun-20	1 022.84
		25-Jun-18	393	3 100.99	25-Jun-21	1 199.94
		25-Jun-18	393	3 100.99	25-Jun-22	1 351.31
			2 590			

31. Directors' emoluments (continued)

2018

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
MI Patel	*SAR Plan*					
	MCA 2008 SAR Plan	11-Jul-13	19 885	117.35	11-Jul-18	9.17
		15-Sep-14	28 198	125.60	15-Sep-18	10.02
		15-Sep-14	28 198	125.60	15-Sep-19	10.31
		15-Sep-15	82 276	113.19	15-Sep-18	12.81
		15-Sep-15	82 276	113.19	15-Sep-19	13.45
		15-Sep-15	82 276	113.19	15-Sep-20	15.01
		01-Sep-16	58 369	116.30	01-Sep-19	14.12
		01-Sep-16	58 369	116.30	01-Sep-20	15.58
		01-Sep-16	58 370	116.30	01-Sep-21	17.65
		28-Jun-17	67 996	94.39	28-Jun-20	20.25
		28-Jun-17	67 996	94.39	28-Jun-21	23.28
		28-Jun-17	67 996	94.39	28-Jun-22	26.33
			702 205			
	Showmax SAR Plan	18-Sep-15	2 222	18.00	18-Sep-18	5.63
		18-Sep-15	2 222	18.00	18-Sep-19	6.37
		18-Sep-15	2 222	18.00	18-Sep-20	6.96
			6 666			
	Naspers shares					
	MIH HOLDINGS Share Trust	11-Jul-13	1 368	767.89	11-Jul-18	334.75
		04-Sep-14	1 234	1 378.67	04-Sep-18	626.11
		04-Sep-14	1 234	1 378.67	04-Sep-19	676.96
		18-Sep-15	2 247	1 740.85	18-Sep-18	765.98
		18-Sep-15	2 247	1 740.85	18-Sep-19	845.16
		18-Sep-15	2 247	1 740.85	18-Sep-20	914.29
		25-Sep-15	459	1 700.53	25-Sep-18	748.89
		25-Sep-15	459	1 700.53	25-Sep-19	826.68
		25-Sep-15	460	1 700.53	25-Sep-20	894.66
		29-Aug-16	1 938	2 429.53	29-Aug-19	909.76
		29-Aug-16	1 938	2 429.53	29-Aug-20	1 030.16
		29-Aug-16	1 938	2 429.53	29-Aug-21	1 135.31
			17 769			
	MIH Services FZ LLC - N - ZAR	28-Aug-17	1 657	2 945.89	28-Aug-18	673.40
		28-Aug-17	1 657	2 945.89	28-Aug-19	851.09
		28-Aug-17	1 657	2 945.89	28-Aug-20	1 006.02
		28-Aug-17	1 658	2 945.89	28-Aug-21	1 144.64
			6 629			

31. Directors' emoluments (continued)

2018

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
U Raman	MCA 2008 SAR Plan	27-Jun-16	85 769	116.30	27-Jun-19	13.42
		27-Jun-16	85 769	116.30	27-Jun-20	14.67
		27-Jun-16	85 771	116.30	27-Jun-21	16.56
		28-Jun-17	7 049	94.39	28-Jun-20	20.25
		28-Jun-17	7 049	94.39	28-Jun-21	23.28
		28-Jun-17	7 051	94.39	28-Jun-22	26.33
			278 458			
		27-Jun-16	1 551	2 098.89	27-Jun-19	824.95
		27-Jun-16	1 551	2 098.89	27-Jun-20	927.61
		27-Jun-16	1 553	2 098.89	27-Jun-21	1 020.04
		05-Jul-16	136	2 162.89	05-Jul-19	842.78
		05-Jul-16	136	2 162.89	05-Jul-20	948.40
		05-Jul-16	137	2 162.89	05-Jul-21	1 041.61
			5 064			
		28-Aug-17	1 049	2 945.89	28-Aug-18	673.40
		28-Aug-17	1 049	2 945.89	28-Aug-19	851.09
		28-Aug-17	1 049	2 945.89	28-Aug-20	1 006.02
		28-Aug-17	1 052	2 945.89	28-Aug-21	1 144.64
			4 199			
	Showmax SAR Plan	01-Jul-16	1 572	18.00	01-Jul-18	5.41
		01-Jul-16	1 572	18.00	01-Jul-19	6.25
		01-Jul-16	1 572	18.00	01-Jul-20	6.90
		01-Jul-16	1 575	18.00	01-Jul-21	7.43
			6 291			

Directors' interest in MultiChoice Group Limited shares

The directors of MultiChoice Group Limited (and their associates) had the following beneficial interest in MultiChoice Group Limited ordinary shares at 31 March 2019.

MultiChoice Group Limited - Ordinary shares

Name	Direct	Indirect	Total
MI Patel	1 412	-	1 412
FLN Letele	737	-	737
KD Moroka	290	-	290
SJZ Pacak	376 635	291 548	668 183
JJ Volkwyn	15 000	10 910	25 910
TN Jacobs	2 731	-	2 731
	396 805	**302 458**	**699 263**

All ordinary shares were obtained as part of the unbundling process from Naspers Limited.

There have been no further changes to the directors' interests in the table above between the end of the financial year and 14 June 2019.

Administration and Corporate Information

for the year ended 31 March 2019

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Registration number
2018/473845/06
Incorporated in South Africa

Auditor
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Transfer secretaries
Singular Systems Proprietary Limited
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The Bank of New York Mellon
Shareholder Relations Department -
Global BuyDIRECT
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Analysis of shareholders

for the year ended 31 March 2019

Size of holdings	Number of shareholders	Number of shares owned
1 – 1000 shares	73 818	8 388 663
1001 – 10 000 shares	3 908	11 491 978
10 001 – 100 000 shares	1 405	49 368 055
100 001 – 1 000 000 shares	435	124 997 129
More than 1 000 000 shares	69	244 591 643

The following shareholders hold 5% and more of the ordinary issued share capital of the group:

Name	% held	Number of ordinary shares owned
Government Employees Pension Fund	13.28 %	58 297 131
Allan Gray	5.23 %	22 937 227

Public shareholder spread

To the best knowledge of the directors, the spread of public shareholders in terms of paragraph 4.25 of the JSE Limited Listings Requirements at 31 March 2019 was 86.56%, represented by 79 623 shareholders holding 379 834 294 ordinary shares in the group. The non-public shareholders of the group comprising 12 shareholders representing 59 003 174 ordinary shares are analysed as follows:

Category	Number of ordinary shares	% of ordinary issued share capital
Share schemes	6 780	0.00 %
Directors	699 263	0.16 %
Beneficial holders > 10%	58 297 131	13.28 %

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