MULTICHOICE SOUTH AFRICA HOLDINGS (PROPRIETARY) LIMITED

GROUP ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

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for the year ended 31 March 2009

COMPANY INFORMATION

Registration number:	2007/029660/07
Registered address:	251 Oak Avenue Randburg 2194
Postal address:	P O Box 1502 Randburg 2125
Auditors:	PricewaterhouseCoopers Inc.

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DIRECTORS' STATEMENT OF RESPONSIBILITY
for the year ended 31 March 2009

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of MultiChoice South Africa Holdings (Proprietary) Limited. The financial statements presented on pages 5 to 79 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The financial statements fairly present the results of operations for the year and the financial position of the group and company at year end in accordance with IFRS.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the group and company to enable the directors to ensure that the financial statements comply with the relevant legislation.

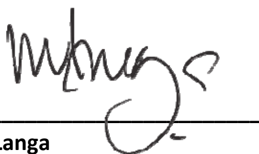
The group operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the group and the company.

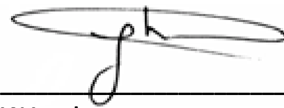
The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Inc. is presented on page 4.

The financial statements were approved by the board of directors on 5 June 2009 and are signed on its behalf by:



M Langa
DIRECTOR



FLN Letele
DIRECTOR

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2009

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act (the Act)

FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter. The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- Reviewed the external audit reports on the annual financial statements;
- Approved the internal audit charter and audit plan;
- Reviewed the internal audit and risk management reports, and, where relevant, recommendations being made to the board,
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors, nominated PricewaterhouseCoopers as the auditors for 2009 and noted the appointment of Mr KJ Dikana as the designated auditor;
- Approved the audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed hereunder and meets at least three times per annum in accordance with the audit committee charter. All members act independently as described in section 269A of the Companies Act. During the year under review the following three meetings were held. JJ Volkwyn and SJZ Pacak resigned from the audit committee and therefore did not attend the last two meetings.

29 May 2008 - DG Eriksson (Chairman); JJ Volkwyn; FG Sampson and SJZ Pacak attended.
14 August 2008 - DG Eriksson (Chairman) and FG Sampson attended.
30 October 2008 - DG Eriksson (Chairman) and FG Sampson attended.

INTERNAL AUDIT

The audit committee fulfils an oversight role regarding the group's financial statements and the 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 within the organisation to enable it to discharge its duties. Furthermore, the audit committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

ATTENDANCE

The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also represented. Executive directors and relevant senior managers attended meetings by invitation.

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review the audit committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

REPORT OF THE INDEPENDENT AUDITORS
for the year ended 31 March 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MULTICHOICE SOUTH AFRICA HOLDINGS (PROPRIETARY) LIMITED

We have audited the group annual financial statements and the annual financial statements of MultiChoice South Africa Holdings (Proprietary) Limited, which comprise the directors' report, the consolidated and separate balance sheets as at 31 March 2009, the consolidated and separate income statements, the consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 79.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of the company as at 31 March 2009, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: KJ Dikana
Registered Auditor
Johannesburg

5 June 2009

DIRECTORS' REPORT
for the year ended 31 March 2009

NATURE OF OPERATIONS

MultiChoice South Africa Holdings (Proprietary) Limited ("MCSAH") was incorporated on 19 May 2006 under the laws of the Republic of South Africa. The principal activities of MCSAH and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of pay-television and internet subscriber platforms. These activities are conducted primarily in South Africa.

OPERATING AND FINANCIAL REVIEW

The MCSAH group of companies achieved an increase in earnings of 24% (2008: 26%) and in revenue of 38% (2008: 22%) as a result of revenue growth, cost containment and due to the consolidation of the results of M-Net and SuperSport for the entire year (compared to the inclusion of these results for only two months in the comparative period). These are indications of how the group's core business continued to grow, despite the slow down in the general economic environment.

SHARE CAPITAL

The authorised share capital at 31 March 2009 was 3 000 000 000 at R0.0001 each. The authorised and issued share capital have not changed during the year. Refer to note 15 for details of issued share capital.

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2009 the group's investment in property, plant and equipment amounted to R1 499 million (2008: R1 304 million), of which R522 million (2008: R388 million) was added in the current year through additions.

An additional R2.4 million was acquired through the acquisition of a joint venture (2008: R412.6 million through the acquisition of subsidiaries). Refer notes 3 and 4 for further details.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R167.4 million (2008: R314.4 million) These commitments have been approved by the boards of directors of the various group companies.

DIVIDENDS

A dividend of R780 million (2008: R650 million) was paid in the current year. The dividend paid was 231.1 cents per share (2008: 216.6 cents per share). The board recommends that a dividend of R900 million be declared (266.7 cents per share).

GROUP

MCSAH's principal shareholders are MIH Holdings Limited, Phutuma Nathi Investments Limited, Phutuma Nathi Investments 2 Limited, who own 80%, 13.3% and 6.7% respectively. MCSAH's ultimate controlling party is Naspers Limited, a company listed on the JSE Securities Exchange of South Africa. All subsidiaries, joint ventures and associates share the same financial year-end as MCSAH.

The name, country of incorporation and effective financial percentage interest in each of the group's principal subsidiaries, joint ventures and associates are disclosed in an appendix to these financial statements on pages 73 - 74.

Details relating to significant acquisitions and divestitures in the group are highlighted in note 3 to the group annual financial statements.

DIRECTORS, SECRETARY AND AUDITORS

The company's directors are as follows:

DG Eriksson	Appointed 8 March 2007
FG Sampson	Appointed 8 March 2007
FLN Letele	Appointed 14 September 2006
JJ Volkwyn	Appointed 8 March 2007
KB Sibiya	Appointed 8 March 2007
KD Moroka	Appointed 8 March 2007
M Langa	Appointed 8 March 2007
S Dakile-Hlongwane	Appointed 8 March 2007
SJZ Pacak	Appointed 14 September 2006 (resigned 1 January 2009)
T Vosloo	Appointed 8 March 2007

The company secretary is G Kisbey-Green, appointed 6 September 2006. Refer to page 1 for details of the registered and postal addresses.

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 270(2) of the South African Companies Act, 1973.

BORROWINGS

The company has unlimited borrowing powers in terms of its Articles of Association.

SUBSEQUENT EVENTS

No events have occurred subsequent to 31 March 2009 that have required MCSAH to disclose or adjust the results as presented in these annual financial statements.

GROUP BALANCE SHEET
as at 31 March 2009

	Note	2009 R'000	2008 R'000
ASSETS			
Non current assets		6 689 966	6 984 054
Property, plant and equipment	4	1 498 782	1 303 710
Goodwill	5	3 425 704	3 494 619
Other intangible assets	6	890 304	1 315 085
Investment in associates	7	52 300	60 150
Available-for-sale investments	8	249 797	245 139
Derivative asset	34	55 178	166 476
Deferred taxation asset	9	381 559	246 296
Amounts due from related parties	22	136 342	152 579
Current assets		4 369 992	2 527 602
Inventory	10	31 971	65 399
Programme and film rights	11	1 069 270	749 968
Trade receivables	12	432 592	449 065
Other receivables	13	899 432	415 943
Amounts due from related parties	22	357 159	454 342
Derivative asset	34	320 400	138 094
Current taxation asset		-	47 392
Cash and cash equivalents	14	1 259 168	207 399
Total assets		11 059 958	9 511 656
EQUITY AND LIABILITIES			
Capital and reserves		5 928 563	4 249 398
Share capital and premium	15	17 216 270	17 216 270
Other reserves	16	(14 735 523)	(14 789 639)
Retained earnings	17	3 447 014	1 817 627
Attributable to equity holders of the group		5 927 761	4 244 258
Minority interest		802	5 140
Non current liabilities		973 943	1 160 188
Finance lease liabilities	18	449 008	539 552
Long-term liabilities	19	599	35 021
Share based payment liability	23	100 700	144 951
Derivative liability	34	29 789	-
Deferred taxation liability	9	393 847	440 664
Current liabilities		4 157 452	4 102 070
Current portion of finance lease liabilities	18	219 011	160 056
Current portion of long-term liabilities	19	747	747
Payable for programme and film rights		850 035	706 306
Trade payables		935 962	848 654
Provisions	20	23 100	23 100
Other payables	21	1 570 084	1 222 822
Share based payment liability	23	99 141	151 206
Amounts due to related parties	22	397 909	929 108
Derivative liability	34	27 512	
Current taxation liability		32 410	-
Bank overdraft	14	1 541	60 071
Total equity and liabilities		11 059 958	9 511 656

The notes on pages 11 to 74 are an integral part of these group annual financial statements.

GROUP INCOME STATEMENT
for the year ended 31 March 2009

	Note	2009 R'000	2008 R'000
Revenue	25	12 280 864	8 900 630
Cost of providing services and sale of goods		(6 831 681)	(4 995 699)
Selling, general and administration costs		(2 037 383)	(1 378 395)
Other gains	26	87 612	3 168
Operating profit	27	3 499 412	2 529 704
Finance income	28	118 592	183 610
Finance costs	28	(151 697)	(96 225)
Foreign exchange differences	29	(73 785)	(106 963)
Share of net (loss)/profit of associates	7	(2 348)	204 161
Profit before taxation		3 390 174	2 714 287
Taxation	30	(985 125)	(779 657)
Net profit		2 405 049	1 934 630
Attributable to:			
Equity holders of the group		2 409 387	1 934 818
Minority interest		(4 338)	(188)
		2 405 049	1 934 630

The notes on pages 11 to 74 are an integral part of these group annual financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2009

	Number of shares	Share capital and premium R'000	Other reserves: Existing control business combination R'000	Other reserves: Fair value R'000	Other reserves: Foreign currency translation R'000	Other reserves: Hedging R'000	Other reserves: Share based payment R'000	Retained earnings R'000	Attributable to equity holders of the group R'000	Minority interest R'000	Total R'000
Balance at 1 April 2007	300 000 000	15 341 270	(15 483 901)	198 315	2 064	9 124	76 618	532 809	676 299	386	676 685
Share issue	37 500 000	1 875 000	-	-	-	-	-	-	1 875 000	-	1 875 000
Acquisition of subsidiaries	-	-	358 314	-	-	-	-	-	358 314	4 942	363 256
Foreign currency translations	-	-	-	-	11 866	-	-	-	11 866	-	11 866
Changes in equity of associates	-	-	-	-	-	16	2 242	-	2 258	-	2 258
Changes in value of available-for-sale investments	-	-	-	(52 160)	-	-	-	-	(52 160)	-	(52 160)
Share based compensation movements	-	-	-	-	-	-	(49 238)	-	(49 238)	-	(49 238)
Changes in value of cash flow hedges											
- Net fair value gain, gross	-	-	-	-	-	169 262	-	-	169 262	-	169 262
- Net fair value gain, tax portion	-	-	-	-	-	(32 161)	-	-	(32 161)	-	(32 161)
Net profit for the year	-	-	-	-	-	-	-	1 934 818	1 934 818	(188)	1 934 630
Dividends paid	-	-	-	-	-	-	-	(650 000)	(650 000)	-	(650 000)
Balance at 31 March 2008	337 500 000	17 216 270	(15 125 587)	146 155	13 930	146 241	29 622	1 817 627	4 244 258	5 140	4 249 398
Balance at 1 April 2008	337 500 000	17 216 270	(15 125 587)	146 155	13 930	146 241	29 622	1 817 627	4 244 258	5 140	4 249 398
Acquisition of joint venture	-	-	6 506	-	-	-	-	-	6 506	-	6 506
Foreign currency translations	-	-	-	-	6 499	-	-	-	6 499	-	6 499
Changes in value of available-for-sale investments	-	-	-	25 002	-	-	-	-	25 002	-	25 002
Share based compensation movements	-	-	-	-	-	-	33 568	-	33 568	-	33 568
Changes in value of cash flow hedges											
- Net fair value gain, gross	-	-	-	-	-	(24 248)	-	-	(24 248)	-	(24 248)
- Net fair value gain, tax portion	-	-	-	-	-	6 789	-	-	6 789	-	6 789
Net profit for the year	-	-	-	-	-	-	-	2 409 387	2 409 387	(4 338)	2 405 049
Dividends paid	-	-	-	-	-	-	-	(780 000)	(780 000)	-	(780 000)
Balance at 31 March 2009	337 500 000	17 216 270	(15 119 081)	171 157	20 429	128 782	63 190	3 447 014	5 927 761	802	5 928 563

The notes on pages 11 to 74 are an integral part of these group annual financial statements.

