MULTICHOICE
ENRICHING LIVES

MULTICHOICE GROUP LIMITED

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Statement of responsibility by the board of directors

for the year ended 31 March 2020

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 1 to 93 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 as amended (the Companies Act). The company also subscribes in all its activities to principles of best practice and corporate governance, as set out in the King IV Report on Corporate Governance for South Africa 2016 (King IV^{TM}). In conformity with IFRS, 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. No facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading. Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the consolidated annual financial statements. The group operates in an established control environment, which is documented and regularly reviewed. The group risk committee plays an integral role in risk management. The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the risk committee, audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The group's internal audit function, which operates unimpeded by operational management, and has unrestricted access to the group's audit committee, assesses and, when necessary, recommends improvements in the system of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

The directors believe that the group has adequate resources to continue operations as a going concern in the foreseeable future, based on budgets, cash flow forecasts and available cash resources. The consolidated annual financial statements, reflecting the current financial position and existing borrowing facilities, 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 10 June 2020.

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. A copy of PricewaterhouseCoopers Inc.'s unqualified audit report is presented on pages 14 to 20.

The consolidated annual financial statements were approved by the board of directors on 10 June 2020 and are signed on its behalf by:

Calvo Mawela
Chief executive

Tim Jacobs
Chief financial officer

Company Secretary's Certification

for the year ended 31 March 2020

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, in my capacity as interim company secretary of MultiChoice Group Limited, I confirm that for the year ended 31 March 2020 the company has lodged with the Registrar of Companies and the Companies and Intellectual Property Commission, all such returns and notices 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.

Rochelle Joy Gabriels
Company Secretary
10 June 2020

I am pleased to present the report of the audit committee (the committee) for the year ended 31 March 2020 (FY20). The 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 committee consists of independent non-executive directors and meets at least three times per year in accordance with its charter. All members act independently, are financially literate, have sound business and financial acumen and comply with all other requirements of section 94 of the Act. The committee has unrestricted access to company information falling within the committee's mandate and liaises with management on the information it requires to carry out its responsibilities.

During FY20, five meetings were held including 4 formal meetings and 1 special meeting regarding the Phuthuma Nathi (PN) share offer. The internal and external auditors, in their respective capacity as auditors to the group, attended and reported at all formal meetings of the committee. Both internal and external auditors have unrestricted access to the committee through the chair as well as the opportunity at one meeting per year to report to the committee in the absence of management. The chairperson of the board, group CEO, group CFO, group company secretary, corporate CFO and group general counsel while not members, attend committee meetings by invitation.

The names of the members who were in office during FY20, and up to the date of this report, and the details of the committee meetings attended by each of the members are reflected below.

Name of member	Qualification	Attendance	Category
SJZ Pacak	B.Acc (Wits) and CA(SA)	5/5	Independent non-executive chair
DG Eriksson	CTA (Wits) and CA(SA)	5/5	Independent non-executive
L Stephens	BBSc (UCT), BCom(Hons) (RAU), CA(SA), CD(SA)	5/5	Independent non-executive
CM Sabwa	BCom(Accounting), CPA(K)	4/4[1]	Independent non-executive

1 CM Sabwa, an independent non-executive director, was appointed as a committee member with effect from end of June 2019.

The board and the nomination committee unanimously recommend to shareholders at the Annual General Meeting (AGM) that the current committee members be re-elected, including the following changes which have occurred subsequent to 31 March 2020:

- SJZ Pacak, the independent non-executive chair, resigned as chairperson and member of the committee with effect from 3 April 2020.
- L Stephens, an independent non-executive director, was appointed as chairperson with effect from 3 April 2020.
- E Masilela, an independent non-executive director, was appointed to the committee with effect from 3 April 2020.
- DG Eriksson, an independent non-executive director, will retire as a director and member of the committee on 11 June 2020.

Responsibilities

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

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

Financial controls

- Review and approve for presentation to and approval by the board, the group's integrated annual report, annual financial statements, interim and provisional reports, and any other group press releases with material financial or internal control impacts. These reviews included:
  - taking appropriate steps to ensure the annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act.
  - considering and, when appropriate, making recommendations on internal financial controls.
  - dealing with concerns or complaints on accounting policies, internal audit, the auditing or content of the annual financial statements, and internal financial controls.
  - reviewing key audit matters raised by the external auditor and management's response thereto.
  - reviewing legal matters that could have a significant impact on the annual financial statements.
  - compiling a report to be inserted in the annual financial statements, describing how the audit committee carried out its functions.

Financial controls (continued)

- Disclose in the integrated report significant matters that the audit committee has considered in relation to the annual financial statements, and how these were addressed by management.
- Reviewed the ability of the group to continue as a going concern, including an analysis of the group's liquidity and solvency and recommend it to the board for approval.

External Auditor

- Receive all audit reports directly from the external auditor.
- Annually review the external auditor's performance and disclose the committee's views on the quality of the external audit, with reference to audit quality indicators such as those that may be included in inspection reports issued by external audit regulators.
- Evaluate the lead partner of the external auditor, Brett Stephen Humphreys, who will be subject to rotation as required by regulations.
- Present the committee's conclusions on the external auditor to the board, preceding the annual request to shareholders to approve the appointment of the external auditor.
- Approve the external auditor's terms of engagement and remuneration.
- Evaluate and provide commentary on the external auditor's audit plans, scope of findings, identified issues and reports.
- Develop a policy for the board to approve non-audit services performed by the external auditor. Approve non-audit services provided by the external auditor in accordance with this policy.

Internal Audit

- Approve and recommend to the board for approval, the internal audit charter, which must be reviewed annually.
- Oversee the internal audit function and assist the board in fulfilling the following responsibilities:
  - set the direction for internal audit arrangements needed to provide objective and relevant assurance contributing to the effectiveness of governance, risk management and control processes.
  - ensure that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the group, and that internal audit is supplemented as required by specialists.
  - confirm the appointment of the head of the group's internal audit function and periodically review her performance.
  - monitor that internal audit follows an approved risk-based internal audit plan, review the organisational risk profile regularly, and propose adaptations to the internal audit plan accordingly.
  - ensure internal audit provides a statement annually as to the effectiveness of the company's governance, risk management and control process.
  - ensure the internal audit function is subject to an external, independent quality review every four years.
  - obtain confirmation annually from the head of the group's internal audit function that internal audit conforms to a recognised industry code of ethics and internal auditing standards.
  - review internal audit and the risk committee's reports to the audit committee.

Combined Assurance

- Ensure that the arrangements for assurance services are effective in achieving the following objectives:
  - enabling an effective internal control environment;
  - supporting the integrity of information used for internal decision-making by management, the board and its committees, and
  - supporting the integrity of external reports.
- Ensure a combined assurance model is applied which incorporates and optimises the various assurance services and functions so that, taken as a whole, they support the objectives of assurance.
- Ensure that the combined assurance model is designed and implemented to cover effectively the group's significant risks and material matters through a combination of assurance service providers and functions as is appropriate for the group.
- Disclose in the integrated report the arrangements in place for combined assurance and the committee's views on its effectiveness.

Other matters

- Review procedures to ensure that the listing requirements of the Johannesburg Stock Exchange (JSE) are complied with.
- Review practices with reference to the King IV™ Code on Corporate Governance and make specific disclosures recommended by the code.
- Monitor compliance with board-approved group levels of authority.
- Establish procedures for the receipt, retention and treatment of complaints received on accounting, internal control, auditing matters, risk management and management of other fraudulent activities, including procedures for confidential, anonymous reporting by employees.
- Annually evaluate the performance and appropriateness of the expertise and experience of the chief financial officer and the finance function, and disclose the results in the integrated annual report.
- Evaluate the effectiveness of risk management, controls and governance processes.
- Review audit committee reports and charters of all major subsidiaries, as well as their annual assessment of charter compliance.
- Review the JSE Limited's report on the proactive monitoring of annual financial statements and ensure correct application in the group's reported financial information.

Key areas of focus during FY20

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

- discharging its functions in terms of its charter.
- review and approval of group policy updates.
- ensuring a successful transition for the group to a standalone listed entity after unbundling from Naspers Limited.
- assessing the impact of changes in accounting standards (specifically *IFRS 16* and *IFRIC 23*) and JSE Listings Requirements.
- reviewing the Phuthuma Nathi share offer including all legalities as well as the fairness of the transaction.
- reviewing management's plan around how mandatory audit firm rotation will be implemented by the group.
- assessing the impact of COVID-19 on the group financial statements as well as the risk management processes implemented by management.
- reviewing the group's application and extent of application of the practices set out in the King IV™ report on corporate governance.

Financial statement reporting issues

The 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 annual financial statements 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 annual financial statements, taken as a whole, are fair and balanced

The significant judgements, issues and conclusions reached, or actions taken by the committee in relation to the FY20 annual financial statements are outlined below.

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 14 to 20.

<table>
<tr><th>Significant reporting matter</th><th>How the audit committee addressed the matter</th></tr>
<tr><td>Accounting for sports rights due to COVID-19 uncertainties
The outbreak of COVID-19 has influenced sporting events globally which has caused these events to either be postponed or cancelled, both before and after financial year end. Based on the unique nature of COVID-19 and the judgement required in assessing whether sports events will take place, as well as the materiality of this financial statement line item, the following policies were developed:

Subsequent events
New information or changes in circumstances that arose from the reporting date up to the date of signing the consolidated annual financial statements, that relate to the presentation and measurement of assets and liabilities in existence at 31 March 2020, were considered to be adjusting subsequent events in terms of the requirements of IAS 10 Events after the Reporting Period.

Measurement of Programme and film rights
The useful lives of sports rights that were postponed have been reassessed and will be adjusted prospectively if material.
Impairment indicators of sports rights assets were considered with no material impairment losses being recognised.

This reporting matter is addressed in the following notes to the consolidated annual financial statements:
Note 2 - Principal accounting policies
Note 19 - Programme and film rights
Note 29 - Subsequent events</td><td>This reporting matter was addressed by the audit committee as follows:
Review of the latest developments on material sports events;
Ensuring that based on the latest developments, managements accounting policies have been appropriately recognised and disclosed in the consolidated annual financial statements;
Discussing with management, internal technical accounting and the external auditors on the IFRS compliance of accounting for these sports rights.
Consequently, the audit committee was satisfied with the approach adopted in the consolidated annual financial statements.</td></tr>
<tr><td>Accounting for Taxation
Due to the inherently complex nature of tax exposures in developing markets, specifically within the Rest of Africa segment, the group has recognised material tax liabilities and contingencies in the consolidated annual financial statements. A large degree of management judgement is exercised in estimating potential exposures where the interpretation of tax laws and regulations is subjective. Furthermore, the application of IFRIC 23 Uncertainty over income tax treatments, required a change in accounting policy in the current year. This reporting matter is addressed in the following notes to the consolidated annual financial statements:
Note 2 - Principal accounting policies;
Note 9 - Taxation;
Note 10 - Deferred taxation; and
Note 14 - Commitments and contingencies.</td><td>This reporting matter was addressed by the audit committee as follows:
Review of updates on the group’s assessment on uncertain tax matters from management, including internal and external tax specialists, and legal opinions where necessary;
Challenging both management and the external auditor on the judgements underpinning the measurement and disclosure of uncertain tax matters;
Review of the application of IFRIC 23 Uncertainty over income tax treatments and the resulting change in accounting policy. This was motivated by management and the external auditors and was retrospectively applied as required by IFRS.
Consequently, the audit committee was satisfied with the approach adopted in the consolidated annual financial statements.</td></tr>
</table>

Other reporting matters

The committee has reviewed and is satisfied with the adequacy and effectiveness of accounting policies, financial and other internal control systems, and the financial reporting processes which are operating effectively.

The committee reviewed the adoption and calculation of the group’s non-IFRS measures including trading profit, core headline earnings and free cash flow. The 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.

Internal audit

The committee has oversight of the group's annual financial statements 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 group 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, are effective.

Effectiveness of the 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 controls of the group and its subsidiaries were reported for the year under review.

Independence and effectiveness of the external auditor

PricewaterhouseCoopers Inc. (PwC) was reappointed as auditor of the group until the next AGM. PwC has been the auditor of the group since 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 annual financial statements. 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. Services approved for FY20 amounted to ZAR9.1m (FY19: ZAR1.1m) for tax consulting and ZAR5.3m (FY19: ZAR3.1m) for other services.

During FY20, the committee reviewed representations 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. Based on this review, 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 Stephen Humphreys has been the audit partner for two financial years.

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 Stephen 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 that these together are effective 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.
- Information technology governance is assessed by the committee through reporting at each meeting from the group chief information officer.
- The annual renewal of insurance (including directors and officers' insurance) is specifically considered together with risk management and the group's external insurance consultants.
- 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 annual financial statements 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.

Discharge of responsibilities

The committee determined that, during FY20, 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 the next financial year include:

- discharging its functions in terms of its charter.
- assessing the impact of changes to accounting standards and the JSE Listings Requirements.
- reviewing implementation of 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.
- review of the group's treasury risks including illiquid cash, foreign exchange and counterparty risk management.
- evaluating the group plan around mandatory audit firm rotation.
- ensuring the internal financial control and reporting impacts of COVID-19 are adequately addressed.
- reviewing at each meeting the accounting for taxation provisions and contingencies.

Louisa Stephens
Chair: Audit committee
10 June 2020

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 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

Despite global and country-specific macro-economic challenges, the group added 0.9m 90-day active subscribers to reach 19.5m households as at 31 March 2020 (FY20). This represents growth of 5% year on year (YoY), which is somewhat lower compared to the prior year due to rising consumer pressure in many markets, drought-related electricity shortages in southern Africa, and the fact that last year's growth benefited from specific one-off events such as the FIFA World Cup which did not recur this year. The 90-day subscriber base is split between 11.1m households (57%) in the Rest of Africa and 8.4m (43%) in South Africa.

Revenue increased 3% (2% organic) to ZAR51.4bn and included subscription revenue of ZAR42.8bn, which increased 4% (3% organic) YoY. Top line momentum was affected by modest subscriber growth due to macro-headwinds in certain markets, the group's strategic decision not to increase Premium prices in South Africa and a reduction in sub-licence revenues from the South African public broadcaster. This was offset by an increased contribution of 12% (4% organic) by the technology business, Irdeto.

Group trading profit rose 14% to ZAR8.0bn (29% organic), benefitting from a ZAR0.8bn (ZAR1.8bn organic) reduction in losses in the Rest of Africa. A strong focus on cost containment allowed for a further ZAR1.4bn in costs to be eliminated from the base during the year. Overall costs were contained to a 1% increase compared to the prior year (-3% organic) and resulted in positive operating leverage, with the group achieving its target of keeping the growth rate in costs below that of revenue growth.

The group continued its strategic focus of investing in local content, increasing the library of hours available by 8%. As a result, the total local content library now exceeds 56 800 hours. Trackers, the group's first major co-production, was a success and received record ratings in South Africa. Furthermore, 4 additional dedicated local content channels were launched in the Rest of Africa, taking the continental total of group owned local content channels to 10.

Core headline earnings, the board's measure of sustainable business performance, was up 38% on the prior year at ZAR2.5bn, despite the impact of the additional 5% share in SA being allocated to Phuthuma Nathi (PN) in March 2019. Excluding this once-off change in the South African non-controlling interest, core headline earnings would have grown 57% YoY.

Consolidated free cash flow of ZAR5.2bn was up 59% compared to the prior year, driven mainly by an improvement in the trading result from the Rest of Africa and a reduction in working capital.

Capital expenditure of ZAR0.8bn was slightly down on the prior year and included a ZAR0.2bn investment as part of a multi-year programme to futureproof the group's customer service, billing and data capabilities.

As one of the largest taxpayers in Africa, the group paid direct cash taxes of ZAR4.0bn, slightly higher than the prior year driven by higher profitability.

Net interest paid increased marginally to ZAR336m, due to the impact of reclassifying operating leases as leases under IFRS 16 and the translation of interest on US dollar transponder lease liabilities due to a weaker rand.

The strength of the balance sheet is critically important given the uncertain economic impact of COVID-19 and the lower oil price. Some ZAR9.8bn in net assets, including ZAR9.1bn of cash and cash equivalents, combined with ZAR5bn in undrawn facilities, provides ZAR14.1bn in financial flexibility to fund the business. This strong financial position is after spending ZAR1.7bn on share buy-backs (including ZAR0.7bn to fund the MCG restricted share plan) and ZAR1.5bn to settle the FY19 PN dividend during the year.

3. COVID-19 and oil price

The COVID-19 pandemic is having a significant impact across the world, adversely affecting the lives of the group's customers and its employees. While we have seen some victories in combatting the disease, the full extent of the damage remains unknown at this stage. At the same time the drop in the oil price has put pressure on currencies like the Nigerian naira and Angolan kwanza and these are likely to depreciate further in the coming year.

In the short term, the group has reacted swiftly in implementing its business continuity plans well ahead of the forced lockdowns imposed by governments. Content line ups were adjusted and new content was introduced on general entertainment and sport channels. The impact of this has been largely positive and resulted in subscriber growth at the end of the financial year.

Subsequent to year-end the group continued to deliver uninterrupted services to customers. Local content productions have largely recommenced under strict health protocols and international content schedules have remained unaffected to date. In sport, the group will be recommencing the broadcast of football leagues such as the English Premier League, La Liga and Serie A. Other content such as WWE, US PGA golf and UFC have already been on air and international rugby, cricket, tennis and formula 1 are in final plans to recommence on a 'behind closed doors basis'.

The group has also supported various markets with relief initiatives associated with COVID-19. This includes making more content available in lower packages, providing financial support to the broadcast supply chain and donations of personal protective equipment. The total financial impact associated with these initiatives amounts to ZAR238m.