GROUP CASH FLOW STATEMENT
for the year ended 31 March 2009

	Note	2009 R'000	2008 R'000
Cash flow from operating activities		2 971 185	1 863 145
Cash receipts from customers		11 840 378	8 818 036
Cash paid to suppliers and employees		(7 842 978)	(6 020 947)
Cash generated by operations	31	3 997 400	2 797 089
Net interest received		38 098	112 300
Dividends received from associates		-	25 358
Taxation paid	32	(1 064 313)	(1 071 602)
Cash flow from investing activities		(372 306)	(1 715 479)
Acquisition of property, plant and equipment		(469 610)	(338 591)
Proceeds from disposal of property, plant and equipment		248	1 660
Acquisition of intangible assets		(38 992)	(26 009)
Proceeds from disposal of intangible assets		362	294
Repayment of loans to associates		5 295	-
Acquisition of subsidiaries, net of cash acquired	33	-	(1 356 367)
Acquisition of joint ventures, net of cash acquired	33	20 232	-
Proceeds from disposal of subsidiaries, net of cash disposed	33	14 121	-
Proceeds from disposal of joint venture, net of cash disposed	33	94 558	
Proceeds from disposal of other investments		1 480	3 534
Cash flow from financing activities		(1 487 042)	(622 452)
Long-term loans raised		1 996	(233)
Repayments of finance lease liability		(177 167)	(119 702)
Net funding with related parties		(531 871)	147 483
Dividends paid		(780 000)	(650 000)
Change in cash and cash equivalents for the year		1 111 837	(474 786)
Cash and cash equivalents at the beginning of the year		147 328	619 504
Foreign exchange adjustments to cash and cash equivalents		(1 538)	2 610
Cash and cash equivalents at the end of the year	14	1 257 627	147 328

The principal non-cash transactions are the acquisition of equipment using finance leases and equity-settled share based payment transactions.

The notes on pages 11 to 74 are an integral part of these group annual financial statements.

1 Summary of significant accounting policies

The annual financial statements and group annual financial statements are presented in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements. The financial statements are prepared according to the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the balance sheet date, the actual outcome may differ from these estimates, possibly significantly.

Refer to note 2 as well as the individual notes for details of estimates, assumptions and judgements used.

1.1 Basis of consolidation

The group annual financial statements include the results of MCSA and its subsidiaries, associates and joint ventures.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are presently exercisable or convertible without restriction are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date that effective control is transferred to the group and are de-consolidated from the date that effective control ceases. Similarly, the results of a subsidiary divested during an accounting period are included in the group financial statements only to the date of disposal.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated as part of the consolidation process. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. The interests of minority shareholders in the consolidated equity and results of the group are shown separately in the group balance sheet and income statement, respectively. Where the losses attributable to the minority shareholders in a consolidated subsidiary exceed their interest in that subsidiary, the excess, and any further losses attributable to them, are recognised by the group and allocated to those minority interests only to the extent that the minority shareholders have a binding obligation and are able to fund the losses. Where the group previously did not recognise the minority shareholders' portion of losses and the subsidiary subsequently turns profitable, the group recognises all the profits until the minority shareholders' share of losses previously absorbed by the group has been recovered.

Transactions with minority interests

The group applies the policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets if the subsidiary is recorded in equity. Gains or losses on disposals to minority interests are also recorded in equity.

Common control

For transactions in which combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values as reflected in the consolidated financial statements of the selling entity.

Associated companies

Associates are all entities over which the group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The groups' investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition profits and losses in the associate. The group's share of post-acquisition movements in other reserves is accounted for in the other reserves of the group. The group's interest in the associate is carried on the balance sheet at cost, adjusted for the group's share of the change in post-acquisition net assets, and inclusive of goodwill and other identifiable intangible assets recognised on acquisitions. Where the group's share of losses in the associate equals or exceeds the carrying amount of its investment, the carrying amount of the investment as well as any loans to the associate are reduced to nil and no further losses are recognised, unless the group has incurred obligations to the associate or the group has guaranteed or committed to satisfy obligations of the associate. Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the group.

Dilution gains and losses arising on disposal of investments in associates are recognised in the income statement.

Joint ventures

The group's interests in jointly controlled entities are accounted for using proportionate consolidation. The group combines its share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognise its share of gains or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent third party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 Financial assets

Classification

The group classifies its investments into the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term. Derivatives are also recognised as held for trading unless they are designated as hedging instruments. Assets in this category are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from the changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within selling, general and administrative costs in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the group's right to receive payment is established. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of 'other gains' when the group's right to receive payment has been established.

The fair values of investments are based on quoted bid prices.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described below.

1.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost, being the purchase cost plus any cost directly attributable to the preparation of the assets for their intended use, less accumulated depreciation and any accumulated impairment losses. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchase costs. Property, pant and equipment, with the exception of land, are depreciated over each asset's estimated useful life.

Subsequent costs are included in the asset's carrying amount 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. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Depreciation periods are subject to the following maximum limits:

- Land: Indefinite
- Buildings: 50 years
- Transmission equipment: 5 to 20 years
- Computer equipment: 3 to 5 years
- Office equipment: 2 to 10 years
- Furniture: 5 years
- Vehicles: 3 to 10 years

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life. Major renovations are depreciated over the remaining useful economic life of the related asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the asset's carrying amount and are recognised within 'other gains/ losses' in the income statement.

1.4 Leased assets

The group leases certain property, plant and equipment. Leases of property, plant and equipment, except land, are classified as finance leases where, substantially all risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Assets classified as finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the estimated present value of the underlying minimum lease payments, with the related lease obligation recognised at the estimated present value of the minimum lease payments. Bank rates are used to calculate present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the third-party lessor, are classified as operating leases. Operating lease rentals (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.5 Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on acquisition of subsidiaries and joint ventures is presented separately from 'other intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested for impairment at each balance sheet date and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The allocation is made to those cash-generating units that are expected to benefit from the business combination. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Other intangible assets

Naming rights are carried at cost and are amortised against income over the period that future benefits are expected to arise.

Transfer fees in respect of player contracts acquired are capitalised and amortised over the contract period. The group regularly assesses whether there is any indication of impairment and any impairment loss is recognised immediately in the income statement.

Intangible assets acquired are recognised at cost. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment at each balance sheet date and are carried at cost less accumulated impairment losses. The group did not have any indefinite useful lived assets at 31 March 2009. Intangible assets with finite useful lives are amortised over their estimated useful lives using the straight-line method. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where the carrying amount exceeds the recoverable amount. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortisation periods for intangible assets with finite useful lives are subject to the following maximum limits:

- Intellectual property rights — 3 years
- Brand names: — 3 to 5 years
- Subscriber base: — 5 years
- Software (including internally developed software): — 2 to 5 years
- Content agreements: — 3 years
- Customer relationships: — 5 years
- Analogue license: — 4 years
- Advertising order backlog: — 5 years
- Film library: — 2 years
- Soccer player rights: — 3 to 5 years

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs (software and website) that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it or sell;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to the income statement in the period in which they are incurred.

1.6 Programme and film rights

Programme material rights

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot rates on the purchase date. The rights are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

Programme material rights contracted by the balance sheet date in respect of programmes, series and films not yet in license are disclosed as commitments.

Programme production costs

Programme production costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of direct cost or net realisable value. Net realisable value is set at the average cost of programme material rights.

Programme production costs are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

Sports event rights

Sports events rights are recorded at the date that the period to which the events relate commences, at the rate of exchange ruling at that date. These rights are expensed over the period to which the events relate or where management has confirmed that it is its intention that the event will not be screened.

Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred. Rights to future sport events contracted by the balance sheet date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. The group evaluates the carrying amount of assets with finite useful lives at each balance sheet date and when events and circumstances indicate that the carrying amount may not be recoverable, an impairment loss is recognised. Indicators of possible impairment include, but are not limited to: significant underperformance relative to expectations based on historical or projected future operating results; significant changes in the manner of use of the assets or the strategy for the group's overall business; significant negative industry or economic trends; a significant and sustained decline in an investment's share price or market capitalisation relative to its net asset value.

An impairment loss is recognised in the income statement when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell, or its value in use. Value in use is the present value of estimated cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.8 Inventory

Inventory is stated at the lower of cost and net realisable value. The cost of inventory is determined by means of the first-in-first-out (FIFO) method. The cost of finished products and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to inventory purchases. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provisions 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.

1.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective-interest method less provision for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the group will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement within selling, general and administration costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling general and administration costs in the income statement.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

The group has certain financial liabilities in respect of programme and film rights which are measured at amortised cost using the effective interest method. Certain programme and film rights have settlement dates that are not short term in nature; therefore these liabilities are recorded as non-current liabilities and have been discounted.

1.12 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The group recognises the estimated liability on all products still under warranty at the balance sheet date. The group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions are recognised in the period in which the group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the group are not provided in advance.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the balance sheet date is 28% (2008: 28%). Deferred tax assets and liabilities for South African entities at 31 March 2009 have been calculated using this rate, being the rate that the group expects to apply to the periods when the assets are realised or the liabilities are settled. Secondary tax on companies is calculated at 10% (2008: 10%), and capital gains tax is calculated at 50% of the company tax rate. International tax rates vary from jurisdiction to jurisdiction.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the group financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Using this method, the group is required to make provision for deferred taxation, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, is only made if there is a current intention to remit such earnings.

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

The principal timing differences arise from depreciation on property, plant and equipment, other intangibles, provisions and other current liabilities, income received in advance and tax losses carried forward. Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which timing differences and unused tax losses can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Secondary tax on companies ("STC")

Dividends declared by South African companies are subject to STC, but the STC liability is reduced by dividends received during the dividend cycle. Where the dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate. The STC expense is included in the taxation charge in the income statement in the period that the dividend is paid. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

1.14 Foreign currencies

The group financial statements are presented in Rand, which is the company's functional and presentation currency. All the material operations in the group have a rand functional and presentation currency, which is the currency of the primary economic environment in which these companies operate.

For transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within selling, generl and administration costs.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

For group companies

The results and financial position of group entities (none of which have the currency of a hyperinflationary economy) that have a function currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for the income statement are translated at average exchange rates; and
- all resulting differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

1.15 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates derivatives as either (1) a hedge of the fair value of a recognised asset or liability or firm commitment (fair value hedge), or (2) a hedge of a forecasted transaction or of the foreign currency risk of a firm commitment (cash flow hedge), or (3) a hedge of a net investment in a foreign entity on the date a derivative contract is entered into.

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining period to maturity of the hedged item is more than twelve months. It is classified as a current asset or liability when the remaining period to maturity of the hedged item is less than twelve months.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the income statement, along with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to profit or loss over the period to maturity.

Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity, and the ineffective part of the hedge is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, where the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the cost of goods sold in the case of inventory and depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the income statement. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Net investment hedge

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. However, where the hedging instrument is not a derivative, all foreign exchange gains and losses arising on translation are recognised in the income statement.

Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss

Certain derivative transactions, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

1.16 Revenue recognition

Revenue comprises 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.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Product sales

Sales relate mainly to decoders and are recognised upon delivery of products and customer acceptance, net of sales taxes, VAT and discounts, and after eliminating sales within the group. Sales of goods are recognised when a group entity has delivered products to the retailer, the retailer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the retailer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the retailer, and either the retailer has accepted the products in accordance with the sales contract, or the group has objective evidence that all criteria for acceptance have been satisfied.

Subscription fees

Pay-television and internet subscription fees are earned over the period the services are provided. Subscription revenue arises from the monthly billing of subscribers for pay-television and internet 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 and recognised in the month the service is provided.

Advertising revenues

The group mainly derives advertising revenues from advertisements broadcast on its pay-television platforms and shown online on its websites and instant messaging windows. Advertising revenues from pay-television are recognised upon showing. Online advertising revenues are recognised over the period in which the advertisements are displayed.

Sponsorship revenues

Sponsorship revenue is recognised at the time sponsored programmes are broadcast.

Interest income

Interest is accrued on a time-proportion basis, recognising the effective yield on the underlying assets. Interest income is recognised on a time-proportion basis using the effective interest method. Where a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.17 Employee benefits

Retirement benefits

The group provides retirement benefits for its full-time employees, primarily by means of monthly contributions to a number of defined contribution pension and provident funds. The assets of these funds are generally held in separate trustee-administered funds. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The group's contributions to retirement funds are recognised as an expense when the employees render the related service. The group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Bonus plans

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders and various other performed related considerations. The group recognises a provision where contractually obliged or where the past practice has created a constructive obligation.