The aftermath of the virus and a lower oil price, although uncertain in quantum, will have a negative impact on the economies of many of the group's major markets. Weaker currencies, liquidity shortages, higher levels of unemployment, reduced consumer spending and supply chain interruptions are all expected to impact the financial performance of the group in the medium term.

The risks above are, however, mitigated by the group's quality product offering, robust cost optimisation process and hedging programmes. A strong financial position, with ZAR9.8bn in net assets and ZAR14.1bn of available liquidity, should allow the group to navigate these economic challenges and to continue providing acceptable shareholder returns over time.

4. Segmental review

South Africa

The South Africa business held up well in a tough consumer climate, delivering subscriber growth of 6% YoY or 0.5m subscribers on a 90-day active basis. The impact of COVID-19 and the associated lockdown saw an uplift in subscribers towards the end of March.

Revenue growth of 1% to ZAR34.2bn was muted as healthy subscriber growth in the mass market was negated by not effecting a price increase on the Premium bouquet, which served to stabilise the Premium segment. As expected, the ongoing change in subscriber mix towards the mass market, combined with the pricing strategy, resulted in monthly average revenue per user (ARPU) declining 4% from ZAR302 to ZAR290.

The trading margin remained stable at 30%, underpinned by trading profit of ZAR10.3bn. Despite tight cost controls, trading profit increased only 1% YoY due to muted revenue growth and the cost impact of broadcasting three major sporting events in the same financial year.

SuperSport continues to deliver a truly world-class sport offering. During the year, it broadcast the ICC Cricket World Cup (CWC), the Africa Cup of Nations (AFCON) and the Rugby World Cup (RWC), where South Africa was crowned world champions for the third time.

Connected video users on both the DStv Now and Showmax platforms continue to grow as online consumption increases. To position the business for the future, leverage the group's scale and enhance the product ecosystem by providing access to a wider variety of content, the group recently concluded distribution agreements with two major international Subscription Video on Demand (SVOD) providers. Showmax also commenced the trialling of sport to subscribers with positive early user engagement.

Rest of Africa

The Rest of Africa business grew the 90-day active subscriber base by 4% YoY or 0.4m subscribers. Growth was affected by one-off sport events in the prior year and some country-specific issues. In Zimbabwe, the current hyperinflationary economic environment and lack of US dollar liquidity caused significant pressure on consumers, while severe drought-related electricity shortages (of up to 18 hours per day) in countries like Zambia negatively impacted on the demand for Pay-Tv services. Similar to South Africa, an increase in subscriber numbers was seen in March 2020 as lockdowns were initiated in various markets across the continent.

Revenue of ZAR15.5bn represented 4% growth YoY (3% organic). Subscription revenue grew at a similar rate and contributed ZAR14.3bn. ARPU declined to ZAR110 (FY19: ZAR114), primarily due to material currency depreciation in the Angolan kwanza (47%) and the Zambian kwacha (25%).

Trading losses narrowed by 22% (47% organic) or ZAR0.8bn (ZAR1.8bn organic) to ZAR2.9bn. This represents a 7% improvement in the trading margin, driven by a combination of revenue growth, lower decoder unit costs which reduced the overall subsidy expense, and effective cost control.

Cash balances of ZAR222m (FY19: ZAR298m) held in Angola and Zimbabwe remain exposed to weaker currencies. The reduction YoY can be attributed to improved liquidity in Angola due to ongoing currency depreciation affected by the central bank.

Technology

The technology segment, Irdeto, delivered positive results despite being the segment of the business most affected by COVID-19 in the last quarter of FY20. It contributed ZAR1.8bn in revenues, an increase of 12% YoY (4% organic). This momentum, combined with cost controls, resulted in a 25% (40% organic) increase in trading profit to ZAR0.7bn.

Irdeto continues to invest in connected industries as part of its strategy to diversify its reliance on traditional broadcasting revenues. New services such as security solutions for online video, online gaming and the Internet of Things (especially connected vehicles) are gaining traction. In the current year, the first vehicles incorporating Irdeto security technology were manufactured and a long-term customer win with one of the world's largest automotive groups was secured.

5. Share transactions

Share exchange

The group remains fully committed to broad-based black economic empowerment (B-BBEE) and transformation. In line with prior commitments, an offer was made to PN shareholders on 25 September 2019, to exchange up to 20% of their PN shares for shares in the MultiChoice Group. The offer closed on 28 October 2019 and resulted in 3.7m shares being issued to PN shareholders, while the group acquired 3.8m shares in PN in return. Following the conclusion of this share swap, the group's overall interest in MultiChoice South Africa increased from 75.0% to 76.4%.

Share buybacks

In accordance with the general authority granted by shareholders at the annual general meeting, the group has repurchased 10.1m ordinary shares between September 2019 and March 2020 at an average price of ZAR96 per share. These shares are currently held as treasury shares. This does not include the 5.5m shares repurchased in June 2019 as part of the group's restricted share plan.

6. Prospects

The group's focus for the year ahead, subject to a stable regulatory environment and the unknown impact of COVID-19, will be to continue scaling its video entertainment services across the continent (mainly in the mid and mass markets, as well as OTT).

The group will keep exploring new opportunities to further expand our existing ecosystem, offering new products to enhance customer experiences and to increase revenues. It will also look to further increase its investment in local content and accelerate the uptake of OTT products by differentiating and strengthening the product offering. Our ambition is to drive further subscriber growth, scale Irdeto to a leading media and cybersecurity business globally and to continue building a sustainable business that delivers value for our stakeholders. We will also continue to invest in the development of our people, and our social initiatives to continue making a meaningful impact in the communities where we operate.

Given the risks associated with a weak macro and consumer environment, and heightened by COVID-19, the group will prioritise cash generation and maintaining balance sheet strength.

7. Maiden Dividend

The board recommends that a maiden annual gross dividend be declared at 565 cents per listed ordinary share (ZAR2.5bn). This dividend declaration is subject to approval of the MultiChoice South Africa Holdings (Pty) Ltd (MCSAH) dividend at their annual general meeting on Wednesday, 26 August 2020. The finalisation date for the dividend declaration by the company will be Thursday, 27 August 2020. Subject to the aforementioned MCSAH approval, dividends will be payable to the company's shareholders recorded in the register on the record date, being Friday, 11 September 2020. The last date to trade cum dividend will be on Tuesday, 8 September 2020 (shares trade ex-dividend from Wednesday, 9 September 2020). Share certificates may not be dematerialised or re-materialised between Wednesday, 9 September 2020 and Friday, 11 September 2020, both dates inclusive. The dividend payment date will be Monday, 14 September 2020. The dividend will be declared from income. It will be subject to the dividend tax rate of 20%, yielding a net dividend of 452 cents per listed ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 113 cents per listed ordinary share. The issued ordinary share capital as at 10 June 2020 was 442.5m ordinary shares (including 15.6m shares held in treasury). The company's income tax reference number is 9485006192.

8. 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.

9. Property, plant and equipment

At 31 March 2020 the group's investment in property, plant and equipment amounted to ZAR17.7bn (2019: ZAR17.3bn). Details are reflected in note 18 of the consolidated annual financial statements.

Capital commitments at 31 March 2020 amounted to ZAR91.7m (2019: ZAR68.0m).

10. Directorate

On 5 July 2019, Mr JA Mabuza and Dr FA Sanusi were appointed to the board as independent non-executive directors.

Mr SJZ Pacak, the lead independent director, will be stepping down as the lead independent director of the group, with effect from 3 April 2020, and will be retiring as an independent non-executive director with effect from April 2021.

Mr JA Mabuza, an independent non-executive director, will take over from Mr SJZ Pacak as the lead independent director, with effect from 3 April 2020.

Mr DG Eriksson will retire as an independent non-executive director with effect from 11 June 2020.

No other changes have been made to the directorate of the group.

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 92. 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 2020 financial year:

	Date first appointed in current position	Board	Audit	Risk	Remuneration	Nomination	Social and ethics	Category
		Attendance						
MI Patel	6 December 2018	7/7	*	4/4	*	*	*	Executive chair
DG Eriksson	6 December 2018	7/7	5/5	4/4	*	*	*	INE[1]
FLN Letele	6 December 2018	5/7	*	*	*	*	2/4	NE[2]
KD Moroka	6 December 2018	7/7	*	*	5/5	4/4	4/4	INE[1]
SJZ Pacak	6 December 2018	7/7	5/5	4/4	5/5	*	4/4	Lead INE[3]
JJ Volkwyn	6 December 2018	7/7	*	*	5/5	4/4	*	NE[2]
E Masilela	6 December 2018	7/7	0/0	*	*	*	*	NE[2,4]
TN Jacobs	6 December 2018	7/7	*	4/4	*	*	4/4	Executive - CFO
CP Mawela	6 December 2018	7/7	*	4/4	*	*	4/4	Executive - CEO
L Stephens	6 December 2018	7/7	5/5	4/4	*	4/4	*	INE[1]
CM Sabwa	14 May 2019	6/6	4/4	3/3	*	*	*	INE[1]
JA Mabuza	5 July 2019	5/5	*	*	1/1	1/1	*	INE[1,3]
FA Sanusi	5 July 2019	5/5	*	*	*	*	0/0	INE[1]

** Not a member.*
1 Independent non-executive
2 Non-executive
3 SJZ Pacak stepped down as lead independent director with effect from 3 April 2020. JA Mabuza replaced SJZ Pacak as the lead independent director with effect from 3 April 2020.
4 E Masilela was categorised as a independent non-executive director on 2 April 2020.

11. Group company secretary

Ms DM Dickson resigned as group company secretary on 30 September 2019. Mrs RJ Gabriels was appointed as interim company secretary on 12 December 2019 until such time as a permanent appointment is made.

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 2020, 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 21 to 91 comprise:

- the consolidated statement of financial position as at 31 March 2020;
- 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.

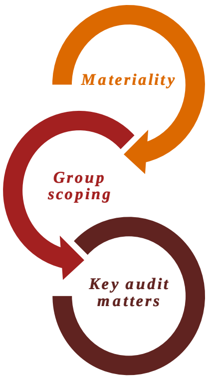
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Our audit approach

Overview



Overall group materiality

- *R513,870,000, which represents 1% of Group 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. For non-significant components we performed either full scope audit procedures, review procedures or specified audit procedures based on the associated risk of the component.

Key audit matters

- *Accounting for taxation; and*
- *Assessing the accounting impact of the COVID-19 containment measures on the measurement of the Group's material sport events rights.*

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	*R513,870,000*
How we determined it	*1% of Group revenue.*
Rationale for the materiality benchmark applied	*We selected Group 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 that is attributable to foreign exchange volatility. 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). 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, non-significant components have been subjected to either full scope audit procedures, review procedures or specified audit procedures based on the associated risk of the component. 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 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 consolidated 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***
Accounting for taxation *The entities listed in note 24 to the consolidated financial statements operate across many tax jurisdictions. Due to the inherent nature of tax exposures in developing markets, specifically within the Rest of Africa segment, these entities have recognised tax liabilities and contingencies to account for these tax exposures.* *Management have applied their judgement to estimate the exposure and the likelihood that a claim will succeed, or a liability will arise where the interpretation of the applicable tax laws and regulations were considered to be subjective.*	*Making use of our international tax expertise, we evaluated management's assessment of the probability of tax exposures relating to withholding tax, value-added tax, permanent establishment and other related taxes and transfer pricing exposures.* *Our evaluation included meetings with the Group's local tax advisers and local management to discuss the significant exposures and evaluate the reasonableness of management's conclusions.*

Key audit matter	*How our audit addressed the key audit matter*
Accounting for these material tax exposures was considered to be a matter of most significance to our audit due to the: • *magnitude, complexity and nature of these exposures;* • *significant level of management judgement involved in interpreting tax laws and regulations and revenue authority practices that are considered subjective; and* • *application of the principles of IFRS Interpretations Committee - Uncertainty over income tax treatments IFRIC 23 ("IFRIC 23") and International Accounting Standard Provisions, contingent liabilities and contingent assets IAS 37 ("IAS 37") - in measuring the tax exposures.* *Refer to the following notes to the consolidated financial statements:* • *Note 2.2: Principal accounting policies - change in accounting policy;* • *Note 9: Taxation;* • *Note 10: Deferred taxation; and* • *Note 14: Commitments and contingencies.*	*To assess management's assessment, we inspected the correspondence received by management from the tax authorities and external tax advisers. Where exposures were deemed to be probable we inspected the accounting records to test whether management had appropriately recognised these tax exposures in accordance with the principles of IFRIC 23 and IAS 37. No material differences were noted.* *We assessed the inputs into a sample of management's calculations of the tax exposures and the related tax balances, and considered whether the principles applied are aligned to the requirements of IFRIC 23. We also considered the appropriateness of the disclosures in the consolidated financial statements.*
Assessing the accounting impact of the COVID-19 containment measures on the measurement of the Group's material sport events rights *The outbreak of the COVID-19 pandemic has significantly influenced sporting events globally which has caused most of these events to either be postponed or cancelled.* *The postponement and cancellation of these sports events and the related broadcasting rights occurred both before and after the financial year end of the Group. New information or changes in circumstances that arose from the reporting date up to the date of signing the financial statements, that relate to the conditions resulting from COVID-19 containment measures that existed at year end and had a material impact on the measurement of assets and liabilities in existence at 31 March 2020, were considered to be adjusting subsequent events in terms of the requirements of IAS 10 - Events after the Reporting Period ("IAS 10").* *Management have therefore applied their judgement in order to determine the measurement of balances pertaining to these*	*Making use of our accounting expertise we evaluated the appropriateness of the IFRS accounting treatment as a result of the postponement and cancellation of material sport events rights adopted by management.* *We evaluated management's assessment of adjusting subsequent events for material sport events rights by assessing information used by management against independent sources such as media statements and communications issued by sport events rights owners (up until 10 June 2020) and assessing the events against the criteria of IAS 10.* *We further assessed the reasonableness of management's assumptions in determining that any change in useful lives will be required on a prospective basis from 1 April 2020, by agreeing the effective date of postponements of material sport events to independent sources such as media statements and communications issued by sport events rights owners. Based on our work performed, we accepted management's assessment. We evaluated management's assessment of whether there were impairment indicators of material sport events rights by*

Key audit matter	*How our audit addressed the key audit matter*
sport events rights as at 31 March 2020 that were affected by adjusting post balance sheet events. *Management have also applied their judgement in reassessing the useful lives of sport events rights that were postponed, including determining the effective date of such reassessment and considering whether any impairment indicators existed.* *The accounting impact of the COVID-19 containment measures on the measurement of the Group's material sport events rights at reporting date was considered to be a matter of most significance to our audit due to the complexity and significant judgement applied by management in assessing the timing of when the change in useful lives occurred.* *Refer to the following notes to the consolidated financial statements:* ● *Note 2: Principal accounting policies - accounting judgements and sources of estimation uncertainty;* ● *Note 19: Programme and film rights; and* ● *Note 29: Subsequent events*	*assessing the probability of sufficient future economic benefits. No impairment indicators were identified.* *We inspected the consolidated financial statements and assessed whether appropriate disclosures of the key assumptions and judgements applied by management have been included.*

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*MultiChoice Group Consolidated annual financial statements for the year ended 31 March 2020*" 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, and the document titled "*MultiChoice Group Limited annual financial statements for the year ended 31 March 2020*", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "*MultiChoice Group Limited Integrated annual report 2020*", which is expected to be made available to us after that date. The other information does not include the consolidated or the 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated 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 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 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Brett Stephen Humphreys

Registered Auditor

Johannesburg

10 June 2020

Consolidated statement of financial position

as at 31 March 2020

	Notes	2020 ZAR'm	Restated[1,2] 2019 ZAR'm	Restated[1] 2018 ZAR'm
Assets				
Non-current assets		**25 408**	**23 684**	**24 101**
Property, plant and equipment	18	**17 737**	17 279	17 585
Goodwill and other intangible assets	23	**4 337**	4 283	4 190
Investments and loans	25	**351**	238	123
Amounts due from related parties	27	**224**	180	1 191
Derivative financial instruments	12	**634**	282	-
Deferred taxation	10	**2 125**	1 422	1 012
Current assets		**20 849**	**17 319**	**14 477**
Inventory	20	**874**	924	461
Programme and film rights	19	**4 750**	5 133	4 910
Trade and other receivables	21	**3 888**	4 095	4 827
Amounts due from related parties	27	**-**	-	139
Derivative financial instruments	12	**1 733**	444	96
Restricted cash[3]	22	**459**	-	-
Cash and cash equivalents	22	**9 145**	6 723	4 044
TOTAL ASSETS		**46 257**	**41 003**	**38 578**
Equity and Liabilities				
Equity reserves attributable to the group's equity holders		**12 722**	**12 054**	**(4 650)**
Share capital	26	**454**	-	-
Other reserves		**(13 048)**	(12 445)	(7 156)
Retained earnings[2]		**25 316**	24 499	2 506
Non-controlling interests[2]		**(2 917)**	(2 259)	(1 343)
TOTAL EQUITY		**9 805**	**9 795**	**(5 993)**
Non-current liabilities		**18 181**	**15 186**	**28 526**
Lease liabilities	12	**16 894**	14 441	12 784
Long-term loans and other liabilities	12	**78**	59	189
Amounts due to related parties	27	**185**	134	15 000
Derivative financial instruments	12	**3**	4	404
Deferred taxation	10	**1 021**	548	149
Current liabilities		**18 271**	**16 022**	**16 045**
Lease liabilities	12	**2 057**	1 290	819
Programme and film rights	12	**4 085**	2 493	2 206
Provisions	16	**140**	136	169
Accrued expenses and other current liabilities[1]	15	**9 223**	9 761	9 483
Amounts due to related parties	27	**-**	-	316
Derivative financial instruments	12	**116**	218	1 105
Taxation liabilities[1]	2	**2 650**	2 124	1 947
TOTAL EQUITY AND LIABILITIES		**46 257**	**41 003**	**38 578**

1 Restated for change in accounting policy, refer to note 2 for details of restatement.
2 FY19 retained earnings and non-controlling interests line items have been restated. This is in relation to the prior year empowerment transaction with PN. The group reallocated a portion of its prior year retained earnings to non-controlling interests. As this transaction was accounted for within equity, the restatement had no impact on the consolidated income statement and consolidated statement of cash flows.
3 Restricted cash comprises initial margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than 3 months. The increase from the prior year is due to the group increasing the level of cover on these instruments.

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

Consolidated income statement

for the year ended 31 March 2020

	Notes	2020 ZAR'm	Restated[1] 2019 ZAR'm
Revenue	5	**51 387**	50 095
Cost of providing services and sale of goods	6	**(28 454)**	(29 203)
Selling, general and administration expenses	6	**(14 571)**	(13 645)
Net impairment (loss)/reversal on trade receivables		**(175)**	149
Other operating gains/(losses) - net	7	**80**	(33)
Operating profit	6	**8 267**	**7 363**
Interest income	13	**435**	910
Interest expense	13	**(1 039)**	(1 437)
Net foreign exchange translation losses	13	**(2 256)**	(1 492)
Empowerment transaction	8	**-**	(2 564)
Share of equity-accounted results		**(44)**	(171)
Other losses	7	**(49)**	(112)
Profit before taxation		**5 314**	**2 497**
Taxation	9	**(3 444)**	(3 773)
Profit/(loss) for the year		**1 870**	**(1 276)**
Attributable to:			
Equity holders of the group		**507**	(1 644)
Non-controlling interests		**1 363**	368
		1 870	**(1 276)**
Earnings per share			
Basic and diluted earnings/(loss) for the year (ZAR'm)		**507**	(1 644)
Basic earnings/(loss) per ordinary share (SA cents)	4	**117**	(374)
Diluted earnings/(loss) per ordinary share (SA cents)	4	**115**	(374)

1 The group has reclassified expected credit losses on trade receivables from selling, general and administration expenses to net impairment (loss)/reversal on trade receivables. This reclassification was done to align with the requirements of IAS 1 in FY20. The amount reclassified is not considered to be material and the FY19 comparatives have been restated accordingly.

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

Consolidated statement of comprehensive income

for the year ended 31 March 2020

	2020 ZAR'm	2019 ZAR'm
Profit/(loss) for the year	**1 870**	**(1 276)**
Total other comprehensive income for the year:		
Exchange gain/(loss) arising on translation of foreign operations[1,2]	**891**	(6 181)
Fair value (losses)/gains on investments held at fair value	**(54)**	50
Hedging reserve[1]	**243**	766
- Net fair value (losses)/gains	**(143)**	699
- Hedging reserve recycled to the income statement	**1 383**	605
- Hedging reserve recycled to the statement of financial position	**(379)**	22
- Net tax effect of movements in hedging reserve	**(618)**	(560)
	1 080	**(5 365)**
Total comprehensive income/(loss) for the year	**2 950**	**(6 641)**
Attributable to:		
Equity holders of the group	**1 964**	(6 722)
Non-controlling interests	**986**	81
	2 950	**(6 641)**

1 These components of other comprehensive income may subsequently be reclassified to the consolidated income statement during future reporting periods.

2 Relates to translation of foreign currency Rest of Africa and Technology segments. The movement relates primarily to the net financial position of the Rest of Africa and Technology segments, and the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20. This movement is recognised in other reserves on the consolidated statement of changes in equity.

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 2020

	Share capital[1] ZAR'm	Other reserves[2] ZAR'm	Retained earnings ZAR'm	Non-controlling interests ZAR'm	Total equity ZAR'm
Balance at 1 April 2018	-	(7 156)	2 506	(1 343)	(5 993)
Change in accounting policy	-	-	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 loss	-	(5 078)	-	(287)	(5 365)
Total comprehensive loss for the year	**-**	**(5 078)**	**(1 644)**	**81**	**(6 641)**
Share-based compensation movement[3]	-	-	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[4]	1	-	26 356	-	26 356
Dividends declared[5]	-	-	(5 280)	(1 463)	(6 743)
Transaction with non-controlling interest - empowerment transaction[6]	-	-	(484)	484	-
Balance at 1 April 2019 - restated	1	**(12 445)**	**24 499**	**(2 259)**	**9 795**
Profit for the year	**-**	**-**	**507**	**1 363**	**1 870**
Other comprehensive income	**-**	**1 457**	**-**	**(377)**	**1 080**
Total comprehensive income for the year	**-**	**1 457**	**507**	**986**	**2 950**
Treasury shares acquired[7]	**-**	**(1 682)**	**-**	**-**	**(1 682)**
PN share swap[1]	**454**	**(378)**	**-**	**(76)**	**-**
Share-based compensation movement	**-**	**-**	**322**	**47**	**369**
Transactions with non-controlling interest[8]	**-**	**-**	**(12)**	**-**	**(12)**
Dividends declared[9]	**-**	**-**	**-**	**(1 615)**	**(1 615)**
Balance at 31 March 2020	**454**	**(13 048)**	**25 316**	**(2 917)**	**9 805**

1 Upon unbundling from Naspers Limited on 4 March 2019, 439m ordinary shares were issued at nominal value. During FY20, 3.7m shares were issued to PN shareholders as part of a share swap offer. Refer to note 8 and 26.
2 Other reserves include treasury shares, the hedging reserve, fair value reserve and foreign currency translation reserve.
3 Includes empowerment transaction of ZAR2.6bn. Refer to note 8.
4 The group entered into various related party transactions in the ordinary course of business. In the 6 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.
5 Relates to dividends paid by companies in the group to previous legal owners. Non-controlling interest relates primarily to dividends paid to PN.
6 FY19 retained earnings and non-controlling interests line items have been restated. This is in relation to the prior year empowerment transaction with PN. The group reallocated a portion of its prior year retained earnings to non-controlling interests. As this transaction was accounted for within equity, the restatement had no impact on the consolidated income statement and consolidated statement of cash flows.
7 As at 31 March 2020, the group holds 15.6m treasury shares which were repurchased for a total of ZAR1.7bn. In FY20 the group repurchased 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued. 5.5m shares were repurchased for the group's RSU scheme and 4 231 RSUs were exercised during the year. 10.1m shares were repurchased as part of a general share buy-back.
8 In FY20, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited by 5% for a purchase consideration of ZAR23m.
9 Relates primarily to dividends paid to PN.

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

Consolidated statement of cash flows

for the year ended 31 March 2020

	Notes	2020 ZAR'm	2019 ZAR'm
Cash flows from operating activities			
Cash generated from operating activities	11	**12 081**	9 449
Interest income received		**401**	368
Interest costs paid		**(737)**	(673)
Taxation paid		**(3 988)**	(3 694)
Net cash generated from operating activities		**7 757**	**5 450**
Cash flows from investing activities			
Property, plant and equipment acquired		**(618)**	(784)
Proceeds from sale of property, plant and equipment		**40**	23
Intangible assets acquired		**(252)**	(220)
Proceeds from sale of intangible assets		**-**	3
Loans to related parties[1]		**-**	(27 726)
Repayment of loans by related parties[1]		**-**	28 590
Increase in restricted cash[2]		**(459)**	-
Acquisitions of subsidiaries and businesses, net of cash acquired		**-**	(8)
Investment in associate[3]		**(78)**	-
Loans to Enterprise Development Trust		**(15)**	-
Net cash utilised in investing activities		**(1 382)**	**(122)**
Cash flows from financing activities			
Proceeds from long and short-term loans raised[4]	12	**-**	1 755
Repayments of long and short-term loans[4]	12	**-**	(1 813)
Proceeds from related party funding[5]	12	**-**	4 573
Repayment of related party funding[5]	12	**-**	(196)
Repayments of lease liabilities[6]	12	**(1 445)**	(879)
Repayments of capital contribution from parent		**-**	(20)
Repurchase of treasury shares[7]		**(1 682)**	-
Transactions with non-controlling interests[8,9]		**(23)**	(85)
Dividends paid[10]		**-**	(5 261)
Dividends paid by subsidiaries to non-controlling shareholders[11]		**(1 615)**	(1 463)
Net cash utilised in financing activities		**(4 765)**	**(3 389)**
Net movement in cash and cash equivalents		**1 610**	1 939
Foreign exchange translation adjustments on cash and cash equivalents		**812**	740
Cash and cash equivalents at the beginning of the year		**6 723**	4 044
Cash and cash equivalents at the end of the year	22	**9 145**	**6 723**

1 Relates to gross inflows and outflows into the Naspers Limited group cash pool which was started at the end of FY17 to improve cash yield in the group. The cash pool participation with Naspers Limited ended in February 2019.
2 Restricted cash comprises initial margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than 3 months. The increase from the prior year is due to the group increasing the level of cover on these instruments.
3 The group increased its interest in SafeRide Technologies Limited (SafeRide) to 22.80% within the technology segment. SafeRide is a leading provider of multi-layer cybersecurity and data analytics solutions for connected and autonomous vehicles.
4 In the prior year external funding was utilised to fund dividends paid to previous legal owners.
5 Relates to the gross funding inflows and outflows received by the Rest of Africa segment from Naspers Limited up until February 2019.
6 The increase relates primarily to the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20 and the implementation of IFRS 16 Leases (refer to note 2).
7 As at 31 March 2020, the group holds 15.6m treasury shares which were repurchased for a total of ZAR1.7bn. In FY20 the group repurchased 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued. 5.5m shares were repurchased for the group's restricted share unit (RSU) scheme and 4 231 RSUs were exercised during the year. 10.1m shares were repurchased as part of a general share buy-back.
8 During the year ended 31 March 2019, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited and MultiChoice Tanzania Limited by 20% and 25% respectively for a purchase consideration of ZAR85m. During FY20, as part of a share swap transaction (refer to note 8) the group issued 3.7m shares to PN shareholders. This transaction did not have a cash flow impact.
9 In FY20, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited by 5% for a purchase consideration of ZAR23m.
10 Relates to dividends paid by companies in the group to previous legal owners.
11 Relates primarily to dividends paid to PN.

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

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1. Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 as amended (the Companies Act). The company also subscribes in all its activities to principles of best practice and corporate governance, as set out in the King IV Report on Corporate Governance for South Africa 2016.

The consolidated annual financial statements include amounts based on judgements and estimates made by management.

The consolidated annual financial statements are prepared using the historic cost convention apart from certain financial instruments (including derivative instruments) which are stated at fair value.

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

A closing US dollar exchange rate at 31 March 2020 of 17.86:1 (2019: 14.50:1) has been utilised for the consolidation of the Rest of Africa and Technology segments who have a US dollar presentation currency. The average US dollar exchange rate utilised for the year ended 31 March 2020 was 14.99:1 (31 March 2019: 13.82:1).

The consolidated annual financial statements are presented in South African rand (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 International Accounting Standards Board that are effective for financial years commencing 1 April 2019 (refer to note 2). Apart from *IFRS 16* and *IFRIC 23*, none of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2019 had a material impact on the group.

Trading profit includes the finance cost on transponder lease liabilities but excludes the amortisation of intangible assets (other than software), impairment of assets, equity-settled share-based payment expenses and other operating gains/losses (apart from once-off reimbursements under transitional services and separation agreements from the group's previous legal owner amounting to ZAR82m).

2. Principal accounting policies

The principal accounting policies applied in the preparation of the annual consolidated financial statements are set out in the relevant notes.

The accounting policies have been consistently applied to all years presented other than for the impact of the new accounting pronouncements adopted during the current year.

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

Accounting pronouncement	**Adoption impact**
IFRS 16 Leases	The standard removes the current distinction between operating and finance leases for lessees and requires recognition of an asset (the right to use the leased item) and a lease liability to pay rentals for virtually all lease contracts. Optional exemptions exist for short-term and low-value leases which the group has utilised. The income statement has been affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, the operating lease expense has been replaced with interest and depreciation, so key metrics like trading profit have changed. Operating cash flows are higher as cash payments for the principal portion of the lease liability are now classified within financing activities. Only the interest portion of lease payments will continue being presented as part of operating cash flows. The group is not a lessor in any of its leasing arrangements and therefore lessor accounting is not applicable. Further disclosures relating to the adoption of the standard have been provided in note 2 “Changes in accounting policy”.
IFRIC 23 Uncertainty over Income Tax Treatments	The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty • that the entity should assume a tax authority will examine the uncertain tax treatments and has full knowledge of all related information, i.e. that detection risk should be ignored • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the tax treatment applied • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. Further disclosures relating to the adoption of this interpretation have been provided in note 2 “Changes in accounting policy”.

2. Principal accounting policies (continued)

Accounting judgements and sources of estimation uncertainty

The preparation of the consolidated annual 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.

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:	Judgement versus Estimate
Equity compensation benefits	6	Valuation/estimates of vesting	Estimate
Empowerment transaction	8	Valuation	Estimate
Deferred taxation assets	10	Uncertainties around future financial performance	Judgement
Taxation liabilities	2.2	Uncertainties	Judgement
Leases	12	Determination of the incremental borrowing rate	Estimate
Property, plant and equipment	18	Residual values and useful lives	Estimate
Programme and film rights	19	Amortisation period	Estimate
Goodwill and other intangible assets	23	Impairment	Estimate
Subsequent events	29	Adjusting vs non-adjusting events	Judgement

COVID-19 considerations

Overview

The coronavirus (COVID-19) pandemic has had a significant impact across the world, adversely affecting the lives of the group's customers and its employees. The first impact was noted in the group in January 2020, with major markets all impacted from March 2020 onwards. Based on the magnitude of the pandemic and its potential impact on the consolidated annual financial statements, management has conducted a review of all possible financial effects the virus could have on the measurement, presentation and disclosure provided.

Consideration of potential impact

Key areas considered are reflected in the table below, including whether or not they were deemed to have a significant impact on the group:

COVID-19 consideration	Assessment	Potential Impact	Note reference
Programme and film rights (recoverability and classification)	The cancellation of sports rights and the deferral of these rights are not within the group's control. General entertainment content assets will be recovered through the airing of content, with limited disruption to schedules.	High (sports rights)[1] Low (general entertainment)	Note 19
Subsequent events	COVID-19 was assessed as being prevalent in the group's markets before 31 March 2020. Recognised assets and liabilities at reporting date are to be presented, measured and disclosed after taking into account the effect/impact of material adjusting subsequent events.	High[1]	Note 29

2. Principal accounting policies (continued)

COVID-19 consideration	Assessment	Potential Impact	Note reference
Hedging on uncertain sports right obligations	Forecast transactions that relate to upcoming seasons or events, unless formally cancelled, still meet the 'highly probable' criteria.	Moderate[1]	Note 12
Going concern	Limited disruption to operations. Strong financial position and cash flow generation.	Low	N/A
Financial asset impairment (expected credit losses)	Prepaid business with limited receivables, which are not cash backed or covered by insurance.	Low	N/A
Non-financial asset impairment (PPE, goodwill, intangible assets)	Limited disruption to operations has resulted in non-financial assets being recovered through use in the normal course. Future cash projections still support the carrying value of non-financial assets.	Low	N/A
Inventories	Limited disruption to operations. Inventory will be recovered through the normal operations of the group.	Low	N/A
Onerous contracts	The nature of the group's services does not lead to any likely significant onerous contract provisions.	Low	N/A
Deferred tax assets recoverability	No material deferred tax assets raised for unutilised tax losses.	None	N/A

1 These items have been assessed as potentially having a high or moderate impact on the group and therefore specific accounting policies have been developed outlining the recognition, measurement and disclosure principles to be applied.

Changes in accounting policy

2.1 Application of IFRS 16 Leases

Leasing activities

The group primarily leases transponders, office buildings, information technology (IT) equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes, except for the related transponder assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss and represent no change from the previous reporting period's accounting treatment. Short-term leases have a term of 12 months or less. Low-value assets comprise leases with a value below ZAR75 000 per annum.

For leases previously classified as finance leases, the group recognised the carrying amount of the lease asset and lease liability as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The most significant impact of this was the group's transponder leases, which resulted in a category transfer within property, plant and equipment of ZAR12.1bn as at 1 April 2019.

Practical expedients

In applying *IFRS 16* for the first time, the group has used the following practical expedients permitted by the standard:
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- low-value assets comprise leases with a value below R75 000 per annum;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 April 2019;
- accounting for leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2. Principal accounting policies (continued)

The group has elected the practical expedient not to reassess the definition of leases. Instead, for contracts entered into before the transition date the group relied on its assessment made applying *IAS 17 Leases* and *IFRIC 4 Determining whether an Arrangement Contains a Lease.*

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the consolidated statement of financial position as at 31 March 2019.

Right-of-use assets were initially measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight-line basis. Lease payments were previously disclosed as operating expenses. Under the right-of-use model, depreciation and interest expense are now disclosed in the consolidated income statement.

The lease assets are presented as part of the Property, plant and equipment line item on the statement of financial position. Further disclosures are provided in note 18.