Medical aid benefits

The group's contributions to medical aid benefit funds for employees are recognised as an expense in the period during which the employees render services to the group.

Share-based compensation benefits

The group operates a number of equity and cash-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the instruments is recognised as an expense. For equity-settled share-based compensation plans, the total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-marketing vesting conditions are included in assumptions about the number of instruments that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of instruments that are expected to become exercisable. For cash-settled schemes, the group remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in the fair value being recognised in profit or loss for the period. The group recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity for the equity-settled plans and a similar adjustment to liabilities for the cash-settled plans.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal) and share premium when the options are exercised.

1.18 Advertising expenses

Advertising expenses are expensed in the financial period in which they are incurred.

1.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.20 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.21 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group financial statements in the period in which the dividends are approved by the company's shareholders.

1.22 Recently issued accounting standards

Standards, amendments and interpretations effective in 2009

There are no standards, amendments or interpretations which are effective for the group in 2009 and which are relevant to the group.

Interpretations early adopted by the group

The group has not adopted any standards or interpretations early.

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008, but they are not relevant to the group's operations:

- IFRIC 12 '*Service concession arrangements*' (effective from 1 January 2008). This applies to companies that participate in service concession arrangements and provides guidance on the accounting by operators in public-to-private service concession arrangements in recognising and measuring their obligations and related rights. It prohibits certain infrastructure from being treated as property, plant and equipment. IFRIC 12 is not relevant to the group's operations because none of the group's companies provide for public sector services.

- IFRIC 14 '*IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction*' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by statutory or contractual minimum-funding requirement. This interpretation does not have any impact on the group's financial statements, as the group has no defined benefit plans.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and interpretations were in issue and are mandatory for the group's accounting periods beginning on or after 1 April 2009 or later periods, but are not yet effective and have not been early adopted by the group:

- IFRS 2 (Amendment), '*Share-based payment*' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or other parties, should receive the same accounting treatment. The group will apply IFRS 2 (Amendment) from 1 April 2009. It is not expected to have a material impact on the group's financial statements.
- IFRS 3 (Revised), '*Business Combinations*' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at the fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.
- IFRS 5 (Amendment), '*Non-current assets held-for-sale and discontinued operations*' (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 April 2010.
- IAS 1 (Revised), '*Presentation of financial statements*' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and the comparative period. The group will apply IAS 1 (Revised) from 1 April 2009.
- IAS 36 (Amendment), '*Impairment of assets*' (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 April 2009.
- IAS 38 (Amendment), *'Intangible assets',* (effective from 1 January 2009). A pre-payment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipts of services. The group will apply the IAS 38 (Amendment) from 1 April 2009.

- IAS 39 (Amendment)), *'Financial instruments: Recognition and measurement'* (effective from 1 January 2009).
  - This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit and loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
  - The definition of a financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended.
  - The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and sites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate, but the group will not formally document and test this relationship.
  - When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

  The group will apply the IAS 39 (Amendment) from 1 April 2009. It is not expected to have an impact on the group's income statement.

  There are a number of minor amendments to IFRS 7*'Financial Instruments: disclosures',* IAS 8, '*Accounting policies, changes in accounting estimates and errors',* IAS 10, '*Events after the reporting period',* IAS 18, '*Revenue'* and IAS 34, '*Interim financial reporting',* which are unlikely to have an impact on the group's financial statements and have therefore not been analysed in detail.

Interpretations to existing standards that are not yet effective and not relevant for the group's operations

- IFRS 1 (Amendment), '*First time adoption of IFRS'* and IAS 27, *'Consolidated and separate financial statements'* (effective from 1 January 2009). This standard is not applicable to the group, as all companies within the group are currently reporting under IFRS.
- IFRS 8 '*Operating segments*' (effective from 1 January 2009). IFRS 8 replaces IAS 14 '*Segment reporting*'. Under IAS 14, segments were identified and reported on a risk and return analysis. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. This standard is not applicable to the group, which falls outside the scope of the standard.
- IAS 16 (Amendment), '*Property, plant and equipment',* (and consequential amendment to IAS 7, '*Statement of cash flows'.* (effective 1 January 2009). The amendment will not have an impact on the group's operations because none of the group's companies ordinary activities comprise renting and subsequently selling assets.
- IAS 19 (Amendment), '*Employee benefits'* (effective from 1 January 2009). This amendment clarifies various matters related to defined benefit plans and is not applicable to the group as it does not have such plans.
- IAS 20 (Amendment),*' Accounting for government grants and disclosure of government assistance',* (effective from 1 January 2009). The amendment will not have an impact on the group's operations as there are no loans received or other grants from the government.
- IAS 23 (Amendment) '*Borrowing costs*' (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 '*Financial instruments: Recognition and measurement'.* This eliminates the inconsistency of terms between IAS 39 and IAS 23 This interpretation will be applied retrospectively for the annual period beginning on 1 April 2009 but is currently not applicable as the group has no qualifying assets.
- IAS 27 (Revised), '*Consolidated and separate financial statements'* (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (Revised) from 1 April 2010 to non-controlling interests. This standard is not expected to have an impact on the group as it is already applying the economic entity model.
- IAS 28 (Amendment), '*Investments in associates* (and consequential amendments to IAS 32*, 'Financial instruments: Presentation'* and IFRS 7, *' Financial Instruments :Disclosures'*) (effective from 1 January 2009). An investment in an associate is treated as a single asset for purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The group will apply the IAS 28 (Amendment) to impairment tests related to investments in associates from 1 April 2009.

- IAS 29 (Amendment),' *Financial reporting in hyperinflationary economies',* (effective from 1 January 2009). The amendment will not have an impact on the group's operations because none of the group's subsidiaries operate in hyperinflationary economies.
- IAS 31 (Amendment),' *Interests in joint ventures',* (effective from 1 January 2009). The amendment will not have an impact on the group's operations because it is the group's policy for an investment in a joint venture to be proportionately consolidated in the group's consolidated financial statements.
- IAS 32 (Amendment), '*Financial instruments: Presentation*' and IAS 1 (Amendment), '*Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation*' (effective from 1 January 2009). The amended standard requires entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The group will apply IAS 32 and IAS 1 (amendment) from 1 April 2009. It is not expected to have any impact on the group's financial statements.
- IAS 38 (Amendment), *'Intangible assets',* (effective from 1 January 2009). The amendment deletes the wording that states there is "rarely, if ever" support for use of a method that results in a lower rate of amortisation than the straight-line method. The amendment will not have an impact on the group's operations, as all intangible assets are amortised using the straight-line method.
- IAS 40 (Amendment), *'Investment property',* (effective from 1 January 2009). The amendment will not have an impact on the group's operations as no investment properties are held by the group.
- IAS 41 (Amendment), *'Agriculture',* (effective from 1 January 2009). The amendment will not have an impact on the group's operations as no agricultural activities are undertaken.
- IFRIC 13 '*Customer loyalty programmes*' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the group's operations because none of the group's companies operate any loyalty programmes.
- IFRIC 15, '*Agreements for construction of real estates*' (effective from 1 January 2009). IFRIC 15 is not relevant to the group's operations as all revenue transactions are accounted for under IAS 18, '*Revenue*' and not IAS 11, *'Construction contracts'.*
- IFRIC 16, '*Hedges of a net investment in a foreign operation*' (effective from 1 October 2008). This interpretation clarifies the accounting treatment in respect of net investment hedging. This interpretation is not applicable to the group's operations.

2 Critical accounting estimates

The group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful life of assets

The group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal or other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

Leased transponders and transmitters represent approximately 17% (2008: 25%) of the groups' property, plant and equipment as of 31 March 2009. All of the groups' leased transponders are capitalised and depreciated over their expected useful life because the term of the lease covers at least 75% of the transponder's estimated useful life. The expected useful life of the leased transponders is 10 years.

The useful life of transponders depends on various factors. These factors include the success of the launch and the amount of fuel required for the transponder to be placed in the correct orbital location. Many factors can influence the useful life of a transponder. However, they are designed for operational redundancies to minimise service disruptions should critical systems fail.

Other significant assets of the group are computer equipment and broadcast infrastructure equipment. These types of assets' useful lives also depend on a number of factors. These factors include technological advancements and environmental placement. Many factors can influence the useful life of these assets. However, they are designed for operational redundancies to minimise service disruptions should critical systems fail.

The group considers this to be a critical accounting estimate because any material change in the useful lives of the group's property, plant and equipment would significantly impact the group's ability to generate future cash flows, and, depending on the asset, would have a material impact on the value of the property, plant and equipment stated on the group's balance sheet and may decrease the group's net profit. The group has had no significant changes in useful lives or carrying amounts of property, plant and equipment in recent years.

Doubtful accounts

The group reviews its doubtful accounts on a monthly basis for estimated losses resulting from the inability of its customers to make the required payments. The group's customer base is dispersed across many geographic areas and is primarily residential in nature. The group generally does not require collateral from its customers.

The group analyses, amongst other things, historic bad debt experience, customer credit worthiness, current economic trends in each country where its customers are located and customer payment history when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of the group's customers was to deteriorate, resulting in impairment in their ability to make payments, additional charges may be required. The estimate may also change if the group experiences significant service failures or the number of disputes with customers increases significantly.

The group believes that the accounting estimate relating to doubtful accounts is a critical accounting estimate because changes in the estimated level of doubtful debts may materially affect net profit. The estimate for doubtful accounts is a critical accounting estimate for all of the group's businesses.

Valuation of goodwill and other intangible assets

The group amortises intangible assets with finite useful lives on a straight-line basis so as to write off the cost of the assets over their expected useful lives. Goodwill and other intangible assets with indefinite useful lives are tested for impairment at each balance sheet date. Goodwill and other intangible assets with indefinite lives are allocated to cash-generating units for the purpose of impairment testing. The group also evaluates the carrying amount of its intangible assets whenever indicators of impairment exist.

The group believes that the accounting estimate relating to asset impairment is a critical accounting estimate because it is highly susceptible to change from period to period, it requires the group's management to make assumptions about future sales volumes and the cost of providing services over the life of the asset and discount rates for media-based businesses in emerging markets and because recognising an impairment could have a material impact on the value of the intangible assets reported on the group's balance sheet and the level of its net profit. Management's assumptions about future sales volumes, prices and discount rates involve significant judgment as some of the group's businesses are in the start-up phase and consequently actual sales prices and volumes have fluctuated in the past and are expected to continue to do so in the future.

Goodwill is tested for impairment at each balance sheet date. The goodwill impairment test is determined by comparing the carrying amount of the cash-generating unit with its recoverable amount.

The discount rates applied to the cash flows, the growth rate to extrapolate the cash flows and the basis for determining the recoverable amount are disclosed per cash-generating unit in note 5 to the group annual financial statements.

The group believes that the accounting estimate relating to goodwill impairment is a critical accounting estimate because the discounted cash flows are highly susceptible to change from period to period because it requires the group's management to make assumptions about future sales volumes and the cost of providing services over the life of the goodwill and discount rates for media-based businesses in emerging markets, and because recognising an impairment could have a material impact on the value of the goodwill reported on the group's balance sheet and the level of its net profit.

Inventory obsolescence

The group values its inventories, which consist mainly of decoders and associated components, at the lower of cost and expected net realisable value, based on assumptions about future demand, market conditions and the useful life of the decoders used by the group. The group monitors inventory levels periodically based on the expected usage of such inventory. If actual market conditions prove to be less favourable than those projected by management, additional inventory write downs may be required. No significant inventory write downs were made during the financial year ended 31 March 2009. The group believes that its estimate relating to inventory write downs is a critical accounting estimate due to the assumptions and estimates that management is required to make in the determination of the expected realisable value of inventories.

Income taxes

The group records the estimated future tax effect of temporary differences between the tax bases of its assets and liabilities and the amounts reported in the balance sheets for such assets and liabilities, as well as the future tax effect of operating losses and tax credit carry forwards. The group follows specific and detailed guidelines regarding the recoverability of any tax assets recorded on the balance sheet. The group assesses the probability that there will be adequate future taxable income generated to utilize the benefits relating to the deferred tax assets. If circumstances change, or if the expected level of future taxable income is not generated, the group would reassess the recoverability of the deferred tax assets recorded in its balance sheet, which could lead to a write-down of such assets.

A valuation allowance is recorded to reduce deferred tax assets to the amount that is probable to be realised. The group considers future taxable income, ongoing prudent and feasible tax strategies and the timing of reversals of assets and liabilities in determining the need for a valuation allowance. If the group determines that in the future it will be able to realise deferred tax assets in excess of the net recorded amount of deferred tax assets stated on its balance sheet, the resulting adjustment to the stated amount of deferred tax assets would increase income in the period that such determination is made.