Measurement of lease liabilities

Lease liabilities are initially measured at the present value of the lease payments and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

During the current financial year, on adoption of *IFRS 16*, it was noted that certain other commitments were incorrectly classified as part of operating lease commitments in the prior year consolidated annual financial statements. The disclosure of operating lease commitments (and other commitments as included in note 14 (f)) was therefore restated as at 31 March 2019, as follows:

Miminimum lease payments due	**As previously reported**	**Adjustment**	**Restated**
	ZAR'm	**ZAR'm**	**ZAR'm**
Payable in year one	353	(126)	227
Payable later than one year but not later than five	695	(248)	447
Payable after five years	240	(29)	211
	1 288	**(403)**	**885**

	ZAR'm
Operating lease commitments as previously disclosed as at 31 March 2019	**1 288**
Restatement described above	**(403)**
Operating lease commitments disclosed as at 1 April 2019 - restated	**885**
Short-term leases	**(14)**
Low-value leases	**(97)**
Impact of discounting[1]	**(46)**
Increase in lease liability as at 1 April 2019	**728**
Finance leases existing on transition	**15 731**
Total lease liabilities as at 1 April 2019	**16 459**

1 Discounted at 8% using the group's weighted average incremental borrowing rate as at the date of initial application. The incremental borrowing rate is determined on a lease by lease basis.

2. Principal accounting policies (continued)

Lease liabilities breakdown	**ZAR'm**
Current lease liability	**1 533**
Long term lease liability	**14 926**
Total lease liabilities	**16 459**

The expenses relating to short-term and low-value commitments have been disclosed in note 6.

The lease liabilities are presented as a separate line item on the consolidated statement of financial position. Further disclosures are provided in note 12.

2.2 IFRIC 23 and related IFRIC agenda decision

The group previously presented uncertain income tax liabilities as part of accrued expenses and other current liabilities.

Following the aforementioned IFRIC agenda decision, the group has reconsidered its accounting treatment. The group has adopted the treatment set out in the IFRIC agenda decision and has reclassified uncertain income tax-related liabilities from accrued expenses and other current liabilities to taxation liabilities in the consolidated statement of financial position. This change in presentation has been accounted for retrospectively and comparative information has been restated.

No additional current or deferred tax liabilities were recognised as a result of *IFRIC 23*.

Further disclosures relating to taxation liabilities is provided in note 9.

Impact on the consolidated annual financial statements

The total impact of the reclassification of liabilities resulting from income tax uncertainties is as follows:

Statement of financial position	**2020 ZAR'm**	**2019 ZAR'm**	**2018 ZAR'm**
Accrued expenses and other current liabilities	**(2 650)**	(2 124)	(1 947)
Taxation liabilities[1]	**2 650**	2 124	1 947
Current liabilities	**-**	-	-

1 Taxation liabilities include uncertain tax positions of ZAR2.0bn in FY20, ZAR1.9bn in FY19 and ZAR1.8bn in FY18, as well as other tax payables of ZAR630m in FY20, ZAR270m in FY19 and ZAR116m in FY18. Taxation liabilities were presented as part of accrued expenses and other current liabilities in FY19 and FY18.

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. The CODM has been identified as the executive directors of the group. No change has occurred in segment identification since the prior year.

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, and online services (including subscription and transactional video on demand) to subscribers in South Africa.

Rest of Africa – offers digital satellite television, online services (including subscription and transactional video on demand) and digital terrestrial television services to subscribers across Africa.

Technology – through the Irdeto group, 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 consolidated income statement.

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**	**2020 (ZAR'm)**			**2019 (ZAR'm)**		
	External	**Inter-segment**	**Total**	**External**	**Inter-segment**	**Total**
South Africa	**34 154**	**6 700**	**40 854**	33 696	6 605	40 301
Rest of Africa	**15 476**	**337**	**15 813**	14 836	250	15 086
Technology	**1 757**	**1 762**	**3 519**	1 563	1 721	3 284
Eliminations	**-**	**(8 799)**	**(8 799)**	-	(8 576)	(8 576)
Total	**51 387**	**-**	**51 387**	**50 095**	**-**	**50 095**

	2020 (ZAR'm)				**2019 (ZAR'm)**			
Revenue by nature	**South Africa**	**Rest of Africa**	**Technology**	**Total**	**South Africa**	**Rest of Africa**	**Technology**	**Total**
Subscription fees	**28 434**	**14 318**	**-**	**42 752**	27 740	13 508	-	41 248
Advertising	**2 797**	**416**	**-**	**3 213**	2 873	307	-	3 180
Set-top boxes	**857**	**572**	**-**	**1 429**	1 242	800	-	2 042
Installation fees	**332**	**-**	**-**	**332**	123	-	-	123
Technology contracts and licensing	**-**	**-**	**1 757**	**1 757**	-	-	1 563	1 563
Other revenue	**1 734**	**170**	**-**	**1 904**	1 718	221	-	1 939
Total external revenue	**34 154**	**15 476**	**1 757**	**51 387**	**33 696**	**14 836**	**1 563**	**50 095**

3. Segmental information (continued)

2020

	ZAR'm Year ended 31 March 2020						
	Revenue	COPS[1]	SGA[2]	Depreciation	Software amortisation	Lease interest[3]	Trading profit/ (loss)[4,5]
South Africa	**40 854**	**(20 311)**	**(8 421)**	**(1 283)**	**(175)**	**(405)**	**10 259**
Rest of Africa	**15 813**	**(12 700)**	**(4 577)**	**(1 206)**	**-**	**(251)**	**(2 921)**
Technology	**3 519**	**(1 253)**	**(1 427)**	**(149)**	**-**	**-**	**690**
Eliminations	**(8 799)**	**7 836**	**963**	**-**	**-**	**-**	**-**
Total	**51 387**	**(26 428)**	**(13 462)**	**(2 638)**	**(175)**	**(656)**	**8 028**

2019

	ZAR'm Year ended 31 March 2019						
	Revenue	COPS[1]	SGA[2]	Depreciation	Software amortisation	Lease interest[3]	Trading profit/ (loss)[4,5]
South Africa	40 301	(20 407)	(7 793)	(1 292)	(226)	(384)	10 199
Rest of Africa	15 086	(13 487)	(4 027)	(1 041)	-	(266)	(3 735)
Technology	3 284	(1 101)	(1 566)	(67)	-	-	550
Eliminations	(8 576)	7 811	765	-	-	-	-
Total	**50 095**	**(27 184)**	**(12 621)**	**(2 400)**	**(226)**	**(650)**	**7 014**

1 Refers to cost of providing services and sale of goods. Segmental COPS excludes depreciation of ZAR1 949m (FY19: ZAR1 957m) (note 6) and amortisation of ZAR76m (FY19: ZAR63m) (note 6).
2 Refers to selling, general and administration expenses. Segmental SGA includes once-off reimbursements under transitional services and separation agreements from the group's previous legal owner amounting to ZAR82m (FY19: nil) (note 7) and net impairment loss on trade receivables of ZAR175m (FY19: ZAR149m reversal), however excludes depreciation of ZAR689m (FY19: ZAR443m) (note 6), amortisation of ZAR170m (FY19: ZAR242m) (note 6), equity-settled share-based compensation of ZAR344m (FY19: ZAR189m) (note 6).
3 Relates to interest on transponder leases only.
4 Trading profit includes the finance cost on transponder leases and excludes the amortisation of intangible assets (other than software), impairment of assets, equity-settled share-based payment expenses and other operating gains/losses (apart from once-off reimbursements under transitional services and separation agreements from the group's previous legal owner amounting to ZAR82m).
5 The impact of IFRS 16 Leases has reclassified operating leases, previously fully included in trading profit, into depreciation and finance costs. As finance costs (apart from interest on leased transponders) are excluded from trading profit, an increase in trading profit of ZAR58m resulted.

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:

	2020 ZAR'm	2019 ZAR'm
Trading profit per segmental income statement	**8 028**	7 014
Adjusted for:		
Interest on transponder leases	**656**	650
Amortisation of intangibles (other than software)	**(71)**	(79)
Other operating (losses)/gains - net[1]	**(2)**	(33)
Share-based compensation	**(344)**	(189)
Operating profit per the income statement[2]	**8 267**	**7 363**

1 Includes impairments and dividends received. Excludes ZAR82m of other operating gains which are included in both trading profit and operating profit. As part of the transitional services and separation agreements with the group's previous legal owner, certain once-off operating costs were reimbursed during the year amounting to ZAR82m.
2 The consolidated income statement discloses all reporting 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 primarily 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 2020	**South Africa ZAR'm**	**Rest of Africa ZAR'm**	**Europe ZAR'm**	**Other ZAR'm**	**Total ZAR'm**
External consolidated revenue	**34 154**	**15 476**	**1 281**	**476**	**51 387**
Consolidated assets[1]	**13 242**	**7 728**	**1 104**	**-**	**22 074**

	Africa				
31 March 2019	**South Africa ZAR'm**	**Rest of Africa ZAR'm**	**Europe ZAR'm**	**Other ZAR'm**	**Total ZAR'm**
External consolidated revenue	33 696	14 836	1 184	379	50 095
Consolidated assets[1]	14 212	6 891	459	-	21 562

1 Consolidated assets includes property, plant and equipment and goodwill and other intangible assets.

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 group by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after tax dilutive effect. The company has dilutive potential ordinary shares which comprise restricted share units (RSU) issued in terms of the group's share scheme.

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 1/2019 '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.

Years ended 31 March		**2020**				**2019**			
Reconciliation of basic and diluted earnings to basic and diluted headline earnings	**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 earnings/(loss) attributable to equity holders of the group					**507**				(1 644)
Headline adjustments:									
Impairment of property, plant and equipment	18	**28**	**-**	**(2)**	**26**	5	-	(1)	4
Impairment of other intangibles	23	**-**	**-**	**-**	**-**	51	(14)	(7)	30
Reversal of impairment of other assets	7	**-**	**-**	**-**	**-**	(15)	1	4	(10)
Impairment of joint ventures		**24**	**-**	**(5)**	**19**	79	-	(23)	56
Impairment/(reversal of impairment) of associates		**3**	**-**	**-**	**3**	(5)	-	1	(4)
Loss on sale of property, plant and equipment	7	**-**	**-**	**-**	**-**	20	-	-	20
Profit on sale of intangible assets	7	**-**	**-**	**-**	**-**	(3)	1	-	(2)
Basic and diluted headline earnings/(loss) attributable to equity holders of the group					**555**				**(1 550)**

4. Earnings per share (continued)

	2020 ZAR'm	2019 ZAR'm
Basic and diluted headline earnings for the year (ZAR'm)	**555**	(1 550)
Basic headline earnings per ordinary share (SA cents)[1]	**128**	(353)
Diluted headline earnings per ordinary share (SA cents)[2]	**126**	(353)
Net number of ordinary shares issued (million)		
- at year-end	**427**	439
- at year-end (including treasury shares)[3]	**443**	439
- weighted average for the year	**435**	439
- diluted weighted average for the year[2]	**439**	439

1 During the prior year, the group issued 439m shares for no consideration. As a result, the earnings per share in the prior year is based on the 439m shares issued. During FY20, as part of a share swap offer the group issued 3.7m shares to PN shareholders. As a result, the earnings per share in FY20 is based on 443m shares issued, adjusted for treasury shares and a pro rata weighting factor. Refer to note 26.
2 As at 31 March 2020, 5.4m RSUs have already been offered resulting in a dilutive impact in the current year.
3 As at 31 March 2020, the group holds 15.6m treasury shares. In FY20 the group repurchased 15.6m treasury shares which resulted in a decrease in the number of ordinary shares issued. 5.5m shares were repurchased for the group's RSU scheme and 4 231 RSUs were exercised during the year. 10.1m shares were repurchased as part of a general share buy-back. Refer to note 26.

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 as part of accrued expenses and other current liabilities 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 installed and customer is connected. 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.

	2020 ZAR'm	2019 ZAR'm

5. Revenue (continued)

Advertising revenue

The group primarily 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. Advertising revenue is billed in arrears with 30-day payment terms.

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, ratably 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.

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 ratably recognised over the subscription period. Standard payment terms for network operators are 30 days.

	2020	2019
Subscription fees	**42 752**	41 248
Advertising	**3 213**	3 180
Set-top boxes	**1 429**	2 042
Installation fees	**332**	123
Technology contracts and licensing	**1 757**	1 564
Other revenue[1]	**1 904**	1 938
	51 387	**50 095**

1 Other revenue primarily includes sub-licensing and production revenue.

The following table shows unsatisfied performance obligations resulting from long-term technology contracts as at 31 March 2020.

	2020	2019
Aggregate amount of the transaction price allocated to long-term technology contracts that are partially or fully unsatisfied	219	350

Management expects that 35% of the transaction price allocated to the unsatisfied contracts as of 31 March 2020 will be recognised as revenue during FY21 (ZAR77m) and 30% (ZAR66m) will be recognised as revenue in the FY22 reporting period. The remaining 35% (ZAR76m) will be recognised as revenue in FY23 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

Management expects that 35% of the transaction price allocated to the unsatisfied contracts as of 31 March 2019 will be recognised as revenue during FY20 (ZAR123m) and 31% (ZAR109m) will be recognised as revenue in the FY21 reporting period. The remaining 34% (ZAR118m) will be recognised as revenue in FY22 and thereafter. The amount disclosed above does not include variable consideration which is constrained.

All other technology contracts are for periods of 1 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.

	2020 ZAR'm	2019 ZAR'm

6. Expenses by nature

Operating profit includes the following items:

(a) Cost of providing services and sale of goods		
Content[1]	**18 764**	17 715
Set-top box purchases	**4 855**	6 056
Depreciation (note 18)	**-**	1 957
Depreciation: Owned assets (note 18)	**592**	-
Depreciation: Right of use asset for transponders (note 18)	**1 357**	-
Other[2]	**2 886**	3 475
	28 454	**29 203**

1 Included in content is amortisation of programme and film rights of ZAR12.8bn (2019: ZAR11.9bn). Refer to note 19.
2 Includes various cost items such as agency fees, licence fees, communication and network costs.

(b) Selling, general and administration expenses		
Employee costs	**6 256**	5 541
Sales and marketing	**2 410**	2 467
Depreciation (note 18)	**-**	443
Depreciation: Owned assets (note 18)	**471**	-
Depreciation: Right of use asset for buildings (note 18)	**214**	-
Depreciation: Right of use asset for vehicles (note 18)	**4**	-
Short-term leases	**36**	-
Low-value leases	**2**	-
Operating leases	**-**	203
Auditors remuneration	**60**	59
Other[1]	**5 118**	4 932
	14 571	**13 645**

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

(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.

		2020 ZAR'm	2019 ZAR'm

6. Expenses by nature (continued)

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, restricted stock units (RSUs) or share appreciation rights (SARs). As MCG grants these awards and has the obligation to settle the awards in MCG shares, 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.

Staff costs

The group had 6 894 permanent employees in 2020 (2019: 7 053).

		2020 ZAR'm	2019 ZAR'm
The total cost of employment of all employees, including subsidiary executive directors, was as follows:			
Salaries, wages and bonuses		**6 174**	5 537
Equity-settled share-based compensation	6.1/6.2/6.3	**344**	189
Retirement benefit costs		**320**	318
Medical aid fund contributions		**230**	244
Severance		**2**	63
Other costs[1]		**137**	138
Total staff costs		**7 207**	**6 489**
Included in cost of providing services and sale of goods[2]		**951**	948
Included in selling, general and administration expenses		**6 256**	5 541
		7 207	**6 489**

1 Other costs primarily include training and recruitment costs.
2 Included in content costs as relates to local production staff.

6.1. SARs

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 for equity-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. The SARs expire ten years from the date of offer. 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 vests after years one, two, three, four and five.

	2020 ZAR'm	2019 ZAR'm

6. Expenses by nature (continued)

6.1. SAR's (continued)

The Multichoice 2008 SAR and Irdeto 2012 schemes were retained by the 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 years these schemes were accounted for as cash-settled liabilities as they were settled in Naspers shares. In FY19 and FY20 these awards have been accounted for as equity-settled after remeasurement at modification date and the remeasured fair value of the liability was reclassified to an equity-settled share based payment reserve.

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

	MCA 2008		Irdeto 2012		Showmax	
Weighted average	**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 2018	27 738 270	109	1 095 484	25	421 941	18
Employee transfers[1]	(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]	(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
Exercised during the year[2]	(36 525)	77	(181 207)	28	-	-
Forfeited during the year[3]	(4 172 089)	96	(67 427)	39	(414 021)	18
Expired during the year	(68 206)	82	-	-	-	-
Outstanding at 31 March 2020	**26 997 533**	**99**	**527 559**	**36**	**-**	**-**

1 Employee transfers to/(from) other entities within the group.
2 The weighted average share price at the date of exercise of the options exercised during the year ended 31 March 2020 for MCA 2008 and Irdeto 2012 was ZAR80 and USD63 respectively (2019: ZAR77 and USD55).
3 The Showmax SAR scheme was forfeited in FY20 subsequent to unbundling from the Naspers group.

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

	2020			2019		
Weighted average	**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[1]	4	4	4	33	24	7
Exercise price	4	4	4	77	55	18
Risk-free interest rate[2] (%)	4	4	4	8.4	2.9	2.9
Annual suboptimal rate (%)	4	4	4	100.0	122.5	100.0
Expected volatility[3] (%)	4	4	4	21.6	45.4	38.1
Vesting period (years)	4	4	4	4	3	3
Option life (years)	4	4	4	10	10	10

1 The fair value of the SARs in the prior year was as at the modification date.
2 Based on the zero rate bond yield.
3 Determined using the historical annual company valuation.
4 During FY20, there were no new grants related to these schemes.

6. Expenses by nature (continued)

6.2. RSUs

In the prior year, employees of MultiChoice Group Limited participated in the Naspers Restricted Stock Plan Trust (Naspers RSU). RSUs were granted to employees by Naspers Limited and Naspers Limited had 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.

The fair value of the RSUs at grant date (weighted average: 2019: ZAR3 140) 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).

In FY20, employees of the group participated in the MCG Restricted Stock Plan Trust (RSU). RSUs were granted to employees by MultiChoice Group Limited who has the obligation to settle the awards. As such, the RSU awards are classified as equity settled.