The group considers this to be a critical accounting estimate because if in the future the value of the deferred tax asset is determined to be less than or exceeds the recorded amount, there could be a material adjustment to the deferred tax asset stated on the group's balance sheet as well as a material impact on the group's net profit.

The group considers this to be a critical accounting estimate because if in the future the value of the deferred tax asset is determined to be less than or exceeds the recorded amount, there could be a material adjustment to the deferred tax asset stated on the group's balance sheet as well as a material impact on the group's net profit.

The group released valuation allowances against certain deferred tax assets amounting to R49.2 million in its internet operations due to the disposal of subsidiaries. In the prior year, valuation allowances were released since it determined that the underlying future expected profitability will be such that it is probable that the deferred tax assets will be realised. The group also created additional valuation allowances of R1.3 million during the year. In the prior year, the release resulted in the creation of additional net deferred taxation assets in the internet business operations of R11.2 million. As at 31 March 2009, the group has raised an aggregate valuation allowance against deferred taxation assets of R2.9 million (2008: R50.8 million). The timing and the amounts to be released from the valuation allowance or the creation of additional valuation allowances in the future is uncertain, as it mainly depends on the future profitability of the various business units to which these allowances relate.

Legal matters

The group is involved in legal disputes through its normal course of business. The outcome of these legal claims can have a material impact on the group's balance sheet as well on the group's net profit. The group's management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Due to the uncertain nature of these issues, any changes in these estimates based on additional information as it becomes available could result in material changes to the financial statements in subsequent periods.

For more detail on these matters refer to note 24.

Fair value of derivatives and other financial instruments

The fair value of derivatives that are not traded in an active market is determined by valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

3 Significant acquisitions and divestitures

2009

- On 1 April 2008, the group acquired a 50% interest in NMS Communications (Pty) Ltd for a purchase consideration of R1. This is a joint venture between MultiChoice South Africa (Pty) Ltd and Media24 Ltd, a related party.

Details of the share of net assets acquired and the common control reserve are as follows:

	Fair value recognised on acquisition R'000	Acquiree's carrying amount R'000
Purchase price		
Property, plant and equipment	2 398	4 796
Intangible assets	804	1 608
Deferred tax	12	24
Inventory	36	71
Trade and other receivables	26 530	53 059
Cash	20 232	40 463
Long-term payable	(1 215)	(2 430)
Trade and other payables	(41 176)	(82 351)
Current taxation liability	(1 115)	(2 230)
	6 506	13 010
Common control reserve arising on acquisition	(6 506)	
Purchase price	-	

Net cash flow	
Purchase price	-
Net cash acquired	20 232
	20 232

- During the year the goodwill that arose on the acquisition of Smart Village (Pty) Ltd in the prior year was adjusted for a change in circumstances, which resulted in the contingent consideration that was included in the purchase price being released. This resulted in a reduction on the goodwill by R38.8 million.

- During the year, the group disposed of the following subsidiaries: McGregor BFA (Pty) Ltd, Naspers Web Services (Pty) Ltd and M-Web Internet (Pty) Ltd. Details of the net assets disposed are as follows:

	Fair value of assets on disposal R'000
Selling price	
Property, plant and equipment disposed of	(935)
Deferred tax disposed of	(1)
Other net current assets disposed of	(4 976)
	(5 912)
Profit on disposal (note 26)	25 313
Selling price	19 401
Net cash flow	
Selling price	19 401
Cash in entities disposed of	(5 280)
Net cash inflow on disposal	14 121

- On 1 October 2008 the group disposed of its 30.5% investment in the joint venture MXit Lifestyle (Pty) Ltd to MIH Holdings Ltd, the group's parent company. Details of the share of net assets disposed are as follows:

	Fair value of assets on disposal R'000
Selling price	
Property, plant and equipment disposed of	(884)
Goodwill disposed of	(30 047)
Other intangible assets disposed of	(650)
Deferred tax disposed of	392
Other net current liabilities disposed of	69 491
	38 302
Profit on disposal (note 26)	59 590
Selling price	97 892
Net cash flow	
Selling price	97 892
Cash in entity disposed of	(3 334)
Net cash inflow on disposal	94 558

2008

- On 1 February 2008, the group acquired a 60% interest in Smart Village (Pty) Ltd for a purchase consideration of R70.5 million, net of shareholders loans of R17 million.

The acquired company contributed revenues of R0.7 million and a net loss of R1.6 million to the group from 1 February 2008 to 31 March 2008. If the acquisition had occurred on 1 April 2007, the group revenue would have been R7.9 million higher and the net profit would have been R7.1 million lower. These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiary to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had been applied from 1 April 2007, together with the consequential tax effects.

Details of the net assets acquired and goodwill are as follows:

	Fair value recognised on acquisition R'000	Acquiree's carrying amount R'000
Purchase price		
Property, plant and equipment	5 452	5 452
Intangible assets - technological assets	2 184	2 184
Intangible assets - customer relationships	6 631	-
Intangible assets - supplier relationships	5 997	-
Deferred tax	(1 109)	2 553
Inventory	162	162
Contract work in progress	1 285	1 285
Trade and other receivables	2 871	2 871
Cash	19 260	19 260
Shareholder loans	(17 037)	(17 037)
Trade and other payables	(4 863)	(4 863)
	20 833	11 867
Minority interest	(4 747)	
Goodwill arising on acquisition	54 439	
Purchase price	70 525	

The goodwill is attributable to the workforce and the significant synergies expected to arise after the group's acquisition of Smart Village (Proprietary) Limited.

Net cash flow	
Purchase price	(70 525)
Contingent consideration	33 926
	(36 599)
Net cash acquired	19 260
	(17 339)

- On 1 February 2008, the group acquired a 100% interest in Electronic Media Network Ltd and SuperSport International Holdings Ltd from other related parties for a purchase consideration of R4 551.3 million. This transaction was funded by the issue of ordinary shares to the value of R1 875 million, an interest free loan from Naspers, payable over 6 months, amounting to R576.3 million, and cash. This transaction is a common control transaction and therefore does not fall within the ambit of IFRS 3 *Business Combinations* .

  The acquired subsidiaries contributed revenues of R126.1 million and a net profit of R29 million to the group from 1 February 2008 to 31 March 2008. If the acquisition had occurred on 1 April 2007, the group revenue would have been R630.5 million higher and the net profit would have been R144.8 million higher. These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had been applied from 1 April 2007, together with the consequential tax effects.

  Details of the net assets acquired and goodwill are as follows:

	Fair value recognised on acquisition R'000	Acquiree's carrying amount R'000
Purchase price		
Property, plant and equipment	407 163	407 163
Intangible assets - tradenames	212 800	5 500
Intangible assets - players' contracts	6 427	6 427
Intangible assets - internally developed software	5 100	-
Intangible assets - customer relationships	216 100	-
Intangible assets - content agreements	881 600	-
Intangible assets - Africa film library	3 800	-
Goodwill	3 268 425	-
Investment in associate	84 920	84 920
Available-for-sale investments	80 400	80 400
Intergroup loans receivable	91 093	91 093
Inventory	3 199	3 199
Programme and film rights	881 506	881 506
Derivative asset	80 638	80 638
Deferred tax	(455 883)	(74 852)
Trade and other receivables	1 208 200	1 208 200
Cash	760 972	760 972
Long-term liabilities	(3 331)	(3 331)
Minority interest	(195)	(195)
Trade and other payables	(2 450 389)	(2 450 389)
Current tax liability	(72 404)	(72 404)
	5 210 141	1 008 847
Investment in associate	(300 527)	
Common control	(358 314)	
Purchase price	4 551 300	

Net cash flow	
Purchase price	(4 551 300)
Financed by issue of ordinary shares (refer note 15)	1 875 000
Financed by interest free loan from Naspers	576 300
	(2 100 000)
Net cash acquired	760 972
	(1 339 028)

4 Property, plant and equipment

	Land and buildings		Transmission equipment		Computer and office equipment, furniture and vehicles		
	Purchased R'000	Leased R'000	Purchased R'000	Leased R'000	Purchased R'000	Leased R'000	Total R'000
2009							
Cost							
At the beginning of the year	344 992	64 272	537 979	903 529	350 716	6 765	2 208 253
Acquisition of joint venture (note 3)	-	-	-	-	2 398	-	2 398
Foreign currency translation effects	-	-	-	-	(3)	-	(3)
Additions	172 098	-	237 194	52 291	60 318	-	521 901
Disposal of subsidiaries (note 3)	-	-	-	-	(1 329)	-	(1 329)
Disposal of joint venture (note 3)	-	-	-	-	(1 136)	-	(1 136)
Disposals	-	-	(18)	-	(36 999)	-	(37 017)
Reallocations	-	-	-	-	419	(419)	-
	517 090	64 272	775 155	955 820	374 384	6 346	2 693 067
Accumulated depreciation							
At the beginning of the year	33 014	9 242	82 674	580 661	197 473	1 479	904 543
Foreign currency translation effects					(2)		(2)
Depreciation	12 284	10 588	35 331	115 670	152 500	731	327 104
Disposal of subsidiaries (note 3)	-	-	-	-	(394)	-	(394)
Disposal of joint venture (note 3)	-	-	-	-	(252)	-	(252)
Disposals	-	-	(18)	-	(36 696)	-	(36 714)
Reallocations	(3 628)	3 856	126 217	-	(126 129)	(316)	-
	41 670	23 686	244 204	696 331	186 500	1 894	1 194 285
Carrying amount							
At the end of the year	475 420	40 586	530 951	259 489	187 884	4 452	1 498 782
2008							
Cost							
At the beginning of the year	93 366	71 795	117 271	858 064	283 301	-	1 423 797
Acquisition of subsidiaries (note 3)	92 624	-	247 451	-	69 547	2 993	412 615
Additions	151 479	-	173 271	45 465	13 841	3 774	387 830
Disposals	-	-	(14)	-	(15 973)	(2)	(15 989)
Reallocations	7 523	(7 523)	-	-	-	-	-
	344 992	64 272	537 979	903 529	350 716	6 765	2 208 253
Accumulated depreciation							
At the beginning of the year	22 748	10 961	39 672	486 249	174 508	-	734 138
Depreciation	8 308	-	24 009	94 412	57 481	410	184 620
Disposals	-	-	-	-	(14 214)	(1)	(14 215)
Reallocations	1 958	(1 719)	18 993	-	(20 302)	1 070	-
	33 014	9 242	82 674	580 661	197 473	1 479	904 543
Carrying amount							
At the end of the year	311 978	55 030	455 305	322 868	153 243	5 286	1 303 710

The group has pledged property, plant and equipment with a carrying value of R305 million at 31 March 2009 (2008: R384 million) as security against certain term loans (refer note 24).

	2009 R'000	2008 R'000
Classification of depreciation in the income statement		
Cost of providing services and sale of goods	259 718	136 374
Selling, general and administration costs	67 386	48 246
	327 104	184 620

Registers containing additional information on land and buildings are available for inspection at the registered offices of the respective group companies. The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying amount at which it is included in the balance sheet.

5 Goodwill

	2009 R'000	2008 R'000
Cost		
At the beginning of the year	3 581 042	255 049
Acquisition of subsidiaries (note 3)	-	3 322 864
Additions	-	3 129
Disposal of subsidiaries (note 3)	(17 064)	-
Adjustment to goodwill recognised in prior year (note 3)	(38 868)	-
Disposal of joint ventures (note 3)	(90 262)	-
	3 434 848	3 581 042
Accumulated impairment		
At the beginning of the year	86 423	26 208
Impairment during the year	-	60 215
Disposal of subsidiaries (note 3)	(17 064)	-
Disposal of joint ventures (note 3)	(60 215)	-
	9 144	86 423
Carrying amount		
At the end of the year	3 425 704	3 494 619

The group has allocated its goodwill and other intangible assets to its various cash-generating units. The recoverable amounts have been determined based on a value in use calculation. The value in use is based on pre-tax discounted cash flow calculations. The group based its cash flow calculations on three to five year budgeted and forecast information approved by senior management and the various boards of directors of group companies. Long-term average growth rates for the country in which the entities operate were used to extrapolate the cash flows into the future. The key assumptions used for the value-in-use calculations are as follows:

	Basis of determination	Discount rate (a)	Growth rate into perpetuity (b)	Carrying amount R'000
2009				
ISP business	Value in use	20.55%	3.50%	141 708
M-Net, SuperSport and Oracle businesses	Value in use	17.03%	3.50%	3 268 425
Smart Village business	Value in use	20.80%	5.00%	15 571
				3 425 704
2008				
ISP business	Value in use	20.28%	4.00%	141 708
MXit business	Value in use	20.21%	4.00%	30 047
M-Net, SuperSport and Oracle businesses	Value in use	20.28%	4.00%	3 268 425
Smart Village business	Value in use	22.50%	5.00%	54 439
				3 494 619

a Pre-tax discount rate applied to the cash flow projections.
b Weigthed average growth rate used to extrapolate cash flows beyond the budget period.

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units. The wieghted average growth rates used are consistent with forecasts included in industry reports.

The group has performed a sensitivity analysis by varying the input factors by a reasonably possible margin and assessing whether the change in input factors result in any impairment of goodwill. Based on the analysis performed, there are no indications that an impairment of goodwill related to any of the cash-generating units is required.

Goodwill represents the assembled workforce and synergies obtained from the acquisitions.

In 2008, the group recognised an impairment loss of R60.2 million due to the fact that the recoverable amount of the MXit cash-generating unit was considered less than its carrying amount. The impairment charge was recorded in selling, general and administration costs in the income statement. In the current year, the investment in MXit was disposed. Refer note 3 for further details.

6 Other intangible assets

	Intellectual property rights R'000	Brand names R'000	Subscriber base R'000	Software R'000	Agreements and relationships * R'000	Other R'000	Total R'000
2009							
Cost							
At the beginning of the year	3 817	215 185	227 213	73 960	1 104 331	12 708	1 637 214
Acquisition of joint venture (note 3)	-	-	-	804	-	-	804
Additions	-	-	-	26 512	-	12 480	38 992
Disposal of joint venture (note 3)	-	(3 560)	-	(1 220)	-	(483)	(5 263)
Disposals	-	-	-	(173)	-	(3 633)	(3 806)
Reallocations	-	-	-	11 739	-	-	11 739
	3 817	211 625	227 213	111 622	1 104 331	21 072	1 679 680
Accumulated amortisation and impairment							
At the beginning of the year	3 287	19 192	144 340	40 418	108 743	6 149	322 129
Disposal of joint venture (note 3)	-	(1 186)	-	(3 024)	-	(403)	(4 613)
Disposals	-	-	-	(67)	-	(3 377)	(3 444)
Amortisation	530	56 116	45 500	21 186	326 893	7 840	458 065
Impairment	-	-	-	5 500	-	-	5 500
Reallocations	-	-	-	11 739	-	-	11 739
	3 817	74 122	189 840	75 752	435 636	10 209	789 376
Carrying amount							
At the end of the year	-	137 503	37 373	35 870	668 695	10 863	890 304
2008							
Cost							
At the beginning of the year	3 817	3 560	227 213	40 686	-	-	275 276
Acquisition of subsidiaries (note 3)	-	212 800	-	5 100	1 104 331	18 408	1 340 639
Additions	-	-	-	18 964	-	7 045	26 009
Disposals	-	-	-	-	-	(6 412)	(6 412)
Reallocations	-	(1 175)	-	7 200	-	(6 025)	-
Transfer from/(to) amortisation	-	-	-	2 010	-	(308)	1 702
	3 817	215 185	227 213	73 960	1 104 331	12 708	1 637 214
Accumulated amortisation							
At the beginning of the year	2 014	119	98 558	21 515	-	-	122 206
Disposals	-	-	-	(20)	-	(6 098)	(6 118)
Amortisation	1 272	19 074	45 782	16 953	108 743	12 515	204 339
Reallocations	1	(1)	-	(40)	-	40	-
Transfer from/(to) cost	-	-	-	2 010	-	(308)	1 702
	3 287	19 192	144 340	40 418	108 743	6 149	322 129
Carrying amount							
At the end of the year	530	195 993	82 873	33 542	995 588	6 559	1 315 085

* Content agreements and customer relationships

None of these intangible assets have an indefinite useful life.

	2009 R'000	2008 R'000
Classification of amortisation in the income statement		
Cost of providing services and sale of goods	55 641	53 429
Selling, general and administration costs	402 424	150 910
	458 065	204 339

7 Investment in associates

	2009 R'000	2008 R'000
Movement in carrying amount (unlisted investments)		
At the beginning of the year	60 150	309 025
Acquisition of subsidiaries	-	84 920
Share of net profit	(2 348)	204 161
Share of changes in other reserves	-	2 258
Dividends received	-	(239 687)
Repayment of loans to associates	(5 295)	-
Disposal of interest in associate	(207)	-
Transferred to investments in subsidiaries	-	(300 527)
	52 300	60 150

Combined summarised financial information of associates (all of which are unlisted) as per their annual financial statements

	2009 R'000	2008 R'000
Balance sheet		
Non-current assets	113 887	106 035
Current assets	22 519	2 806
Total assets	136 406	108 841
Total non-current liabilities	116 750	113 421
Total current liabilities	46 252	12 773
Total liabilities	163 002	126 194
Total shareholders' equity	(26 596)	(17 353)
Total equity and liabilities	(26 596)	(17 353)
Income statement		
Revenue	100 181	3 743 109
Net (loss)/profit	(8 728)	709 941

Refer to the appendix to these financial statements on page 74 for a listing of the associates.

The valuation of unlisted investments in associates as approved by the board of directors is R52.3 million (2008: R60.2 million).

8 Available-for-sale investments

Listed equity securities

	2009 R'000	2008 R'000
Ordinary shares in Naspers Limited		
At the beginning of the year	245 139	208 911
Acquisition of subsidiaries	-	80 400
Disposals	(5 076)	-
Changes in fair value recognised directly in equity	9 734	(44 172)
	249 797	245 139

There was no impairment provision in respect of available-for-sale financial assets during the year (2008: nil). These investments are denominated in South African rands.

9 Deferred taxation

	2009 R'000	2008 R'000
Movement in carrying amount		
At the beginning of the year	(194 368)	146 944
Acquisition of joint venture	12	(456 992)
Disposal of subsidiaries	(1)	-
Disposal of joint venture	392	-
Recognised in the income statement	159 620	147 841
Recognised in other reserves	22 057	(32 161)
	(12 288)	(194 368)

The group has raised a valuation allowance against the net deferred tax assets, because in management's estimate it is probable that certain deferred tax assets will not be realised in the near future, due to the time and expiration of the available tax loss carry-forwards. Further valuation allowances have been raised when it is uncertain if future taxable profits will be available to utilise unused tax losses and timing differences. The group has tax loss carry-forwards of R3 million (2008: R54 million).

The group released deferred income taxation of R6.8 million (2008: charged R32 million) to equity as a result of changes in fair value of derivative financial instruments where the forecast transaction or commitment has not resulted in an asset or liability.

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amount accrued would not have a material adverse impact on the group's income statement and balance sheet.

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset at settlement.

	2009 R'000	2008 R'000
Classification in the balance sheet		
Deferred taxation assets	381 559	246 296
Deferred taxation liabilities	(393 847)	(440 664)
	(12 288)	(194 368)

	At beginning of year R'000	Acquisition of joint venture R'000	Disposal of subsidiaries R'000	Disposal of joint venture R'000	Recognised in income R'000	Recognised in equity R'000	At end of year R'000
2009							
Deferred taxation assets							
Property, plant and equipment	165	-	(34)	-	(131)	-	-
Receivables and current assets	13 101	-	-	-	(13 101)	-	-
Provisions and other payables	110 271	176	(1 265)	-	90 211	-	199 393
Income received in advance	85 537	-	(264)	-	(82 176)	-	3 097
Tax losses carried forward	54 238	-	(48 126)	-	5 269	-	11 381
Capitalised finance leases	117 276	-	-	-	(3 357)	-	113 919
Share based payment liability	82 924	203	-	-	(27 179)	-	55 948
Hedging reserve	381	-	-	-	-	(381)	-
Other	285	-	-	(394)	861	-	752
	464 178	379	(49 689)	(394)	(29 603)	(381)	384 490
Valuation allowance	(50 810)	-	49 170	-	(1 291)	-	(2 931)
	413 368	379	(519)	(394)	(30 894)	(381)	381 559
Deferred taxation liabilities							
Property, plant and equipment	(24 576)	(367)	27	-	1 606	-	(23 310)
Intangible assets	(358 915)	-	-	786	121 146	-	(236 983)
Receivables and current assets	(33 996)	-	491	-	6 878	-	(26 627)
Capitalised finance leases	(32 571)	-	-	-	32 571	-	-
Derivatives	(33 805)	-	-	-	43 553	(70 913)	(61 165)
Hedging reserve	(78 083)	-	-	-	-	78 083	-
Programme and film rights	(30 562)	-	-	-	(14 027)	-	(44 589)
Other	(15 228)	-	-	-	(1 213)	15 268	(1 173)
	(607 736)	(367)	518	786	190 514	22 438	(393 847)
Net deferred asset/(liability)	(194 368)	12	(1)	392	159 620	22 057	(12 288)

	At beginning of year R'000	Acquisition of joint venture R'000	Disposal of subsidiaries R'000	Disposal of joint venture R'000	Recognised in income R'000	Recognised in equity R'000	At end of year R'000
2008							
Deferred taxation assets							
Property, plant and equipment	153	571	-	-	(559)	-	165
Receivables and current assets	570	4 171	-	-	8 360	-	13 101
Provisions and other payables	82 305	44 211	-	-	(16 245)	-	110 271
Income received in advance	56 863	225	-	-	28 449	-	85 537
Tax losses carried forward	60 963	107	-	-	(6 832)	-	54 238
Capitalised finance leases	202 948	-	-	-	(85 672)	-	117 276
Share based payment liability	14 098	-	-	-	68 826	-	82 924
Hedging reserve	1 407	(4 530)	-	-	-	3 504	381
STC credits	10 009	-	-	-	(10 009)	-	-
Other	-	5 056	-	-	(4 771)	-	285
	429 316	49 811	-	-	(18 453)	3 504	464 178
Valuation allowance	(62 037)	-	-	-	11 227	-	(50 810)
	367 279	49 811	-	-	(7 226)	3 504	413 368
Deferred taxation liabilities							
Property, plant and equipment	(12 602)	(5 994)	-	-	(5 980)	-	(24 576)
Intangible assets	(36 812)	(334 886)	-	-	12 783	-	(358 915)
Receivables and current assets	(38 511)	(101 334)	-	-	105 849	-	(33 996)
Capitalised finance leases	(117 810)	-	-	-	85 239	-	(32 571)
Derivatives	(7 313)	4 842	-	-	(31 334)	-	(33 805)
Translation reserves	(7 287)	-	-	-	7 287	-	-
Hedging reserve	-	(42 418)	-	-	-	(35 665)	(78 083)
Programme and film rights	-	(64 678)	-	-	34 116	-	(30 562)
Other	-	37 665	-	-	(52 893)	-	(15 228)
	(220 335)	(506 803)	-	-	155 067	(35 665)	(607 736)
Net deferred asset/(liability)	146 944	(456 992)	-	-	147 841	(32 161)	(194 368)

10 Inventory

	2009 R'000	2008 R'000
Set-top boxes, modems and associated components	97 189	146 832
Consumables	7 220	4 698
Work in progress	3 545	1 708
	107 954	153 238
Provision for obsolete inventory	(75 983)	(87 839)
	31 971	65 399

Inventory carried at net realisable value at 31 March 2009 amounted to R21 million (2008: 59 million).

11 Programme and film rights

	2009 R'000	2008 R'000
Cost		
Programme rights	1 404 679	2 553 532
Film rights	775 862	1 053 766
	2 180 541	3 607 298
Accumulated amortisation		
Programme rights	(665 907)	(2 192 840)
Film rights	(445 364)	(664 490)
	(1 111 271)	(2 857 330)
Carrying amount		
Programme rights	738 772	360 692
Film rights	330 498	389 276
	1 069 270	749 968

All of these programme and film rights are classified as current on the balance sheet.

12 Trade receivables

	2009 R'000	2008 R'000
Trade receivables, gross	502 404	512 590
Provision for impairment of trade receivables	(69 812)	(63 525)
	432 592	449 065

Refer note 34 for a discussion on credit risk.