The RSUs vest over a five-year period, starting in the second year after the grant date. From the second anniversary of the grant date, 25% of the awarded RSUs vest each year. RSUs automatically vest with participants on the vesting date and do not have an exercise price.

The shares in terms of the RSU scheme are administered by The MultiChoice Group Restricted Share Plan Trust, which is a consolidated entity of the group. The shares are acquired on market and are held as treasury shares until such time as they are vested. Forfeited shares are reallocated in subsequent grants. Under the terms of the trust deed, MultiChoice Group Limited and its subsidiaries are required to provide the trust with the necessary funding for the acquisition of the shares at the time of the grant.

The fair value of the RSUs at grant date (weighted average: 2020: ZAR128.96) was estimated by taking the market value of the MCG shares on that date less the present value of future dividends that will not be received by the employees during the vesting period.

6. Expenses by nature (continued)

Movement in number of RSUs	**Naspers RSU (ZAR)**	**MCG - Naspers RSU (ZAR)**	**MultiChoice Group RSU (ZAR)**
Outstanding at 31 March 2018	36 164	-	-
Employee transfers[1]	(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	-	-	-
Granted during the year	[2]	[2]	5 780 313
Exercised during the year	[2]	[2]	(4 231)
Forfeited during the year	[2]	[2]	(409 794)
Outstanding at 31 March 2020	[2]	[2]	**5 366 288**
Weighted average vesting period (years)	[2]	[2]	3.5

1 Employee transfers to/(from) other entities within the group.
2 Naspers RSUs and MCG - Naspers RSU's were exercised or forfeited in FY19 as part of unbundling from the Naspers 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**	**MultiChoice Group RSU**
2019			
Expected dividend yield (%)	-	-	-
Expiry date (years)	2.5	2.5	-
2020			
Expected dividend yield (%)	[1]	[1]	0.5
Expiry date (years)	[1]	[1]	4.0

1 Naspers RSUs and MCG - Naspers RSU's were settled in FY19 as part of unbundling from the Naspers group.

6.3. Share options

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

All share options were 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 vested 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 February 2019) until 27 April 2019.

No additional options were issued in the current financial year, all options outstanding were settled on/before the 27 April 2019.

6. Expenses by nature (continued)

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 2018	247 294	1 647	105 526	1 832	-	-
Employee transfers[1]	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[2]	(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	-
Settled during the year	(132 251)	-	(47 367)	-	(9 062)	-
Outstanding at 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**

	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)**
Outstanding at 31 March 2018	-	-	-	-	-	-
Employee transfers[1]	13 487	-	53 841	-	24 498	-
Granted during the year	21 501	-	-	-	-	-
Exercised during the year[2]	(8 510)	-	(17 946)	-	(13 299)	-
Outstanding at 31 March 2019	26 478	-	35 895	-	11 199	-
Settled during the year	(26 478)	-	(35 895)	-	(11 199)	-
Outstanding at 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**

1 Employee transfers to/(from) other entities within the group.
2 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.

6. Expenses by nature (continued)

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

	2019		
	Weighted average exercise price (ZAR)	**Number of options**	**Weighted average remaining contractual life (Years)**
MIH Holdings Limited			
Exercisable	1 774	131 451	5.9
Not-exercisable	1 702	800	6.4
MIH Services FZ LLC			
Exercisable	2 346	47 367	7.4
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

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:

2019				
Weighted average	**MIH Holdings Limited**	**MIH Services FZ LLC**	**MCG - MIH Services FZ LLC (Naspers shares - 2017)[4]**	**MCG - MIH Holdings Share Trust (Naspers shares - 2017)[4]**
Share price at grant date (ZAR)	**3 078**	**3 113**	121	121
Exercise price (ZAR)	**3 078**	**3 113**	-	-
Risk-free interest rate[1] (%)	**8.0**	**8.0**	8.0	8.0
Annual suboptimal rate[2] (%)	**340.0**	**340.0**	1.0	1.0
Expected volatility[3] (%)	**36.0**	**34.0**	1.0	1.0
Expected dividend yield (%)	**-**	**-**	-	-
Expiry date (years)	**3**	**3**	3	3

1 Based on the zero rate bond yield at perfect fit.
2 The rate at which participants are expected to exercise their options.
3 Determined using historical daily share prices.
4 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 gains/(losses) - net

	Notes	2020 ZAR'm	2019 ZAR'm
Other operating gains/(losses) - net			
Dividends received		**21**	19
Other gains[1]		**87**	-
Loss on sale of property, plant and equipment		**-**	(20)
Profit on sale of Intangible assets		**-**	3
Impairment of assets		**(28)**	(35)
Impairment of property, plant and equipment	18	**(28)**	(5)
Impairment of other intangibles	23	**-**	(51)
Reversal of impairment of other assets		**-**	15
Other		**-**	6
		80	**(33)**
Other losses			
Loss on acquisition of assets and liabilities[2]		**(49)**	(112)

1 As part of the transitional services and separation agreements with the group's previous legal owner, certain once-off operating costs were reimbursed during the year amounting to ZAR82m.
2 From February 2019, 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

FY19 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 to Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively Phuthuma Nathi (PN)). 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 PN 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 prior year earnings and headline earnings of ZAR1.9bn or 438 SA cents per share.

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

FY20 PN share swap

In line with prior commitments, an offer was made to PN shareholders on 25 September 2019, to exchange up to 20% of their PN shares for shares in the MultiChoice Group. The offer closed on 28 October 2019 and resulted in 3.7m shares being issued to PN shareholders, while the MultiChoice Group acquired 3.8m shares in PN in return. Following the conclusion of this share swap, the group's overall interest in MultiChoice South Africa Group increased from 75.0% to 76.4%, resulting in the decrease in non-controlling interest of 1.4%. The transaction was treated as a share issue at fair value with an increase in share capital and a corresponding decrease in other reserves and non-controlling interests in the consolidated statement of changes in equity.

	2020 ZAR'm	2019 ZAR'm

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 all financial years presented.

Dividends paid on or after 22 February 2017 to shareholders that are not exempted from dividend 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.

The group operates a number of businesses in jurisdictions where taxes are payable on certain transactions or payments.

Major components of the tax expense

	2020 ZAR'm	2019 ZAR'm
Current		
South Africa	**3 307**	3 033
Current year	**3 318**	3 079
Prior year	**(11)**	(46)
Foreign taxation	**929**	1 285
Current year	**930**	1 283
Prior year	**(1)**	2
	4 236	**4 318**
Deferred		
South Africa	**(747)**	(541)
Current year	**(706)**	(555)
Prior year	**(41)**	14
Foreign taxation - Current year	**(45)**	(4)
	(792)	**(545)**
Total taxation per income statement	**3 444**	**3 773**

	2020 ZAR'm	2019 ZAR'm

9. Taxation (continued)

Reconciliation of taxation

	2020	2019
Taxation at statutory rate of 28%	**1 488**	699
Adjusted for:		
Non-deductible expenses[1]	**173**	354
Empowerment transaction	**-**	718
Intercompany and related party dividends	**-**	11
Initial recognition of prior year taxes	**(53)**	(30)
Non-taxable income	**(66)**	(197)
Temporary differences not provided for[2]	**1 080**	887
Foreign withholding taxes	**737**	1 182
Tax adjustment for foreign taxation rates	**80**	118
Tax attributable to equity-accounted earnings	**5**	31
Taxation provided in income statement	**3 444**	**3 773**

1 Non-deductible expenses primarily relate to non-deductible share-based compensation.
2 Primarily relates to unrecognised assessed tax losses in the Rest of Africa segment.

The group is subject to income taxes in numerous jurisdictions. As a result, significant judgement is required in determining the group's provision for income taxes. There are numerous calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business.

The group recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. In determining whether an interpretation and/or application of the various tax rules may result in a dispute of which the outcome may not be favourable to the group, the group seeks, where relevant, expert advice to determine whether an unfavourable outcome is probable, possible or remote. Where payment is determined to be possible but not probable the tax exposure is disclosed as a contingent liability, refer to note 14.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

10. Deferred taxation

Reconciliation of deferred tax asset

	2020	2019
At beginning of year	**874**	863
Credited to income statement	**792**	545
Charged to other comprehensive income	**(618)**	(560)
Foreign exchange effects	**56**	26
	1 104	**874**

Deferred tax is attributable to the following temporary differences

	2020	2019
Assets		
Provisions and other current liabilities	**402**	489
Lease liabilities	**3 317**	2 880
Income received in advance	**199**	414
Receivables and other current assets	**128**	-
Hedging reserve	**109**	111
Other[1]	**245**	130
	4 400	**4 024**

	2020 ZAR'm	2019 ZAR'm
10. Deferred taxation (continued)		
Liabilities		
Property, plant and equipment	**(52)**	(74)
Intangible assets	**(37)**	(30)
Receivables and other current assets	**(60)**	(337)
Lease assets	**(1 909)**	(2 069)
Programme and film rights	**(362)**	(314)
Hedging reserve	**(853)**	(200)
Other[1]	**(23)**	(126)
	(3 296)	**(3 150)**

1 Other includes tax losses carried forward and 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 ZAR29.7bn (2019: ZAR21.7bn). A summary of the tax losses carried forward at 31 March 2020 by tax jurisdiction and the expected expiry dates are set out below:

2020	**Rest of Africa ZAR'm**	**Latin America and USA[1] ZAR'm**	**Total[2] ZAR'm**
Expires in year one	**161**	**-**	**161**
Expires in year two	**223**	**-**	**223**
Expires in year three	**1 281**	**-**	**1 281**
Expires in year four	**519**	**-**	**519**
Expires in year five	**600**	**-**	**600**
Expires after year five	**19 984**	**6 895**	**26 879**
	22 768	**6 895**	**29 663**

2019	**Rest of Africa ZAR'm**	**Latin America and USA[1] 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**

1 Technology segment tax jurisdictions.
2 The increase in total tax losses carried forward is primarily due to the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20 and increased losses in the Rest of Africa segment.

		2020 ZAR'm	Restated[1] 2019 ZAR'm

PART III. CASH FLOWS AND LIABILITY MANAGEMENT

11. Cash generated from operations

	Notes	2020 ZAR'm	Restated[1] 2019 ZAR'm
Operating profit		**8 267**	**7 363**
Adjustments:			
Non-cash and other		**16 935**	15 738
Loss on sale of assets	7	**-**	17
Depreciation and amortisation	18/23	**2 884**	2 705
Share-based compensation expenses	6	**344**	189
Impairment of assets	7	**28**	35
Net realisable value adjustments on inventory	20	**174**	275
Hedge accounting revaluations		**539**	555
Amortisation of programme and film rights[1]	19	**12 780**	11 929
Other[2]		**186**	33
Working capital		**(13 121)**	**(13 652)**
Cash movement in trade and other receivables		**222**	898
Cash movement in accrued expenses and other current liabilities		**(1 895)**	(1 693)
Cash movement in programme and film rights[1]		**(11 432)**	(12 177)
Cash movement in related party current accounts		**-**	(81)
Cash movement in inventory		**(16)**	(599)
Cash generated from operating activities		**12 081**	**9 449**

1 FY19 numbers have been restated to disclose these lines on a gross basis.
2 Primarily relates to general accruals raised in the Rest of Africa segment.

12. Liabilities funding operations

The group's long-term sources of financing primarily consists of 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 leases, are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Leases

Lease liabilities are initially measured at the present value of the lease payments and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received, adjusted to reflect changes in financing conditions since this financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third-party financing; and/or
- makes adjustments specific to the lease, e.g. term, country, currency and security.

12. Liabilities funding operations (continued)

At inception, the rate used for transponder leases is determined using a 3 month US libor plus a premium of 1.75% for the incremental borrowing rate. The incremental borrowing rate is unchanged in the duration of lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the group's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing lease.

The group is not exposed to potential future increases in variable lease payments based on an index or rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Certain lease contracts include both lease and non-lease components. The group has elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets.

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 for periods up to 36 months as part of foreign currency risk management strategy which is reviewed regularly by the group risk committee and 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 dollars 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 all cash obligation in the next 18 months, and can be extended up to 36 months for contractually committed exposures, in terms of the group treasury policy.

Hedging of local currency remittances

Where economical, FECs, NDFs and futures (hedging instruments) are used to hedge currency risk relating to local currency remittances 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 13 months in 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 in markets where FEC's and NDF's are used.

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.

12. Liabilities funding operations (continued)

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 remittances;
- Fair value hedge: hedge of the fair value of recognised transponder lease liabilities and in the Rest of Africa local in-country remittances.

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 other comprehensive income and the ineffective part of the hedge is recognised in the consolidated income statement. The amounts deferred in 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 'interest (expense)/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 instrument 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.

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).

COVID-19 has required the group to reassess whether a transaction is still a 'highly probable forecasted transaction'. This includes whether the volume or amounts involved will be lower than forecasted or whether it is now no longer highly probable that the forecasted transaction will occur. The primary consideration in the group is around sporting events that are currently being delayed, canceled or could potentially occur in a different format with a different associated rights cost.

The group concluded that the economic hedging relationship under *IFRS 9* still largely exists (apart from cancelled events which represented a minor portion of hedged transactions) at 31 March 2020, and the underlying cash flows are highly probable. As the hedged items largely relate to the following season of the sporting event, which are settled on a prepaid basis, the group still expects to execute payments in line with normal committed payment timelines. The post balance sheet period was monitored to assess if any adjustment was required either due to formal cancellation, a change in contractual terms or other information that changes a highly probably forecast transaction to only be probable or not probable.

	2020 ZAR'm	2019 ZAR'm
12. Liabilities funding operations (continued)		
(a) Interest-bearing: Lease liabilities	**16 894**	**14 441**
Total liabilities	**18 951**	15 731
Less: Current portion	**(2 057)**	(1 290)
(b) Interest-bearing: Loans and other liabilities (A)	**14**	**13**
Non-current liabilities	**14**	13
(c) Non-interest-bearing: Programme and film rights	**-**	**-**
Total liabilities	**4 085**	2 493
Less: Current portion	**(4 085)**	(2 493)
(d) Interest- and non-interest-bearing: Amounts due to related parties	**185**	**134**
Non-current liabilities	**185**	134
Non-interest-bearing: Loans and other liabilities (B)	**64**	**46**
Net non-current liabilities	**17 157**	14 634
Net non-current loans and other liabilities (A)+(B)	**78**	59

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

Reconciliation of liabilities arising from financing activities	**Lease liabilities 2020 ZAR'm[1]**	**Interest bearing liabilities 2020 ZAR'm**	**Related- party loans 2020 ZAR'm**	**Non - Interest bearing liabilities 2020 ZAR'm**
Balance at 1 April 2019	**15 731**	**13**	**134**	**46**
IFRS 16 adoption	**728**	**-**	**-**	**-**
Additional liabilities recognised	**481**	**-**	**-**	**-**
Repayments[1]	**(2 158)**	**-**	**-**	**-**
Interest accrued	**713**	**-**	**-**	**-**
Foreign exchange translation[2]	**3 456**	**1**	**51**	**18**
Balance at 31 March 2020	**18 951**	**14**	**185**	**64**
Less: Current portion	**(2 057)**	**-**	**-**	**-**
Non-current liabilities	**16 894**	**14**	**185**	**64**

Reconciliation of liabilities arising from financing activities	**Lease liabilities 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]	(1 529)	(1 813)	(196)	-
Interest accrued	650	-	455	-
Contribution from parent[3]	-	-	(22 617)	-
Foreign exchange translation[2]	2 997	(1)	3 019	25
Transfer to/(from)	-	65	(65)	-
Reallocated to current payable	-	-	(35)	-
Cash movement in intercompany current accounts	-	-	(316)	-
Reallocated 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

12. Liabilities funding operations (continued)

1 Capital repayments of ZAR1 445m (2019: ZAR879m) are included in repayment of lease liabilities within financing activities in the cash flow statement and ZAR713m (2019: ZAR650m) is included as part of interest costs paid within operating activities in the cash flow statement.
2 This item is non-cash in nature.
3 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.

a) Interest-bearing: Lease liabilities

Asset leased	Related platform[2]	Years of final repayment (calendar year)	Weighted average year-end interest rate	2020 ZAR'm	2019 ZAR'm
Transponder 1-21[1]	SA DTH	2027-2031	3.50-4.98%	**11 777**	10 156
W7 transponder[1]	RoA DTH	2025	4.35-6.00%	**2 430**	2 308
E36 B&C transponder[1]	RoA DTH	2025-2031	3.93-4.04%	**3 629**	3 154
IS 904 Intelsat Transponder 1 - 9,13[1]	RoA DTT	2024	5.11%	**370**	113
Land and buildings		2021-2029	2.85-19.00%	**694**	-
Other assets		2021-2029	5.83-8.00%	**51**	-
Total lease liabilities				**18 951**	**15 731**

1 All transponder leases are denominated in US dollars.
2 South Africa direct-to-home (SA DTH), Rest of Africa direct-to-home (RoA DTH) and Rest of Africa digital terrestrial television (RoA DTT).

The maturity analysis of the lease liabilities is as follows:

Within one year	**2 749**
Two to five years	**10 556**
More than five years	**9 525**
Less finance charges	**(3 879)**
Carrying amount of lease liabilities	**18 951**

(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	2020 ZAR'm	2019 ZAR'm
Austrian government	Research and development	EUR	2021-2024	0.75%	**14**	13

	2020 ZAR'm	2019 ZAR'm

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)[1]**	**2020 ZAR'm**	**2019 ZAR'm**
Various trade suppliers	ZAR	2019	**-**	1 613
Various trade suppliers	USD	2019	**-**	-
Various trade suppliers	ZAR	2020	**-**	177
Various trade suppliers	ZAR	2021	**2 344**	-
Various trade suppliers	USD	2020	**-**	393
Various trade suppliers	USD	2021	**1 491**	-
Various trade suppliers	ZAR	2020-2022	**227**	143
Various trade suppliers	GBP	2020	**3**	2
Various trade suppliers	EUR	2020	**8**	9
Various international production studios	EUR	2019	**-**	-
Various international production studios	USD	2020	**12**	156
Total programme and film rights			**4 085**	**2 493**

1 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	**2020 ZAR'm**	**2019 ZAR'm**
Equity investees	**185**	134

These balances are unsecured, repayable in 2024 and carry interest of 1 year libor plus a premium of 0.25%.