13 Other receivables

	2009 R'000	2008 R'000
Prepayments	762 590	363 111
Sundry deposits	2 582	828
VAT and related taxes receivable	52 938	5 434
Other receivables	81 322	46 570
	899 432	415 943

	2009 R'000	2008 R'000

14 Cash and cash equivalents

	2009 R'000	2008 R'000
Cash and deposits	1 259 168	207 399
Bank overdraft	(1 541)	(60 071)
	1 257 627	147 328

15 Share capital and premium

Share capital

	2009 R'000	2008 R'000
Authorised		
3 000 000 000 ordinary shares of R0.0001 each (2008: 3 000 000 000)	300	300
Issued (fully paid up)		
337 500 000 ordinary shares of R0.0001 each (2008: 337 500 000)	34	34

Share premium

	2009 R'000	2008 R'000
At the beginning of the year	17 216 236	15 341 236
Share issue	-	1 875 000
Share premium	17 216 236	17 216 236

Refer to note 23 for details of share appreciation rights issued.

Capital management

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

General authority has been granted to the directors of the group to allot and issue the un-issued shares of the company subject to the requirements of the Companies Act.

There were no changes in the group's approach to capital management during the year.

16 Other reserves

	2009 R'000	2008 R'000
Existing control business combination reserve	(15 119 081)	(15 125 587)
Fair value reserve	171 157	146 155
Foreign currency translation reserve	20 429	13 930
Hedging reserve	128 782	146 241
Share based payment reserve	63 190	29 622
	(14 735 523)	(14 789 639)

The existing control business combination reserve is used in common control transactions (where all combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost over the acquirer's proportionate share of the net assets is allocated to this reserve. The movement during the year arose on the acquisition of NMS Communications (Pty) Ltd. The movement during the prior year arose due to the acquisition of Electronic Media Network Ltd and SuperSport International Holdings Ltd from Naspers Ltd.

The hedging reserve relates to the changes in the fair value of derivative financial instruments that are designated as cash flow hedges of forecasted transactions or firm commitments. The changes in fair value are recognised in the hedging reserve until the forecasted transaction or firm commitment results in the recognition of an asset or liability, at which point such deferred gains or losses are included in the initial measurement of the asset or liability.

The fair value reserve relates to changes in the fair value of investments classified as available-for-sale.

The share based payment reserve represents the fair value of equity settled share options that are expected to become exercisable in terms of the group's equity settled schemes over the vesting period. This reserve is adjusted when the company revises its estimates of the numbers of share options that are expected to become exercisable. It recognises the impact of revision of original estimates, if any, in the income statement, with a corresponding adjustment to this reserve in equity for equity settled plans.

The foreign currency translation reserve relates to exchange differences arising from the translation of foreign subsidiaries’ and joint ventures’ income statements at average exchange rates for the year and their balance sheets at the ruling exchange rates at the balance sheet date.

17 Retained earnings

Any future dividends declared from the distributable reserves of the group may be subject to secondary taxation on companies (“STC”) at a rate of 10% (2008: 10%) of the dividends declared. Dividends received by group companies during their various dividend cycles can be carried forward as unutilised STC credits. These STC credits can be used to reduce any STC payable on future dividends declared by group companies. At 31 March 2009 there were Rnil (2008: Rnil) unutilised STC credits.

18 Finance lease liabilities

	2009 R'000	2008 R'000
Total liabilities	668 019	699 608
Current portion	(219 011)	(160 056)
	449 008	539 552

Analysis of finance lease liabilities	Currency	Year of final repayment	Interest rate	2009 R'000	2008 R'000
Transmission equipment and satellites	USD	2011	8.11%	622 697	648 957
Land and buildings	ZAR	2012	17%	43 645	48 421
Stadium floodlights	ZAR	2012	11.25%	1 677	2 230
				668 019	699 608

Future minimum lease payments	2009 R'000	2008 R'000
Payable in year one	268 299	223 521
Payable in year two	269 892	231 407
Payable in year three	206 364	233 008
Payable in year four	13 805	180 255
Payable in year five	-	13 805
	758 360	881 996
Future finance costs	(90 341)	(182 388)
Present value of future minimum lease payments	668 019	699 608

Present value of future minimum lease payments	2009 R'000	2008 R'000
Payable in year one	219 011	160 056
Payable in year two	238 150	188 301
Payable in year three	197 959	206 409
Payable in year four	12 899	131 943
Payable in year five	-	12 899
	668 019	699 608

	2009 R'000	2008 R'000

19 Long-term liabilities

	2009 R'000	2008 R'000
Secured		
Interest bearing loan	599	1 095
- Total liability	1 346	1 842
- Current portion	(747)	(747)
Unsecured		
Contingent purchase consideration	-	33 926
	599	35 021

The secured, interest bearing loan bears interest at 12.25% per annum, is repayable on 31 October 2011 and is secured by the stadium embankment suites that were erected using the loan.

The contingent consideration was payable in respect of the acquisition of Smart Village (Pty) Ltd in the prior year. Due to a change in circumstances, it became clear that this would not materialise and has therefore been released against the cost of the investment. Also refer note 3 for further details.

The long-term liabilities set out above are denominated in South African Rands.

20 Provisions

	2009 R'000	2008 R'000
Ad valorem duties	23 100	23 100

The provision for ad valorem duties relates to an investigation by the tax authorities into the value ascribed to digital satellite decoders purchased for onward sale to major retailers. A provision is raised by the group for the payment of these duties.

21 Other payables

	2009 R'000	2008 R'000
Deferred income	506 544	289 684
Accrued expenses	855 851	702 517
Taxes and social securities	64 287	72 121
Leave pay accrued	47 127	43 088
Bonuses accrued	53 055	55 266
Other current liabilities	43 220	60 146
	1 570 084	1 222 822

22 Related parties

22.1 Relationship with parent

The group's parent company is MIH Holdings Ltd, which holds 80% of MultiChoice South Africa Holdings (Pty) Ltd's issued ordinary share capital. The ultimate controlling party is Naspers Ltd, incorporated in South Africa.

22.2 Related party transactions

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

		2009 R'000	2008 R'000
Sale of goods and services			
Electronic Media Network Ltd / SuperSport International (Pty) Ltd *		-	43 990
Media24 Ltd - Facility and network cost recoveries		19 397	7 622
MultiChoice Africa Ltd - Sale of channel and programming rights		844 019	123 723
MultiChoice Africa Ltd - Subscriber management fee		128 307	64 522
Purchase of goods and services			
Electronic Media Network Ltd / SuperSport International (Pty) Ltd *	a	-	2 003 595
Irdeto Access BV	b	200 323	126 398
New Media Publishing (Pty) Ltd	c	113 807	116 038
NMS Communications (Pty) Ltd	d	-	82 838

a Channel and programming rights purchased by MultiChoice Africa (Pty) Ltd.
b Royalties on decoders incurred by MultiChoice Technical Operations (Pty) Ltd (2008: MultiChoice Subscriber Management Services (Pty) Ltd.)
c Publishing material purchased by MultiChoice Africa (Pty) Ltd (2008: MultiChoice Africa (Pty) Ltd and MultiChoice Subscriber Management Services (Pty) Ltd.)
d Network infrastructure, software maintenance and facility services purchased by MultiChoice Africa (Pty) Ltd and MultiChoice Subscriber Management Services (Pty) Ltd.

* Represents transactions with these parties during the year before they became subsidiaries

	2009 R'000	2008 R'000
Interest		
Interest earned from MultiChoice Africa Ltd on finance sub-lease	8 877	9 525
Interest paid to MIH Finance BVI on loan	(31 258)	(24 915)
Interest paid to MIH Holdings Ltd on short-term funding	(5 759)	-

Corporate transactions

On 1 October 2008 the group disposed of its 30.5% investment in the joint venture MXit Lifestyle (Pty) Ltd to MIH Holdings Ltd, the group's parent company. Refer note 3 for further details of the disposal. This transaction resulted in a profit of R59.6 million (refer note 26).

22.3 Related party balances

Amounts due from related parties

	2009 R'000	2008 R'000
Non-current		
MultiChoice Africa Ltd	136 342	152 579
	136 342	152 579
Current		
Digital Mobile Television (Pty) Ltd	10 583	35 129
Entriq Billing Inc	491	3 776
Irdeto Access BV	-	667
Media 24 Ltd	1 276	82 261
MIH China Ltd	7 612	7 800
MIH Holdings Ltd	37 406	41 401
MIH Print Africa (Pty) Ltd	3 705	-
MultiChoice Africa Ltd	232 630	183 671
M-Web (Thailand) Ltd	-	2 976
M-Web Africa Ltd	-	11 645
M-Web Namibia (Pty) Ltd	443	2 227
M-Web Nigeria Ltd	-	8 438
Myriad International Holdings BV	1 297	19 301
Naspers Web Services (Pty) Ltd	16 704	-
New Media Publishing (Pty) Ltd	11 349	10 718
On the Dot Distributors (Pty) Ltd	21 850	42 519
Other	11 813	1 813
	357 159	454 342

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

MultiChoice Africa Ltd owes the group R295.2 million (2008: R336.3 million). This debt owed to the group includes USD8.5 million which bears interest at a rate of 3% per annum. Also included in this debt is a finance lease receivable in respect of transponders leased to MultiChoice Africa Ltd to the amount of R97.2 million (2008: R116.3 million). The lease is denominated in US dollars, is repayable over a period of 10 years and bears interest at a rate of 8.2% per annum. The other balances are unsecured, interest free and have no fixed terms of repayment.

	2009 R'000	2008 R'000
Reconciliation between gross receivable and present value of minimum lease payments		
Payable in year one	48 574	41 519
Payable in year two	48 574	41 519
Payable in year three	12 144	41 519
Payable in year four	-	10 380
	109 292	134 937
Unearned finance income	(12 054)	(18 612)
Present value of minimum lease payments	97 238	116 325
Present value of minimum lease payments		
Payable in year one	42 162	33 210
Payable in year two	45 442	36 038
Payable in year three	9 634	39 107
Payable in year four	-	7 970
	97 238	116 325

Amounts due to related parties

	2009 R'000	2008 R'000
Current		
IBS Inc	6 034	-
Irdeto Access BV	4 191	48 316
Media24	64 200	7 824
MediaZone.com Inc	4 100	-
MIH BVI Ltd	27 016	30 055
MIH Finance BVI	245 433	191 015
MIH Holdings Ltd	3 274	8 361
MultiChoice Africa Ltd	6 396	12 312
Myriad International Holdings BV	16 464	28 236
Myriad Programming Services BV	2 629	2 247
Naspers Ltd	-	576 300
New Media Publishing (Pty) Ltd	13 173	12 241
NMS Communications (Pty) Ltd	-	9 523
On the Dot Distributors (Pty) Ltd	787	1 747
Other	4 212	931
	397 909	929 108

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

22.4 Key management staff compensation

Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the group. Comparatives have not been restated for changes in the composition of key management.

	2009 R'000	2008 R'000
Directors' remuneration		
Executive directors	11 208	4 256
Salaries	2 805	2 601
Fringe benefits	19	179
Bonuses	1 408	1 403
Medical, pension and provident fund contributions	378	73
Profit on exercise of share options	6 598	-
Non-executive directors	2 241	1 923
Directors' fees	2 241	1 923
	13 449	6 179

All of these amounts are paid by companies in the group other than MCSAH.

	2009 R'000	2008 R'000
Key management remuneration		
Short-term employee benefits	36 408	18 947
Other long-term benefits	1 994	1 425
Share-based payment charge	8 021	27 068
	46 423	47 440

Share options and share allocations

The aggregate number of share options granted to the executive directors and key management during the year and the number of shares allocated to the executive directors and key management at year-end are:

- For shares listed on a recognised stock exchange: 21 535 (2008: 85 714) Naspers Ltd Class N ordinary shares were allocated during the year and an aggregate of 263 822 (2008: 299 313) Naspers Ltd Class N ordinary shares were allocated as at 31 March 2009.

- For shares in unlisted companies: nil (2008: 33) MIH China (BVI) Ltd (formerly MIH QQ (BVI) Ltd) ordinary shares were allocated during the financial year and an aggregate of 1 175 (2008: 658) MIH China (BVI) Ltd (formerly MIH QQ (BVI) Ltd) ordinary shares were allocated as at 31 March 2009; nil (2008: 4 119) MIH Russia Internet BV ordinary shares were allocated during the financial year and an aggregate of 4 199 (2008: 4 119) MIH Russia Internet BV ordinary shares were allocated as at 31 March 2009; nil (2008: nil) Media24 Ltd ordinary shares were allocated during the financial year and an aggregate of 4 840 (2008: 8 637) Media24 Ltd ordinary shares were allocated as at 31 March 2009.

- For share appreciation rights (SAR's) in unlisted companies: nil (2008: 451 015) MultiChoice Africa (Pty) Ltd SAR's were allocated during the financial year and an aggregate of 1 612 130 (2008: 1 891 166) MultiChoice Africa (Pty) Ltd SAR's were allocated as at 31 March 2008; nil (2008: nil) M-Net/SuperSport SAR's were allocated during the financial year and an aggregate of 1 490 579 (2008: 1 434 900) M-Net/SuperSport SAR's were allocated as at 31 March 2008; nil (2008: nil) Media24 Ltd SAR's were allocated during the financial year and an aggregate of nil (2008: 196 009) Media24 Ltd SAR's were allocated as at 31 March 2009; nil (2008: nil) MIH Brazil Holdings BV SAR's were allocated during the financial year and an aggregate of 4 900 (2008: 1,400) MIH Brazil Holdings BV SAR's were allocated as at 31 March 2009; 147 820 (2008: nil) MultiChoice Africa (Pty) Ltd 2008 SARs were allocated during the the financial year and an aggregate of 138 862 (2008: nil) MultiChoice Africa (Pty) Ltd 2008 SARs were allocated at 31 March 2009.

These shares and SAR's were offerred on the same terms and conditions as those offered to employees of the group.

23 Share appreciation rights schemes

23.1 Effect on profit and financial position

	2009 R'000	2008 R'000
Share based payments expense		
- Equity settled	33 568	689
- Cash settled	(3 483)	129 978
	30 085	130 667
Share based payments liability	199 841	296 157
Current portion	(99 141)	(151 206)
	100 700	144 951
Share based payments reserve	63 190	29 622

23.2 MCA SAR plan

On 20 September 2005 the group established the MultiChoice Africa (Pty) Ltd share appreciation rights plan ("MCA SAR plan"). The aggregate number of scheme shares in respect of which share appreciation rights (SAR's) may be awarded is no more than 10% of the total number of ordinary shares in issue in the company. SAR's may be granted with an exercise price of not less than 100% of the fair value of the SAR's at the time of the grant. One third of the SAR's generally vests at the anniversary of each of the third, fourth and fifth years after the grant date of the SAR's and expire after five years and fourteen days. Unvested SAR's are subject to forfeiture upon termination of employment. Cancelled SAR's are SAR's cancelled by mutual agreement between employer and employee. This plan is classified as cash-settled.

Movements in number of instruments

	2009		2008	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	9 866 396	36.54	7 583 432	28.76
Granted	-	-	2 717 069	58.21
Exercised	(1 799 910)	27.27	(68 932)	26.10
Forfeited	(536 023)	40.62	(365 173)	37.60
Outstanding at the end of the year	7 530 463	38.46	9 866 396	36.54
Exercisable at the end of the year	167 900	23.70	-	-
Exercised during the year (weighted average share price)	1 799 910	73.65	68 932	55.31

No SAR's expired or were cancelled during the years ended 31 March 2009 and 31 March 2008.

Instruments outstanding at the end of the year by exercise price

Range of exercise prices (R)	2009 SAR's	2009 Weighted average remaining contractual life (years)	2008 SAR's	2008 Weighted average remaining contractual life (years)
23.70	3 300 992	1.08	4 992 088	2.08
39.87	1 899 113	2.00	2 263 272	3.00
58.21	2 330 358	3.00	2 611 036	4.00
	7 530 463		9 866 396	

Instruments granted during the year

There were no grants made during the year ended 31 March 2009. For grants made in the prior year, the weighted average fair value at measurement date has been calculated using the Bermudam Binomial option pricing model, using the following inputs and assumptions:

	2009	2008
Weighted average fair value at measurement date (R)	-	19.67
Weighted average share price (R)	-	58.21
Weighted average exercise price (R)	-	58.21
Weighted average expected volatility (%)*	-	17.9%
Weighted average SAR life (years)	-	5.0
Weighted average dividend yield (%)	-	-
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	-	8.6%
Annual sub-optimal percentage (%)	-	277.0%
Weighted average vesting period (years)	-	4.0

Various early exercise expectations were calculated based on historical exercise behaviours.

* The weighted average expected volatility is determined using both historical and future annual (bi-annual) company valuations.

In addition, the group's holding company, MIH Holdings Ltd, may grant options in terms of the MIH Holdings Ltd Plan, to its employees for up to 26.4 million shares of MIH Holdings Ltd ordinary share capital. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested share options are subject to forfeiture upon termination of employment. Cancelled options are options cancelled by mutual agreement between the employer and employee. Detailed disclosures have been provided in the annual financial statements of MIH Holdings Ltd.

23.3 MCA 2008 SAR plan

On 2 April 2008 the group established the MultiChoice Africa (Pty) Ltd 2008 share appreciation rights plan ("MCA 2008 SAR plan"). The aggregate number of scheme shares in respect of which share appreciation rights (SAR's) may be awarded is no more than 10% of the total number of ordinary shares in issue in the company. SAR's may be granted with an exercise price of not less than 100% of the fair value of the SAR's at the time of the grant. One third of the SAR's generally vests at the anniversary of each of the third, fourth and fifth years after the grant date of the SAR's and expire after five years and fourteen days. Unvested SAR's are subject to forfeiture upon termination of employment. Cancelled SAR's are SAR's cancelled by mutual agreement between employer and employee. This plan is classified as cash-settled.

Movements in number of instruments

	2009		2008	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	-	-	-	-
Granted	1 620 756	69.31	-	-
Forfeited	(40 523)	69.31	-	-
Outstanding at the end of the year	1 580 233	69.31	-	-
Exercisable at the end of the year	-	-	-	-

No SAR's expired or were exercised during the year ended 31 March 2009.

Instruments outstanding at the end of the year by exercise price

	2009		2008	
Range of exercise prices (R)	SAR's	Weighted average remaining contractual life (years)	SAR's	Weighted average remaining contractual life (years)
69.31	1 580 233	4.00	-	-
	1 580 233		-	

Instruments granted during the year

The weighted average fair value at measurement date has been calculated using the Bermudam Binomial option pricing model, using the following inputs and assumptions:

	2009	2008
Weighted average fair value at measurement date (R)	30.44	-
Weighted average share price (R)	69.31	-
Weighted average exercise price (R)	69.31	-
Weighted average expected volatility (%)*	34.9%	-
Weighted average SAR life (years)	5.0	-
Weighted average dividend yield (%)	-	-
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	9%	-
Annual sub-optimal percentage (%)	293.8%	-
Weighted average vesting period (years)	4.0	-

Various early exercise expectations were calculated based on historical exercise behaviours.

* The weighted average expected volatility is determined using both historical and future annual (bi-annual) company valuations.

The M-Net and SuperSport group, which was acquired by the group as subsidiaries during the 2008 financial year, had a number of equity compensation schemes in place, the details of which are detailed below.

23.4 M-Net plan

On 12 June 1991, Electronic Media Network established the M-Net Share Trust ("M-Net plan"), under which it may award shares or options for no more than 10% of the total number of ordinary shares in Electronic Media Network Ltd. Shares or options may be granted with an exercise price of not less than 100% of the market value of the shares or options at the time of the grant. One third of the shares or options generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the shares or options and expire after ten years. Unvested share options are subject to forfeiture upon termination of employment. Cancelled options are options cancelled by mutual agreement between the employer and employee. This plan is classified as equity-settled.

In terms of a section 311 scheme of arrangement, Naspers Ltd offered one Naspers N ordinary share to all the minority shareholders of Electronic Media Network Ltd, including the M-Net plan, for every 4,5 M-Net/SuperSport linked unit that it held, or R8,50 per M-Net/SuperSport linked unit. The transaction became unconditional on 24 March 2004. The linked units were exchanged for 574 726 Naspers N ordinary shares during April 2004.

Movements in number of instruments

	2009		2008	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	118 518	8.34	171 411	8.46
Exercised	(59 135)	7.94	(52 362)	8.72
Forfeited	(1 970)	8.70	(531)	8.72
Outstanding at the end of the year	57 413	8.75	118 518	8.34
Exercisable at the end of the year	57 413	8.75	113 487	8.31
Exercised during the year (weighted average share price)	59 135	139.71	52 362	144.51

Instruments outstanding at the end of the year by exercise price

	2009		2008	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
4.00 - 8.50	-	-	17 148	0.96
8.51 - 13.50	57 413	3.69	101 261	4.78
13.51 - 30.50	-	-	109	0.13
	57 413		118 518	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2009 and 31 March 2008.

23.5 SuperSport plan

On 12 June 1991 SuperSport International Holdings (Pty) Ltd established the SuperSport Share Trust ("SuperSport plan"), under which it may award shares or options for no more than 10% of the total number of ordinary shares. Shares or options may be granted with an exercise price of not less than 100% of the market value of the shares or options at the time of the grant. One third of the shares or options generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the shares or options and expire after ten years. Unvested share options are subject to forfeiture upon termination of employment. Cancelled options are options cancelled by mutual agreement between the employer and employee. This plan is classified as equity-settled.

In terms of a section 311 scheme of arrangement, Naspers Ltd offered one Naspers N ordinary share to all the minority shareholders of SuperSport International Holdings (Pty) Ltd, including the SuperSport plan, for every 4,5 M-Net/SuperSport linked unit that it held, or R8,50 per M-Net/SuperSport linked unit. The transaction became unconditional on 24 March 2004. The linked units were exchanged for 525 228 Naspers N ordinary shares during April 2004.

Movements in number of instruments

	2009		2008	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	151 576	33.94	218 964	34.12
Exercised	(73 450)	33.21	(66 577)	34.58
Forfeited	(3 003)	29.74	(811)	29.78
Outstanding at the end of the year	75 123	34.83	151 576	33.94
Exercisable at the end of the year	75 123	34.83	146 978	33.37
Exercised during the year (weighted average share price)	73 450	145.52	66 577	146.42

Instruments outstanding at the end of the year by exercise price

	2009		2008	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
0.00 - 0.00	22 625	3.66	43 221	4.15
10.00 - 25.00	-	-	442	0.93
25.01 - 40.00		-	15 328	0.95
40.01 - 55.00	50 528	3.80	90 615	4.84
55.01 - 60.00	1 970	0.95	1 970	1.95
	75 123		151 576	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2009 and 31 March 2008.

23.6 M-Net/SuperSport SAR plan

On 20 September 2005 the Electronic Media Network Ltd ("M-Net")/SuperSport International Holdings (Pty) Ltd ("SuperSport") share appreciation rights plan ("M-Net/SuperSport SAR plan") was established. The aggregate number of scheme shares in respect of which they may award share appreciation rights (SAR's) is no more than 10% of the total number of ordinary shares in issue in the company. SAR's may be granted with an exercise price of not less than 100% of the fair value of the SAR's at the time of the grant. One third of the SAR's generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the SAR's and expire after five years and fourteen days. Unvested SAR's are subject to forfeiture upon termination of employment. Cancelled SAR's are SAR's cancelled by mutual agreement between employer and employee. The plan is classified as equity-settled.

Movements in number of instruments

	2009		2008	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	8 593 745	9.19	8 934 220	9.20
Exercised	(2 516 300)	9.04	(21 396)	9.38
Forfeited	(360 731)	9.31	(319 079)	9.33
Outstanding at the end of the year	5 716 714	9.25	8 593 745	9.19
Exercisable at the end of the year	142 909	9.00	-	-
Exercised during the year (weighted average share price)	2 516 300	25.07	21 396	18.14

No SAR's expired or were cancelled during the years ended 31 March 2009 and 31 March 2008.

Instruments outstanding at the end of the year by exercise price

	2009		2008	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
9.00	3 188 676	1.00	5 677 843	2.00
9.56	2 528 038	2.00	2 915 902	3.00
	5 716 714		8 593 745	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2009 and 31 March 2008.

24 Commitments and contingencies

The group is subject to contingencies, which in the normal course of business include legal proceedings and claims that cover a wide range of matters. These contingencies include contract and employment claims, product liability and warranty. None of these claims are expected to result in a material gain or loss for the group. The group plans to fund the above commitments and liabilities out of existing loan facilities and internally generated funds.

- **Capital expenditure**

The group has commitments in respect of contracts placed for capital expenditure at 31 March 2009 amounting to R167.4 million (2008: R314.4 million).

- **Programme and film rights**

The group has entered into contracts for the purchase of programme and film rights. The commitments in respect of the contracts amounted to R8 063 million (2008: R4 798 million).

- **Set-top boxes**

The group has entered into contracts for the purchase of set-top boxes. The commitments in respect of the contracts amounted to R311.5 million (2008: R296.3 million).