	2020 ZAR'm	2019 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 and Euro. In the Rest of Africa segment, for local in-country remittances 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:

	2020	2019
Non-current assets		
Forward exchange contracts	**634**	282
Current assets	**1 733**	444
Forward exchange contracts	**1 452**	361
Future contracts	**215**	-
Currency depreciation features[1]	**66**	83
Non-current liabilities		
Forward exchange contracts	**(3)**	(4)
Current liabilities		
Future contracts	**-**	(15)
Forward exchange contracts	**(116)**	(203)
Net derivative assets	**2 248**	**504**

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

	2020 ZAR'm	2019 ZAR'm

12. Liabilities funding operations (continued)

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

	2020 ZAR'm	2019 ZAR'm
Net profit on forward exchange contracts	**928**	406

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.

	2020 ZAR'm	2019 ZAR'm
Opening balance	**(274)**	(680)
Net fair value losses recognised in other comprehensive income	**(143)**	699
Derecognised and added to asset	**(379)**	22
Derecognised and reported in revenue	**212**	(4)
Derecognised and reported in cost of providing services and sale of goods	**1 201**	649
Derecognised and reported in finance cost	**(30)**	(40)
Tax effects	**(618)**	(560)
Non-controlling interests	**(433)**	(360)
Closing balance	**(464)**	**(274)**

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:	**2020 Currency amount of commitments 'm**	**2020 ZAR'm**	**2019 Currency amount of commitments 'm**	**2019 ZAR'm**
US dollar[1]	**92**	**1 646**	49	712
South African Rands	**10**	**10**	60	60
Euro	**101**	**1 995**	62	1 007
Other currencies[2]	**19 440**	**802**	9 063	585
		4 453		**2 364**

1 The increase in uncovered USD and Euro commitments relates primarily to the renewal of content deals and the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20. These deals fall outside the 36 month hedging window as allowed by the group treasury policy.
2 Includes Nigeria naira, British pound and Australian dollar.

12. Liabilities funding operations (continued)

Effects of hedge accounting on 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	**2020**		**2019**	
	Cash flow hedges	**Fair value hedges**	**Cash flow hedges**	**Fair value hedges**
Carrying amount per currency pair - asset/(liability) (ZAR'm)				
- USD/ZAR	**937**	**934**	307	255
- EUR/ZAR	**154**	**-**	(21)	-
- USD/NGN	**-**	**196**	-	(15)
- Other[1]	**(44)**	**(16)**	(89)	(16)
	1 047	**1 114**	**197**	**224**
Notional amount per currency pair - buy/(sell)				
- USD/ZAR - (USD'm)	**219**	**328**	318	435
- EUR/ZAR - (EUR'm)	**53**	**-**	50	-
- USD/NGN - (NGN'bn)	**-**	**(87)**	-	(65)
- Other	[1]	[1]	[1]	[1]
Maturity date range	**April 2020 - June 2022**	**April 2020 - June 2022**	April 2019 - January 2022	April 2019 - January 2022
Hedge ratio per currency pair				
- USD/ZAR	**100 %**	**100 %**	100 %	100 %
- EUR/ZAR	**100 %**	**100 %**	100 %	100 %
- USD/NGN	**100 %**	**100 %**	100 %	100 %
- Other	[1]	[1]	[1]	[1]
Change in value of hedged item used to determine hedge effectiveness per currency pair - gain/(loss) (ZAR'm)				
- USD/ZAR	**1 246**	**1 029**	866	626
- EUR/ZAR	**123**	**(11)**	52	-
- USD/NGN	**-**	**218**	-	(16)
- Other[1]	**16**	**(5)**	(94)	(36)
	1 385	**1 231**	**824**	**574**
Weighted average hedged rate per currency pair for the year				
- USD/ZAR	**13.90**	**15.49**	13.86	14.76
- EUR/ZAR	**17.37**	**-**	17.43	-
- USD/NGN	**-**	**365.88**	-	363.94
- Other	[1]	[1]	[1]	[1]

1 Other relates to multiple immaterial hedging currency pairs.

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 ZAR10.1m (2019: increase by ZAR15.6m).

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 group's sensitivity to a 10% decrease in the Rand against the US dollar, Euro and British pound are shown below. 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 ZAR667.1m (2019: ZAR220.7m). Changes in other equity would increase by ZAR2.7bn (2019: increase ZAR1.9bn).

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 primarily 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 (2019: increases by 100-basis points)

- US/GBP LIBOR and EURIBOR rates: increases by 100 basis points each (2019: 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 ZAR46.1m (2019: increase ZAR28.7m).

Total equity would be unaffected by the above changes in interest rates (2019: ZARnil).

	2020 ZAR'm	2019 ZAR'm

13. Interest (expense)/income

	2020 ZAR'm	2019 ZAR'm
Interest expense		
Loans and overdrafts	**(4)**	(485)
Leases[1]	**(713)**	(650)
Other[2]	**(322)**	(302)
	(1 039)	**(1 437)**

1 Relates primarily to transponder leases of ZAR656m (FY19: ZAR650m).
2 Relates mainly to discounting on programme and film rights of ZAR233m (FY19: ZAR220m).

	2020 ZAR'm	2019 ZAR'm
Interest income		
Loans and bank accounts	**366**	335
Other[1]	**69**	575
	435	**910**

1 FY19 relates primarily to the reversal of Angola debtor discounting due to a reduction in illiquid cash in Angola.

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

	2020 ZAR'm	2019 ZAR'm
Net loss from foreign exchange translation and fair value adjustments on derivative financial instruments		
On translation of liabilities[2]	**(976)**	(11)
On translation of transponder leases[3]	**(2 208)**	(1 887)
Gains on translation of forward exchange contracts[1]	**3 821**	2 765
Losses on translation of forward exchange contracts[1]	**(2 893)**	(2 359)
Net foreign exchange translation losses	**(2 256)**	**(1 492)**

1 FY19 numbers have been restated to disclose these lines on a gross basis.
2 Movement primarily relates to the depreciation of the naira against the US dollar of NGN360.47 in FY19 to NGN386.51 in FY20 which increases losses on non-quasi equity loans.
3 Movement relates to ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20 on our US dollar transponder lease liability.

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 2020 amount to ZAR91.7m (2019: ZAR68.0m).

(b) Programme and film rights

At 31 March 2020 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 ZAR32.5bn (2019: ZAR33.4bn).

(c) Set-top boxes

At 31 March 2020 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 ZAR1.7bn (2019: ZAR2.0bn).

(d) Guarantees

The group has guarantees of ZAR54.0m (2019: ZAR145.5m) primarily in respect of payments for service contracts.

	2020 ZAR'm	Restated[1] 2019 ZAR'm

14. Commitments and contingencies (continued)

(e) Assets pledged as security

The group pledged property, plant and equipment with a net carrying value of ZAR12.1bn (2019: ZAR12.1bn) as security against certain assets acquired in terms of leases. Refer note 18 for further details.

(f) Other commitments[1]

At 31 March 2020 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 ZAR4.2bn (2019: ZAR2.4bn). The group's other commitments increased due to technology (broadcast and information) commitments, primarily due to the timing of various contractual renewals, and the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20.

1 It should be noted that the amount of the group's other commitments as noted above was restated in relation to the prior year due to certain other commitments being incorrectly disclosed as part of operating lease commitments. The amount disclosed for FY19 was restated from ZAR2.0bn as previously presented to ZAR2.4bn and the comparative disclosure included above has been restated accordingly.

(g) Lease commitments[1,2]

The group has the following short-term and low value lease commitments:

	2020 ZAR'm	Restated 2019 ZAR'm
Minimum lease payments due		
Payable in year one	**24**	227
Payable later than one year but not later than five	**2**	447
Payable after five years	**-**	211
	26	**885**

1 Current year commitments relate to short-term leases and leases of low value assets.
2 During the current financial year, on adoption of IFRS 16, it was noted that certain other commitments (note 14(f)) were incorrectly classified as part of operating lease commitments in the prior year consolidated annual financial statements. The disclosure of operating lease commitments was therefore restated as at 31 March 2019, as outlined in note 2.

The group leases office equipment (low value), warehouse (short-term) and office buildings (short-term) under various non-cancellable leases.

Contingencies

Taxation matters

The group operates a number of businesses in jurisdictions where taxes may be 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 approximately ZAR0.2bn (2019: ZAR1.8bn). The reduction mainly relates to certain tax matters that on reassessment during the current year have been recognised as part of tax liabilities. No provision has been made as at 31 March 2020 for these possible exposures. Refer to note 2 for disclosure related to the group's uncertain income tax liabilities.

	2020 ZAR'm	Restated[1] 2019 ZAR'm

15. Accrued expenses and other current liabilities

	2020 ZAR'm	Restated[1] 2019 ZAR'm
Trade payables	**1 163**	2 676
Deferred income[2]	**3 528**	2 994
Accrued expenses	**2 433**	2 508
Taxes and other statutory liabilities	**438**	360
Employee benefits	**1 256**	941
Bonus accrual	**970**	608
Accrual for leave	**284**	270
Severance	**2**	63
Other current liabilities	**405**	282
	9 223	**9 761**

1 In previous years taxation liabilities were included in accrued expenses and other current liabilities. In the current year, there has been a change in presentation which has been accounted for retrospectively and comparative information has been restated (refer to note 2).
2 Relates to subscription fees received from customers in advance. Subscription fees received in advance which are outstanding at the end of the prior year are recognised during the following year as the subscription fees are rendered.

16. Provisions

	2020 ZAR'm	Restated[1] 2019 ZAR'm
Warranties	**39**	33
Other provisions	**101**	103
	140	**136**

Warranty provisions arise from the group's obligation to repair set-top boxes under a 12-month warranty period in the South Africa and Rest of Africa segments. These provisions are therefore expected to be fully utilised in the next 12 months, with warranty provisions on new set-top box sales being recognised.

Other provisions, including their related nature and timing of outflows primarily relate to:

- *legal and tax provisions (63% of other provisions)* - The group is currently involved in various litigation matters. The legal and tax provisions have been estimated based on legal counsel and management's estimates of costs and probable claims relating to these. These also include estimated amounts related to other regulatory matters. Legal proceedings tend to be unpredictable in terms of timing of settlement, however management's best estimate is that these matters will be resolved within the next 12 months.
- *lease decommissioning provisions (27% of other provisions)* – recognised at the present value of anticipated costs to restore leased office premises back to base building specifications in the technology segment. These outflows are contractually required over the next 12 months.

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.

	2020 ZAR'm	Restated[1] 2019 ZAR'm
Committed/on call	**2 500**	3 500
Uncommitted	**2 500**	-
	5 000	**3 500**

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.

17. Liquidity management

31 March 2020	Carrying value	Contractual cash flows	0-12 months	1-5 years	5 years+
Non-derivative financial liabilities					
Interest-bearing: Lease liabilities	**18 951**	**22 830**	**2 749**	**10 556**	**9 525**
Interest-bearing: Loans and other liabilities	**14**	**14**	**-**	**9**	**5**
Non-interest-bearing: Programme and film rights	**4 085**	**4 458**	**4 302**	**156**	**-**
Non-interest-bearing: Loans and other liabilities	**64**	**64**	**-**	**27**	**37**
Trade payables	**1 163**	**1 163**	**1 163**	**-**	**-**
Accrued expenses and other current liabilities	**3 271**	**3 332**	**3 332**	**-**	**-**
Amounts due to related parties	**185**	**185**	**-**	**185**	**-**
Derivative financial (liabilities)/assets					
Forward exchange contracts - inflow	**2 086**	**5 030**	**3 102**	**1 698**	**230**
Futures contracts - inflow	**215**	**215**	**215**	**-**	**-**
Forward exchange contracts - outflow	**(119)**	**(2 984)**	**(1 734)**	**(1 238)**	**(12)**
Currency devaluation features	**66**	**66**	**64**	**2**	**-**
	29 981	**34 373**	**13 193**	**11 395**	**9 785**

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**

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 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 consolidated income statement.

Right-of use assets are initially measured at at cost. The cost consist of the initial lease liability plus any lease payments made to the lessor at or before the commencement date (less any lease incentives received), plus the initial estimated of the restoration costs and any initial direct costs incurred by the group.

The right of use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right of use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight-line basis. The lease payments previously accounted for and disclosed as part of operating expenses have, under the right-of-use model, been replaced by a depreciation and interest charge.

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
Right of use – 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
Right of use – transmission equipment - leased	15 years	3 to 15 years	n/a

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

The group recognised impairment losses of ZAR28m (2019: ZAR5m) on property, plant and equipment, primarily relating to Uganda DTT transmission sites due to a lower than expected subscriber base on the DTT Platform (2019: primarily relating to South African DTT transmission equipment due to a lower than expected subscriber base on the DTT Platform). 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 (2019: ZARnil).

The group has pledged property, plant and equipment with a carrying value of ZAR12.1bn (2019: ZAR12.1bn) as security against certain assets acquired in terms of leases. The pledge primarily relates to assets acquired in terms of transponder leases. The pledge would come into effect should default on the lease payments occur.

The group's most significant non-financial asset being the right of use transmission equipment remains unaffected by the impact of COVID-19. Broadcast capabilities continue to operate as normal and no modifications to existing agreements have been made.

18. Property, plant and equipment (continued)

	Land and buildings ZAR'm	Right of use - buildings ZAR'm	Transmission equipment ZAR'm	Right of use for transmission equipment ZAR'm	Vehicles, furniture, computers and office equipment[1] ZAR'm	Total ZAR'm
1 April 2019						
Cost	2 496	316	6 876	18 771	2 674	31 133
Accumulated depreciation and impairment	(496)	(316)	(4 792)	(6 680)	(1 898)	(14 182)
Carrying value at 1 April 2019	2 000	-	2 084	12 091	776	16 951
Adjustment for change in accounting policy (note 2)	-	719	-	-	9	728
Restated carrying value at 1 April 2019	2 000	719	2 084	12 091	785	17 679
Foreign currency translation effects	70	30	153	982	47	1 282
Transfer from work-in-progress	38	-	43	-	87	168
Acquisitions	72	222	144	345	229	1 012
Disposals/scrapings	-	(2)	(14)	-	(19)	(35)
Impairment	(25)	-	(1)	-	(2)	(28)
Depreciation	(100)	(214)	(635)	(1 357)	(332)	(2 638)
31 March 2020						
Cost	2 686	1 351	7 491	20 248	2 751	34 527
Accumulated depreciation and impairment	(631)	(596)	(5 717)	(8 187)	(1 956)	(17 087)
Carrying value excluding work-in-progress	2 055	755	1 774	12 061	795	17 440
Work-in-progress						297
Total carrying value at 31 March 2020						17 737

1 Includes leased vehicles, furniture, computers & office equipment with a carrying values of ZAR5.7m.

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
01 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 01 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[1]				**17 279**

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

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. The group may make prepayments for programme and film rights which are recognised as prepayment assets within programme and film rights on the consolidated statement of financial position, until such time as the asset meets the criteria for initial recognition as a programme and film right.

The operating cycle for content is 18-24 months, as this is the average period it takes to generate new content. Therefore, unless cash flows are only expected to be paid beyond 24 months, programme and film rights are classified as current on the consolidated statement of financial position.

The group often contracts for programme and film rights in advance. These non-cancellable contracts are disclosed as commitments (refer note 14), unless a prepayment has been made.

The table below reflects the accounting policies applicable to programme and film rights, split between general entertainment programming (it should be noted that local sports productions follow the same accounting policy) and sports events rights:

	General entertainment	**Sports events rights**
Nature	Rights to broadcast programmes, series and films including local productions	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 (no prepayment):* Purchase price translated at spot rate on the purchase date. *Purchased (prepayment):* 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 are assessed on an ongoing basis and expensed accordingly.	*Purchased (no prepayment):* Purchase price translated at spot rate on the date of initial recognition. *Purchased (prepayment):* Any amounts prepaid are recognised at the spot rate on the date of each payment transaction. A blended rate results on initial recognition based on the weighting and timing of advance payments made. 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 general entertainment content and sports events rights.	
Subsequent measurement		
Pattern of recognition as an expense	Based on contractual screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.	
Average period over which expense is recognised	Programme and film rights are on average 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 as well as contractual rights to recover these rights through cash.

	2020 ZAR'm	2019 ZAR'm

19. Programme and film rights (continued)

COVID-19 application to programme and film rights

Towards the end of the current financial year the emergence of COVID-19 has disrupted the production of content and has halted most major sports events. This has required specific accounting policy considerations around the recognition, measurement, presentation and disclosure of programme and film rights over and above the group's normal accounting policies referred to above.

General Entertainment (low impact)

COVID-19 has resulted in some productions being delayed, however subsequent to year end the majority of the group's productions have recommenced. International content (including 3rd party channels and studio deals) generally operate on a lag basis, and therefore have not impacted schedules to date. The group therefore expects all general entertainment programme and film rights, included on the consolidated statement of financial position, to be realised and settled through future scheduling in the course of normal business operations.

Sport (high impact)

The group has assessed the impact of delays and cancellations of major sports events rights with the following outcomes:

- *Event formally cancelled* – reclassification from programme and film rights to trade receivables to the extent that the group has a contractual right to a cash refund. No material cancellations occurred which required this reclassification to occur.
- *Event delayed* – the majority of sports events delayed are still expected to be recovered through future broadcasting (although potentially in a different format). These rights remain classified as programme and film rights on the statement of financial position.

Based on the potential change in the nature of programme and film rights, the group reassessed these rights for impairment taking into account:

- Actual cash refunds received;
- Updated contractual terms; and
- The likelihood of content being received of a similar value to the original contract (based on discussions with rights holders and media releases).

The impairment assessment above led to no further impairment losses being recognised for the current financial year.

Amortisation and Useful lives

For the current financial year, content has been delivered as normal up until late March 2020 which resulted in normal amortisation taking place in line with the prior year. Any change to amortisation periods will be made on a prospective basis depending on estimated or contractual changes to useful lives and has been disclosed if material as a subsequent event (refer note 29).

	2020 ZAR'm	2019 ZAR'm
Cost price	**15 619**	15 097
Accumulated amortisation and impairment	**(12 642)**	(12 401)
Carrying value of programme and film rights assets	**2 977**	2 696
Prepayments for programme and film rights	**1 773**	2 437
Total programme and film rights	**4 750**	**5 133**

	2020 ZAR'm	Restated[1] 2019 ZAR'm

19. Programme and film rights (continued)

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

	2020 ZAR'm	Restated[1] 2019 ZAR'm
Cost	**15 097**	9 102
Accumulated amortisation and impairment	**(12 401)**	(6 568)
Opening carrying value at 1 April	**2 696**	2 534
Acquisitions[1]	**13 061**	12 091
Amortisation and impairment[1]	**(12 780)**	(11 929)
Closing carrying value at 31 March	**2 977**	2 696
Cost	**15 619**	15 097
Accumulated amortisation and impairment	**(12 642)**	(12 401)

1 FY19 numbers have been restated to exclude the impact of 3rd party content costs amounting to ZAR4.2bn which were previously included in both the "Acquisitions" and "Amortisation and impairment" lines. The afore-mentioned restatement only impacted the mentioned line items and had no impact on the previously reported closing carrying value at 31 March 2019.

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.

Inventories are measured at the lower of their cost and net realisable value (NRV). The group has reviewed costing of inventories (decoders and associated components) and is satisfied that the appropriate considerations have been taken into account in measuring inventories.

	2020 ZAR'm	Restated[1] 2019 ZAR'm
Decoders and associated components	**1 497**	1 516
Allowance for slow-moving and obsolete inventories	**(623)**	(592)
	874	**924**

The total allowance charged to the income statement to write inventory down to net realisable value amounted to ZAR174m (2019:ZAR 275m), and there was no reversal of these allowances in 2020 (2019: ZARnil).

	2020 ZAR'm	2019 ZAR'm

21. Trade and other receivables

Trade and other receivables consist primarily of invoiced amounts from normal trading activities. 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. 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.

The group is exposed to certain concentrations of credit risk relating to its 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 2020 cash was held with numerous financial institutions.

The group has based the measurement of the of expected credit losses on an unbiased, probability-weighted amount that is determined by evaluating a range of possible outcomes and reflecting time value of money. The group operates a prepaid business model which limits exposure to credit losses on subscriptions revenues, the group's major revenue stream.

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.

Commercial receivables entail subscription fees charged to non-residential customers which primarily comprises hospitality customers. Hardware receivables relate to set-top box sales to distributors and retailers who retail the group's product. Both commercial and hardware customers are primarily extended 30 day payment terms.

The impact of COVID-19 has been factored into expected credit losses recognised, which is most relevant to commercial customers effected by lockdown regulations.

The majority of these hardware receivables relates to retailers with low credit risk. The group identifies specific credit loss allowances if these receivables are greater than 90 days.

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

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 commercial subscriptions and hardware sales. Defaults are considered based on contractual terms which are determined on a contract by contract basis. After *IFRS 9* assessments were conducted by the group, the expected credit loss was not determined to be material.

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 commercial subscriptions and hardware sales to measure the expected credit losses which uses a lifetime expected loss allowance for other receivables. Advertising revenue receivables are largely covered by insurance, which further reduces credit risk. Defaults are considered based on contractual terms which are determined on a contract by contract basis.

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

21. Trade and other receivables (continued)

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 related party 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 related party 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 immaterial.

As at 31 March 2020, the directors were unaware of any significant unprovided and uninsured concentration of credit risk.

	2020 ZAR'm	2019 ZAR'm
Trade receivables	**2 284**	2 830
Expected credit losses	**(820)**	(645)
Net trade receivables	**1 464**	2 185
Other receivables	**2 424**	**1 910**
Prepayments[1]	**1 050**	968
Staff debtors	**24**	25
VAT and related taxes receivable	**305**	194
Sundry deposits	**27**	38
Other receivables[2]	**1 018**	685
Total trade and other receivables	**3 888**	**4 095**

The movement in the expected credit loss for trade receivables during the year was as follows:

	2020 ZAR'm	2019 ZAR'm
Opening balance at 1 April	**(645)**	(658)
Change in accounting policy	**-**	(170)
Restated opening balance at 1 April	**(645)**	(828)
Additional allowances charged to the income statement	**(199)**	(88)
Allowances reversed through the income statement	**24**	237
Allowances utilised	**47**	65
Foreign currency translation effects	**(47)**	(31)
	(820)	**(645)**

1 Primarily relates to prepayments for software licenses, transponder leases and inventory.
2 Includes primarily transmission debtors, accrued income and clearing receipts. Increase due to the ZAR depreciation against the USD from a closing rate of ZAR14.50 in FY19 to ZAR17.86 in FY20 and an increase in receipts still subject to clearing at the end of the financial year.

The group has not pledged any of its trade receivables as security against its 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 does not hold any form of collateral as security relating to trade receivables.

21. Trade and other receivables (continued)

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

	2020			2019		
	Carrying value ZAR'm	Impairment ZAR'm	Loss rate (%)[1]	Carrying value ZAR'm	Impairment ZAR'm	Loss rate (%)[1]
Current	**946**	**(74)**	**8**	**1 144**	**(89)**	**8**
Commercial subscriptions and hardware	*762*	*(73)*	*10*	*1 144*	*(89)*	*8*
Technology customers	*184*	*(1)*	*1*	*-*	*-*	*-*
Past due 30 to 59 days	**484**	**(80)**	**17**	**483**	**(47)**	**10**
Commercial subscriptions and hardware	*465*	*(80)*	*17*	*481*	*(47)*	*10*
Technology customers	*19*	*-*	*-*	*2*	*-*	*-*
Past due 60 to 89 days	**96**	**(39)**	**41**	**270**	**(46)**	**17**
Commercial subscriptions and hardware	*90*	*(39)*	*43*	*270*	*(46)*	*17*
Technology customers	*6*	*-*	*-*	*-*	*-*	*-*
Past due 90 to 119 days	**111**	**(89)**	**80**	**104**	**(34)**	**33**
Commercial subscriptions and hardware	*102*	*(89)*	*87*	*104*	*(34)*	*33*
Technology customers	*9*	*-*	*-*	*-*	*-*	*-*
Past due 120 days and older	**647**	**(538)**	**83**	**829**	**(429)**	**52**
Commercial subscriptions and hardware	*576*	*(484)*	*84*	*829*	*(429)*	*52*
Technology customers	*71*	*(54)*	*76*	*-*	*-*	*-*
	2 284	**(820)**	**36**	**2 830**	**(645)**	**23**

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

22. Cash and cash equivalents and Restricted cash

22.1 Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost and comprise cash on hand and deposits held on call, all of which are available for use by the group.

Cash and cash equivalents consist of:

	2020	2019
Cash at bank and on hand	**9 145**	6 723

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 ZAR4.8bn (2019: ZAR3.8bn). Of the ZAR4.8bn, ZAR2.7bn (2019: 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 ZAR2.7bn (2019: ZAR2.1bn) and Nigeria naira accounts of ZAR1.0bn (2019: ZAR0.6bn).

Included in cash and cash equivalents are cash balances amounting to ZAR221m (2019: ZAR316m). These balances relate to fixed deposits with maturity dates shorter than 3 months and cash held in a trust, in terms of insurance regulations in South Africa, relating to the group's decoder insurance business.

Included in cash and cash equivalents is an amount of ZAR222m (2019: ZAR368m) 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 dollars. Local currency can still be utilised in-country and is therefore not considered restricted.

22. Cash and cash equivalents and Restricted cash (continued)

The group is exposed to certain concentrations of credit risk relating to its receivables in the Rest of Africa. It places its cash and cash equivalents, 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 and cash equivalents in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. At the reporting date cash and cash equivalents were held with numerous financial institutions. As required by *IFRS 9*, cash balances have been assessed for expected credit losses. This has been performed through assessment of the counterparty risk of the related financial institutions where the cash is held, through adjusted credit risk factors (including the impact of COVID-19 on these institutions). The majority of the group's cash and cash equivalents are held with financial institutions, which have been guaranteed by the relevant local reserve banks, which reduces credit risk further. No expected credit losses have been provided for in the current or previous financial year as these were immaterial.

22.2 Restricted cash

Restricted cash comprises initial margin deposits on Nigerian futures hedging instruments that are not highly liquid and have maturities of greater than 3 months. These margin deposits are accounted for at amortised cost and are denominated in Nigerian naira.

As required by *IFRS 9*, this balance has been assessed for expected credit losses. This has been performed through assessment of the counterparty risk of the related financial institutions where the cash is held, through adjusted credit risk factors (including the impact of COVID-19 on these institutions). No expected credit losses have been provided for in the current financial year as these were immaterial.

Restricted cash	**459**	-

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 is tested for impairment annually or more frequently if there is an indicator of impairment.

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
01 April 2019				
Cost	**4 557**	**1 646**	**3 657**	**9 860**
Accumulated amortisation and impairment	**(1 044)**	**(1 110)**	**(3 451)**	**(5 605)**
Carrying value at 01 April 2019	**3 513**	**536**	**206**	**4 255**
Foreign currency translation effects	**(4)**	**35**	**25**	**56**
Acquisitions	**-**	**42**	**24**	**66**
Transfers from work-in-progress	**-**	**28**	**-**	**28**
Disposals	**-**	**(5)**	**-**	**(5)**
Amortisation	**-**	**(175)**	**(71)**	**(246)**
31 March 2020				
Cost	**4 806**	**1 788**	**4 173**	**10 767**
Accumulated amortisation and impairment	**(1 297)**	**(1 327)**	**(3 989)**	**(6 613)**
Carrying value excluding work-in-progress	**3 509**	**461**	**184**	**4 154**
Work-in-progress				**183**
Total carrying value at 31 March 2020				**4 337**

	Goodwill ZAR'm	Software ZAR'm	Other[1] 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**

1 Includes intellectual property rights and subscriber base with carrying values of ZAR76m and ZAR50m, 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 (2019: 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. Scenarios associated with the potential impact of COVID-19 on future cash flow projections have been considered, given the evidence available at the time of finalising the consolidated annual financial statements. These scenarios still supported value in use calculations exceeded in the carrying value of goodwill.

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

31 March 2020 **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 %**[1]	**Growth rate used to extra-polate cash flows %**
Technology	268	Value in use	13.0	1.0
South Africa	3 241	Value in use	17.0	5.0
	3 509			

31 March 2019 **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			

1 Increase in the discount rate is primarily due to high equity risk premium associated with higher market risk factors.

The discount rate calculation is based on the specific circumstances of the group and its operating segments and is derived from its weighted average cost of capital. 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.

The group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The growth rates were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operated.

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 impairments that would have to be recognised.

24. Investments in subsidiaries

All subsidiaries (except MultiChoice Angola Limitada which has a 31 December financial year-end) 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 2020	Effective % interest 2019	Nature of business	Country of incorporation	Functional currency	Direct/ indirect
South Africa						
MultiChoice South Africa Holdings Proprietary Limited[1]	**76.4**	75.0	Investment holding	South Africa	ZAR	Direct
Electronic Media Network Proprietary Limited (M-Net)[1]	**76.4**	75.0	Video-entertainment content provider	South Africa	ZAR	Indirect
SuperSport International Holdings Proprietary Limited[1]	**76.4**	75.0	Video-entertainment content provider	South Africa	ZAR	Indirect
DStv Media Sales Proprietary Limited[1]	**76.4**	75.0	Commercial airtime sales	South Africa	ZAR	Indirect
MultiChoice Proprietary Limited[1]	**76.4**	75.0	Subscription television	South Africa	ZAR	Indirect
MultiChoice South Africa Proprietary Limited[1]	**76.4**	75.0	Investment holding	South Africa	ZAR	Indirect
MultiChoice Support Services Proprietary Limited[1]	**76.4**	75.0	Subscriber management, subscription video on demand business and technical support services	South Africa	ZAR	Indirect
MultiChoice Group Treasury Services Proprietary Limited	**100.0**	100.0	Treasury services	South Africa	ZAR	Direct
MultiChoice Group Services Proprietary Limited	**100.0**	100.0	Support services	South Africa	ZAR	Direct
MultiChoice Group Holdings B.V.	**100.0**	100.0	Investment holding company for Dutch fiscal unity	The Netherlands	USD	Indirect
Rest of Africa						
MultiChoice Africa Holdings B.V. Group	**100.0**	100.0	Investment holding	The Netherlands	USD	Indirect
MultiChoice Nigeria Limited	**79.0**	79.0	Subscription television	Nigeria	NGN	Indirect
MultiChoice Uganda Limited[2]	**100.0**	95.0	Subscription television	Uganda	UGX	Indirect
MultiChoice Angola Limitada	**100.0**	100.0	Subscription television	Angola	AOA	Indirect
MultiChoice Zambia Limited	**51.0**	51.0	Subscription television	Zambia	ZMK	Indirect
MultiChoice Kenya Limited	**60.0**	60.0	Subscription television	Kenya	KSH	Indirect
MultiChoice Tanzania Limited	**85.0**	85.0	Subscription television	Tanzania	TSH	Indirect
Technology						
Irdeto B.V.	**100.0**	100.0	Technology development	The Netherlands	USD	Indirect
Irdeto South Africa Proprietary Limited	**100.0**	100.0	Market research and support services	South Africa	ZAR	Indirect

1 The group's interest in these subsidiaries changed as a result of the share swap transaction detailed in note 8.
2 In FY20, MultiChoice Africa Holdings B.V. increased its controlling interest in MultiChoice Uganda Limited to 100% for a purchase consideration of ZAR23m.

24. Investments in subsidiaries (continued)

The summarised financial information contained below relates to subsidiaries of the group that are considered to have significant non-controlling interests:

	MultiChoice Nigeria Limited 31 March 2020 ZAR'm	MultiChoice Nigeria Limited 31 March 2019 ZAR'm	MultiChoice South Africa Holdings Proprietary Limited 31 March 2020 ZAR'm	MultiChoice South Africa Holdings Proprietary Limited Restated[1] 31 March 2019 ZAR'm
Summarised statement of financial position				
Non-current assets	**1 602**	1 400	**17 452**	16 041
Current assets	**2 458**	1 514	**17 787**	13 990
Total assets	**4 060**	**2 914**	**35 239**	**30 031**
Non-current liabilities	**4 596**	4 487	**12 195**	10 212
Current liabilities	**21 871**	16 085	**10 832**	9 518
Total liabilities	**26 467**	**20 572**	**23 027**	**19 730**
Accumulated non-controlling interests[1]	**(4 706)**	(3 708)	**2 283**	1 813
Summarised income statement				
Revenue	**6 505**	5 329	**40 962**	40 391
Net (loss)/profit for the year	**(2 017)**	(1 463)	**6 521**	3 466
Other comprehensive income	**-**	-	**1 787**	1 728
Total comprehensive (loss)/income	**(2 017)**	**(1 463)**	**8 308**	**5 194**
Total comprehensive (loss)/income attributable to non-controlling interests	**(285)**	(307)	**2 017**	942
Dividends paid to non-controlling interests	**-**	-	**1 500**	1 320
Summarised statement of cash flows				
Cash flows generated from operating activities	**1 743**	1 001	**10 052**	8 558
Cash flows utilised in investing activities	**(109)**	(160)	**(664)**	(645)
Cash flows utilised in financing activities	**(926)**	(697)	**(9 865)**	(8 431)

1 The MultiChoice South Africa Holdings Proprietary Limited non-controlling interest line item for FY19 has been restated. This is in relation to the prior year empowerment transaction with PN. The group reallocated a portion of its prior year retained earnings to non-controlling interest. As this transaction was accounted for within equity, the restatement had no impact on the consolidated income statement and consolidated statement of cash flows.

	2020 ZAR'm	2019 ZAR'm

25. Investments and loans

	Notes	2020	2019
Investment in joint ventures	(a)	**16**	15
Investments held at fair value through other comprehensive income	(b)	**101**	155
Investment in associates	(c)	**150**	-
Other investments and loans[1]		**84**	68
		351	**238**

1 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 2020 %	Effective interest 2019 %	Carrying value 2020 ZAR'm	Carrying value 2019 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	**19**	18
Vast Networks Proprietary Limited[1]	**-**	49	**-**	-
			16	**15**

1 During FY20, Vast Networks Proprietary Limited was voluntarily liquidated.

Investment in the joint ventures are measured using the equity method. 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.

During FY20, following the implementation of a scheme arrangement, Phuthuma Nathi Investments (RF) limited acquired 100% of the share capital of Phuthuma Nathi Investments 2 (RF) Limited, from the Phuthuma Nathi Investments 2 (RF) Limited shareholders. As a result, Phuthuma Nathi Investments 2 (RF) Limited became a wholly owned subsidiary of Phuthuma Nathi Investments (RF) Limited. Phuthuma Nathi Investments 2 (RF) Limited distributed its 8.33% interest in MultiChoice South Africa Holdings Proprietary Limited, as a dividend in specie to its parent, Phuthuma Nathi Investments (RF) Limited. Consequently, the group's 1 200 000 shares in Phuthuma Nathi 2 were converted into Phuthuma Nathi Investments (RF) Limited shares.

At year-end these shares were revalued to market value of ZAR85 per share (FY19: ZAR130 per share).

(c) Investment in associates

Investment in associates are measured using the equity method. In FY20, the group increased its investment to 22.80% in SafeRide Technologies Limited resulting in the investment being classified as an associate. SafeRide is a leading provider of multi-layer cybersecurity and data analytics solutions for connected and autonomous vehicles. SafeRide is an unlisted entity with a year-end of 31 December and a functional currency of USD. It is incorporated and has its principal place of business in Israel.

	2020 ZAR'm	2019 ZAR'm

PART V. OTHER DISCLOSURES

26. Share capital

Authorised
1 000 000 000 ordinary no par value shares

	2020 ZAR'm	2019 ZAR'm
Issued		
442 512 678 (FY19: 438 837 468) ordinary shares	**454**	[1]

	Number of shares	ZAR'm
Authorised and issued at 1 April 2019	438 837 468	[1]
Phuthuma Nathi share swap (refer to note 8)	3 675 210	454
Authorised and issued at 31 March 2020	**442 512 678**	**454**

1 439m ordinary shares were issued at a nominal value.

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, in particular the Rest of Africa segment.

The group optimises the management of its capital through a centralised treasury holding company structure. This structure is approved by the South African Reserve Bank and is managed by the group treasury function, under the supervision of the group chief financial officer. Key responsibilities of the group treasury include:

- Centralised cash management and yield maximisation;
- Foreign currency risk management (including the group hedging programme) 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 undrawn debt, all of which were complied with throughout 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.

27. Related parties

(a) Related party balances

	Notes	2020 ZAR'm	2019 ZAR'm
Amounts due to related parties: Non-current	12	**(185)**	(134)
Amounts due from related parties: Non-current	(i)	**224**	180
		39	**46**

(i) Amounts due from related parties: Non-current	**Nature of relationship**	2020 ZAR'm	2019 ZAR'm
Other	Equity investees	**224**	180

These 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**	2020 ZAR'm	2019 ZAR'm
Showmax B.V. (Polish entities)[1]	Fellow subsidiary	-	147
Other	Fellow subsidiaries	-	31
		-	**178**

Purchases of goods and services:	**Nature of relationship**	2020 ZAR'm	2019 ZAR'm
Showmax B.V. (Polish entities)[1]	Fellow subsidiary	-	(232)
New Media Publishing Proprietary Limited[1]	Fellow subsidiary	-	(47)
Media24 Proprietary Limited[1]	Fellow subsidiary	-	(97)
Minority shareholders and companies with common directors	Minority shareholders and companies with common directors	**(243)**	(275)
Other	Fellow subsidiaries	-	(29)
		(243)	**(680)**

Interest (paid)/received:	**Nature of relationship**	2020 ZAR'm	2019 ZAR'm
MIH Holdings Proprietary Limited[1]	Fellow subsidiary	-	(30)
MIH Finance VOF[1]	Fellow subsidiary	-	(425)
Other	Fellow subsidiaries and equity investees	**3**	5
		3	**(450)**

1 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 FY19, loans owing to the Naspers group amounting to ZAR23bn were capitalised as part of the unbundling from Naspers (refer to Note 12).

	2020 ZAR'm	2019 ZAR'm

27. Related parties (continued)

Key management remuneration

	2020 ZAR'm	2019 ZAR'm
Consolidated		
Short-term employee benefits	210	133
Long-term post-employment benefits	15	11
Share-based payment charge	85	110
Fees paid to key management	**310**	**254**
Non-executive directors		
Directors' fees	**21**	**31**

Key management remuneration and participation in share-based incentive plans

For shares listed on a recognised stock exchange as follows:

1 556 851 (2019: 3 537) MCG shares were allocated during the 2020 financial year and an aggregate of 1 556 851 (2019: 17 038) MCG shares were allocated as at 31 March 2020.

Nil (2019: 32 877) Naspers Limited Class N ordinary shares were allocated during the 2020 financial year. An aggregate of 51 802 Naspers Limited Class N ordinary shares were allocated as at 31 March 2019.

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

Nil (2019: 1 835 431) MultiChoice 2008 SARs were allocated during the 2020 financial year and an aggregate of 4 327 050 (2019: 4 495 108) MultiChoice 2008 SARs were allocated as at 31 March 2020.

Nil (2019: 13 035) Irdeto SARs were allocated during the 2020 financial year and an aggregate of 49 430 (2019: 62 450) Irdeto SARs were allocated as at 31 March 2020.

Nil (2019: Nil) Naspers Global Ecommerce SARs were allocated during the 2020 financial year. An aggregate of 21 227 Naspers Global Ecommerce SARs were allocated as at 31 March 2019.

Nil (2019: Nil) Showmax SARs were allocated during the 2020 financial year. An aggregate of 20 259 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 all 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 2020 ZAR'm	Fair value 2019 ZAR'm	Valuation method	Level in fair value hierarchy
Financial assets				
Investments held at fair value through other comprehensive income	**101**	155	Quoted prices in a public market	Level 1
Forward exchange contracts	**2 086**	643	Fair value derived from forward exchange rates that are publicly available	Level 2
Futures contracts	**215**	-	Quoted prices in a public market	Level 1
Currency depreciation features	**66**	83	The fair value is calculated based on the LIBOR rate of 0.86%	Level 3
Financial liabilities				
Futures contracts	**-**	15	Quoted prices in a public market	Level 1
Forward exchange contracts	**119**	207	Fair value derived from 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 average spot exchange rates prevailing at the relevant measurement dates.

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

The group does not have material fair value measurements for financial instruments based on unobservable inputs (referred to as level 3 measurements). Fair values are determined using observable inputs, which reflect the market conditions including that of COVID-19 in their expectations of future cash flows related to the asset or liability at 31 March 2020.

29. Subsequent events

Maiden dividend

The board recommends that a maiden annual gross dividend be declared at 565 cents per listed ordinary share (ZAR2.5bn). It will be subject to the dividend tax rate of 20%, yielding a net dividend of 452 cents per listed ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 113 cents per listed ordinary share. This dividend declaration is subject to approval of the MultiChoice South Africa Holdings (Pty) Ltd (MCSAH) dividend at their annual general meeting on Wednesday, 26 August 2020. The finalisation date for the dividend declaration by the company will be Thursday, 27 August 2020. Subject to the aforementioned MCSAH approval, dividends will be payable to the company's shareholders recorded in the register on the record date, being Friday, 11 September 2020.

COVID-19

The group considers information obtained subsequent to the reporting date, in relation to known or knowable events and expected eventualities identified as at 31 March 2020, as adjusting subsequent events. With regards to financial reporting impacts associated with COVID-19, the key principle is that COVID-19 is considered to be sufficiently prevalent in the group's major markets at 31 March 2020. Therefore, COVID-19 related events that arise in the post balance sheet period, that provide additional information in relation to assets and liabilities in existence at 31 March 2020, have been considered adjusting subsequent events. New events which occur after 31 March 2020, which do not relate to existing assets and liabilities related to COVID-19 at the reporting date (such as donations to relief initiatives), are considered to be non-adjusting subsequent events, and these, together with their relating financial effects, have been disclosed to the extent that they are considered to be material.

Subsequent to year-end, the group has supported various markets with relief initiatives associated with COVID-19. This includes making more content available in lower packages, providing financial support to the broadcast supply chain and donations of personal protective equipment. The total financial impact associated with these initiatives amounts to ZAR238m.

Other subsequent events

The group recently concluded distribution agreements with two major international Subscription Video on Demand (SVOD) providers. The financial effect of these deals is not yet quantifiable as it relates to future variables such as subscriber take up and set-top box sales volumes.

There have been no other events noted, that occurred after the reporting date, including events associated with COVID-19, that could have a material impact on the consolidated financial statements.

30. Recently issued accounting standards

The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2020. The group is currently evaluating the effects of these standards and interpretations, which have not been early adopted.

Standard/Interpretation	**Title**
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of material*
Conceptual Framework	*Amendments to References to the Conceptual Framework in IFRS Standards*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest rate benchmark reform*

30. Recently issued accounting standards (continued)

Based on the current assessment, the group does not expect that the adoption of the standards listed above will have a material impact on the financial statements in future periods. The amendments can be summarised as follows:

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in *IAS 1* easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to *IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22,* and *SIC-32*.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

These amendments provide certain relief in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR (interbank lending rate) reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the relief will affect companies in all industries.

These amendments should be applied for annual periods beginning on or after 1 January 2020. Earlier application is permitted.

	2020 ZAR'm	2019 ZAR'm

31. Directors' emoluments

	2020 ZAR'm	2019 ZAR'm
Executive directors and prescribed officers emoluments	**69**	**48**
Non-executive directors		
Fees for services as directors of the group	10	2
Remuneration for services to other group companies	6	14
Fees for services as directors of other group companies	5	15
	21	31
	90	**79**

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

The company 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:

2020 **Executive directors**	**Salary and other allowances** **ZAR'm**	**Annual cash bonuses and performance related payments** **ZAR'm**	**Pension contributions paid on behalf of the director** **ZAR'm**	**Total** **ZAR'm**
MI Patel	18.99	6.11	0.69	25.79
CP Mawela	11.71	8.92	1.02	21.65
TN Jacobs	5.44	2.00	0.76	8.20
B De Villiers(1)(2)	4.76	8.04	0.46	13.26
	40.90	**25.07**	**2.93**	**68.90**

(1) Prescribed officer
(2) Resigned as prescribed officer on 22 October 2019 when he changed role from group Chief Operating Officer to Chief Executive Officer for the Rest of Africa segment. The group Chief Operating Officer role has not been replaced.

2019 **Executive directors**	**Salary and other allowances** **ZAR'm**	**Annual cash bonuses and performance related payments** **ZAR'm**	**Pension contributions paid on behalf of the director** **ZAR'm**	**Total** **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

Executive directors' annual performance payment is based on financial, operational and discrete objectives, which were approved by the human resources and remuneration committee in advance. The on-target percentage of the bonus is 80% of annual total cost to company. With exceptional company and individual performance, an executive can earn in excess of this, however this is capped at 96% of total annual cost to company. Remuneration is earned for services rendered in connection with the carrying on of the affairs of the company.

31. Directors' emoluments (continued)

2020	Directors' remuneration		Directors' fees		Committee and trustee fees[1][2]		
Non-executive directors	**Paid for services to the group ZAR'm**	**Paid for services to other group companies ZAR'm**	**Paid for services to the group ZAR'm**	**Paid for services to other group companies ZAR'm**	**Paid for services to the group ZAR'm**	**Paid for services to other group companies ZAR'm**	**Total ZAR'm**
DG Eriksson	-	-	0.54	0.51	0.34	0.51	1.90
FLN Letele[3]	-	5.69	0.18	0.17	0.03	0.03	6.10
E Masilela	-	-	0.54	0.51	-	0.30	1.35
KD Moroka[4]	0.54	-	0.54	0.51	0.73	0.48	2.80
SJZ Pacak	-	-	0.54	0.51	0.93	0.21	2.19
L Stephens	-	-	0.54	0.51	0.44	0.53	2.02
JJ Volkwyn[5]	2.89	-	-	-	-	-	2.89
CM Sabwa[6]	-	-	0.54	-	0.25	-	0.79
JA Mabuza[7]	-	-	0.41	0.38	0.06	-	0.85
FA Sanusi[7]	-	-	0.41	-	0.03	-	0.44
	3.43	**5.69**	**4.24**	**3.10**	**2.81**	**2.06**	**21.33**

(1) 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.
(2) Trustee fees include fees for the attendance of the various trustee meetings of the group. An additional fee may be paid to directors for work done as directors with specific expertise.
(3) Effective 1 October 2019, FLN Letele changed roles from MultiChoice South Africa executive chairman to a non-executive director.
(4) In addition to Director's fees, emoluments shown are based on a consultancy agreement whereby KD Moroka provides professional advisory services to the company and its subsidiaries.
(5) Emoluments shown are based on a consultancy agreement whereby JJ Volkwyn provides consultancy services to the group.
(6) Appointed 14 May 2019.
(7) Appointed 5 July 2019.

2019	Directors' remuneration		Directors' fees		Committee and trustee fees [2][3]		
Non-executive directors	**Paid for services to the group ZAR'm**	**Paid for services to other group companies ZAR'm**	**Paid for services to the group ZAR'm**	**Paid for services to other group companies[1] ZAR'm**	**Paid for services to the group ZAR'm**	**Paid for services to other group companies ZAR'm**	**Total 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.
(3) Trustee fees include fees for the attendance of the various trustee meetings of the group. 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.

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.

31. Directors' emoluments (continued)

Directors’ interest in the group's share incentive schemes

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

2020

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	35.15
		03-Dec-18	151 142	77.19	03-Dec-22	39.48
		03-Dec-18	151 143	77.19	03-Dec-23	43.19
			453 427			
	MultiChoice Group RSU[1]	18-Jun-19	15 768	0.00	18-Jun-21	130.80
		18-Jun-19	15 768	0.00	18-Jun-22	130.80
		18-Jun-19	15 768	0.00	18-Jun-23	130.80
		18-Jun-19	15 769	0.00	18-Jun-24	130.80
			63 073			

2020

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
CP Mawela	MCA 2008 SAR Plan	15-Sep-15	16 242	113.19	15-Sep-20	17.19
		01-Sep-16	13 958	116.30	01-Sep-20	18.18
		01-Sep-16	13 958	116.30	01-Sep-21	20.40
		28-Jun-17	10 594	94.39	28-Jun-20	22.06
		28-Jun-17	10 594	94.39	28-Jun-21	26.07
		28-Jun-17	10 595	94.39	28-Jun-22	30.01
		27-Jun-18	26 119	77.19	27-Jun-21	32.80
		27-Jun-18	26 119	77.19	27-Jun-22	37.80
		27-Jun-18	26 119	77.19	27-Jun-23	41.16
			154 298			
	MultiChoice Group RSU[1]	18-Jun-19	61 162	0.00	18-Jun-21	130.80
		18-Jun-19	61 162	0.00	18-Jun-22	130.80
		18-Jun-19	61 162	0.00	18-Jun-23	130.80
		18-Jun-19	61 162	0.00	18-Jun-24	130.80
			244 648			

31. Directors' emoluments (continued)

2020

Name	Share plan	Offer date	Number of shares	Offer price	Release date	Option fair value R
MI Patel	MCA 2008 SAR Plan	15-Sep-15	82 276	113.19	15-Sep-20	17.19
		01-Sep-16	58 369	116.30	01-Sep-20	18.18
		01-Sep-16	58 370	116.30	01-Sep-21	20.40
		28-Jun-17	67 996	94.39	28-Jun-20	22.06
		28-Jun-17	67 996	94.39	28-Jun-21	26.07
		28-Jun-17	67 996	94.39	28-Jun-22	30.01
		27-Jun-18	119 527	77.19	27-Jun-21	32.80
		27-Jun-18	119 527	77.19	27-Jun-22	37.30
		27-Jun-18	119 529	77.19	27-Jun-23	41.16
			761 586			
	MultiChoice Group RSU[1]	18-Jun-19	51 548	0.00	18-Jun-21	130.80
		18-Jun-19	51 548	0.00	18-Jun-22	130.80
		18-Jun-19	51 548	0.00	18-Jun-23	130.80
		18-Jun-19	51 549	0.00	18-Jun-24	130.80
			206 193			

1 50% of RSUs issued are subject to performance conditions.

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)

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:

2020

MultiChoice Group Limited - Ordinary shares

Name	**Direct**	**Indirect**	**Total**
MI Patel	1 412	-	1 412
FLN Letele[1]	88 836	-	88 836
SJZ Pacak	376 635	291 548	668 183
JJ Volkwyn	5 000	-	5 000
TN Jacobs	2 731	-	2 731
JA Mabuza[2]	9 850	-	9 850
	484 464	**291 548**	**776 012**

1 FLN Letele acquired additional MultiChoice Group Limited ordinary shares for no consideration in FY20 as a result of the PN share swap transaction (note 8).
2 JA Mabuza acquired MultiChoice Group Limited ordinary shares prior to his appointment on 5 July 2019.

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 FY19 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 tables above between the end of the financial year and 10 June 2020.

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Analysis of shareholders

for the year ended 31 March 2020

Size of holdings	Number of shareholders	Ordinary shares
1 – 1000 shares	51 151	11 701 709
1001 – 10 000 shares	3 472	9 307 853
10 001 – 100 000 shares	253	8 194 784
100 001 – 1 000 000 shares	120	42 392 194
More than 1 000 000 shares	63	370 916 138

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

Name	% held	Ordinary shares
Government Employees Pension Fund	13.43 %	59 445 444
Allan Gray	10.05 %	44 490 188
Prudential Portfolio Managers	9.00 %	39 822 586

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 2020 was 72.80%, represented by 55 043 shareholders holding 322 136 637 ordinary shares in the group. The non-public shareholders of the group comprising 16 shareholders representing 120 369 234 ordinary shares are analysed as follows:

Category	Ordinary shares	% of ordinary issued share capital
Share schemes	5 545 314	1.25 %
Treasury shares	10 100 364	2.28 %
Directors[1]	787 924	0.18 %
Beneficial holders > 10%	103 935 632	23.49 %

1 Includes shares held by directors of the group (776 012 shares) and shares held by directors of major subsidiaries (11 912 shares).