- **Operating lease commitments**

The group has the following minimum lease payments in terms of operating leases:

	2009 R'000	2008 R'000
Payable in year one	10 840	15 682
Payable in year two	6 643	15 232
Payable in year three	1 755	10 352
Payable in year four	380	1 249
Payable in year five	4	627
Payable after year five	-	281
	19 622	43 423

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

- **Guarantees**

The group has guarantees from financial institutions of R1 865 million (2008: R176 million) mainly in respect of payments for sports rights and for service contracts.

- **Assets pledged as security**

The group pledged property, plant and equipment, investments and cash and cash equivalents with a net carrying value of R305 million (2008: R379 million) for certain term loans (refer note 4).

- **Cash and cash equivalents**

The group has R7 million (2008: Rnil million) restricted cash and cash equivalents.

- **Litigation and claims**

Caxton vs Naspers, MultiChoice, Electronic Media Network and Media24
In March 2008, Caxton instituted a High Court challenge alleging that MultiChoice Africa (Pty) Ltd ("MultiChoice"), Naspers Ltd, Electronic Media Network Ltd ("M-Net") and Media24 Ltd (the defending parties) contravene certain sections of the Electronic Communications Act ("ECA"). In light of these allegations, they are asking the High Court to set aside the decision of Icasa to award a commercial subscription broadcasting licence to MultiChoice. The proceedings took place during May 2009 and we are currently awaiting final judgment from the High Court.

Zietsman vs Electronic Media Network, MultiChoice and Vodacom
In November 2001, DW Zietsman and certain parties launched proceedings against M-Net, MultiChoice and Vodacom, for interdicts and damages arising from alleged breaches by the defending companies of confidentiality agreements relating to information which the claimants maintained had been disclosed to MultiChoice. All discovery affidavits and documents have been received (ie. pleadings are now closed). DW Zietsman has paid the cost orders granted against him and has also applied for a trial date. It's unlikely that a trial date before 2010 will be allocated.

Zietsman patent infringement claim
In December 2004, DW Zietsman instituted action against Endemol South Africa Ltd ("Endemol"), M-Net, MultiChoice, Vodacom and iTouch, alleging that the defendants had, in the course of certain Big Brother television shows, infringed a patent belonging to him and that he had, as a result of such infringement, suffered unspecified damages. The defendants are defending the action and the matter is proceeding.

Ad Valorem
MultiChoice instituted legal action against the South African Revenue Services ("SARS") in relation to the ad valorem tariff determination on decoders, which SARS made in 2004. The proceedings were defended by SARS but in late 2006, the dispute was referred to the Customs Appeal Committee. A provision of R23,1 million (2008:R23,1 million) has been raised, and is included in provisions.

Akani Egoli and City Theme Park vs Electronic Media Network and others
Akani Egoli (Pty) Ltd ("Akani Egoli") has instituted action against M-Net and Combined Artistic Productions in the High Court of South Africa for damages of R10.6 million allegedly suffered by the plaintiff as a result of an alleged defamation in a television broadcast. The defendants filed their plea in February 2006. A new claim for R40 million, arising from the same cause of action, was served on the defendants by Gold Reef City Theme Park. At the same time, the first claim by Akani Egoli was reduced to R4.1 million. The claim has been consolidated and the defendants have filed a plea to the claims in April 2008. A hearing is scheduled for August 2010.

Howard Woolf vs Electronic Media Network
In July 2007, M-Net broadcast an insert on Carte Blanche relating to the matter of De Beers Fuels Ltd. The Plaintiff (an attorney) alleges that in the insert he was defamed as it was implied that he had misappropriated trust funds. The claim is for damages of R13 million. M-Net has denied any liability. The matter is set for a court hearing in August 2009.

PaySmart Africa vs Endemol and Electronic Media Network
PaySmart Africa (PaySmart) is claiming damages of R10.4 million from M-Net and Endemol, alleging that it would have been paid this amount if M-Net and Endemol had granted it the rights to provide a SMS voting system for Big Brother Africa and Idols, two television shows, as alledgedly contemplated in heads of agreement executed by the parties in April 2003. In February 2004, M-Net and Endemol objected to PaySmart's particulars of claim and since then, PaySmart has not taken the proceedings any further.

- **Foreign currency commitments**

Refer to note 34 for details of foreign currency commitments.

	2009 R'000	2008 R'000
25 Revenue		
Subscription revenue	9 251 700	7 156 715
Hardware and software sales	440 495	470 059
Advertising revenue	1 116 315	227 069
e-Commerce revenue	635 965	486 887
Subscriber management services fees	132 418	68 521
Decoder maintenance revenue	138 733	129 659
Reconnection fees	49 504	33 652
Barter revenue	16 197	15 902
Other	499 537	312 166
	12 280 864	8 900 630
26 Other gains		
Dividends received from Naspers Ltd (listed investment)	2 709	1 857
Profit on sale of subsidiaries (note 3)	25 313	-
Profit on sale of joint venture (note 3)	59 590	-
Reversal of impairment loss	-	1 311
	87 612	3 168
27 Operating profit		
Operating profit includes the following items:		
Advertising expenses	347 803	180 880
Amortisation of other intangible assets (refer note 6)	458 065	204 339
Auditors' remuneration		
Audit fees	7 517	4 130
Taxation and other fees	2 216	2 871
	9 733	7 001
Cost of inventories recognised as expense in cost of providing services and sale of goods	911 568	773 491
Depreciation (refer note 4)	327 104	184 620
Fees paid to non-employees for secretarial, management and technical services	57 118	32 926
Forex differences included in cost of providing services	76 953	(2 315)
Loss on sale of available-for-sale investments	3 596	-
Impairment of goodwill	-	60 215
Impairment of other intangible assets	5 500	-
Net loss on sale of property, plant and equipment	55	114
Operating leases		
Buildings	18 293	21 290
Other	5 685	4 411
	23 978	25 701

	2009 R'000	2008 R'000
Programme and film rights recognised as expense in cost of providing services	2 931 750	605 078
Research and development costs	8 154	7 769
Staff costs		
Salaries, wages and bonuses	925 758	625 161
Retirement benefit costs	49 144	35 042
Medical aid fund contributions	43 580	33 798
Training costs	19 360	16 956
Share based payment charges	30 085	130 667
	1 067 927	841 624

The group had 3 601 employees at 31 March 2009 (2008: 3 444).

28 Finance income and costs

	2009 R'000	2008 R'000
Interest received	118 592	183 610
Loans and bank account	118 592	183 610
Interest paid	(151 697)	(96 225)
Loans and bank overdrafts	(92 063)	(39 125)
Finance lease liability	(59 634)	(57 100)
Net finance (cost)/income	(33 105)	87 385

29 Foreign exchange differences

	2009 R'000	2008 R'000
On translation of finance lease liability	(76 821)	(59 124)
On translation of other assets and liabilities	(138 610)	(69 027)
On revaluation of forward exchange contracts	141 646	21 188
	(73 785)	(106 963)

30 Taxation

	2009 R'000	2008 R'000
South African normal taxation		
Current taxation	1 141 317	926 103
- Current year	1 140 278	902 007
- Prior year	1 039	24 096
Deferred taxation	(159 620)	(147 841)
- Current year	(153 539)	(132 959)
- Prior year	(6 081)	(10 329)
- Change in rate	-	(4 553)
Foreign taxation	3 428	1 395
Secondary taxation on companies	-	-
	985 125	779 657

	2009	2008
Tax rate reconciliation		
Statutory tax rate for the year	28.0%	29.0%
Non-deductible expenses	0.8%	2.2%
Non-taxable income	-0.2%	-3.0%
Unprovided timing differences	0.2%	0.0%
Assessed loss utilised	-0.1%	-0.2%
Prior year adjustments	-0.1%	0.5%
Rate change	0.0%	-0.2%
Other taxes	0.3%	0.4%
Foreign entities tax rates	0.2%	0.0%
Effective tax rate for the year	29.1%	28.7%

	2009 R'000	2008 R'000

31 Cash generated by operations

	2009 R'000	2008 R'000
Operating profit	3 499 412	2 529 704
Adjusted for:		
- Amortisation of intangible assets	458 065	204 339
- Depreciation	327 104	184 620
- Impairment of goodwill	-	60 215
- Impairment of other intangible assets	5 500	-
- Net loss on disposal of property, plant and equipment	55	114
- Profit on sale of joint venture	(59 590)	-
- Profit on sale of subsidiaries	(25 313)	-
- Share based payment charges	30 085	130 667
- Other non-cash movements	-	(12 338)
Operating profit before changes in working capital	4 235 318	3 097 321
Changes in working capital	(237 918)	(300 232)
Inventory	33 464	(3 197)
Programme and film rights	(319 302)	131 538
Trade and other receivables	(440 486)	(82 594)
Amounts due from related parties	119 655	166 120
Trade and other payables	420 216	(464 334)
Share based payment liability	(92 833)	-
Amounts due to related parties	41 368	(47 765)
	3 997 400	2 797 089

32 Taxation paid

	2009 R'000	2008 R'000
Current taxation liability at the beginning of the year	(47 392)	24 308
Acquisition of joint venture (note 3)	(1 115)	72 404
Disposal of joint ventures	485	-
Charged to the income statement:	1 144 745	927 498
- South African normal current taxation	1 141 317	926 103
- Foreign taxation	3 428	1 395
Current taxation (asset)/liability at the end of the year	(32 410)	47 392
	1 064 313	1 071 602

	2009 R'000	2008 R'000

33 Cash flow from investment activities

	2009 R'000	2008 R'000
Acquisition of subsidiaries, net of cash acquired (refer note 3)		
Electronic Media Network Ltd and SuperSport International Holdings Ltd	-	(1 339 028)
Smart Village (Pty) Ltd	-	(17 339)
	-	(1 356 367)
Acquisition of joint ventures, net of cash acquired (refer note 3)		
NMS Communications (Pty) Ltd	20 232	-
Proceeds from disposal of subsidiaries, net of cash disposed (refer note 3)		
McGregor BFA (Pty) Ltd, Naspers Web Services (Pty) Ltd and M-Web Internet (Pty) Ltd	14 121	-
Proceeds from disposal of joint venture, net of cash disposed (refer note 3)		
MXit Lifestyle (Pty) Ltd	94 558	-

34 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward exchange contracts to hedge certain risk exposures. The group does not speculate with, or engage in the trading of financial instruments. The group had no significant price risk for the years ended 31 March 2009 and 31 March 2008.

Risk management is carried out by the management of the group under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks. The various boards of directors within the group provide written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and the investment of excess liquidity.

34.1 Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Although a substantial portion of the group's revenue is denominated in the currencies of the countries in which it operates, a significant portion of cash obligations, including payment obligations under satellite transponder leases and contracts for pay-television programming and channels, are denominated in US dollars. Where the group's revenue is denominated in local currency such as Rand, depreciation of the local currency against the US dollar adversely affects the group's earnings and its ability to meet cash obligations. Entities in the group use forward exchange contracts to hedge their exposure to foreign currency risk in connection with their functional currencies. Management is responsible for hedging the net position in the major foreign currencies by using forward currency contracts. The group generally covers forward 80% to 100% of firm commitments in foreign currency for up to two years.

The group has classified its forward exchange contracts relating to forecast transactions and firm commitments as cash flow and fair value hedges, and states them at fair value. The transactions relate mainly to programming costs, transponder lease instalments and the acquisition of inventory items. A cumulative after tax gain of R171 million (2008: R146 million) has been deferred in a hedging reserve at 31 March 2009. This amount is expected to realise over the next two years. The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2009 was a net asset of R181 million (2008: R203 million net asset). The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2009 was a net asset of R194 million (2008: R101 million net asset).

The following is an analysis of the fair value of the forward exchange contracts in place at year-end.

	2009 R'000	2008 R'000
Assets	375 578	304 570
Non current	55 178	166 476
Current	320 400	138 094
Liabilities	(57 301)	-
Non current	(29 789)	-
Current	(27 512)	-
	318 277	304 570

The amount recognised in the income statement due to ineffectiveness as cash flow hedges was Rnil (2008: Rnil). As at 31 March 2009 and 31 March 2008, the group had no hedges of net investments in foreign operations.

The table below sets out the periods when the cash flows are expected to occur for both fair value and cash flow hedges in place as at year-end:

	2009			2008		
	Foreign currency amount '000	Average rate R	R'000	Foreign currency amount '000	Average rate R	R'000
US Dollar						
Within 1 year	190 830	8.09	1 543 623	159 402	7.56	1 205 084
1 to 2 years	165 050	10.39	1 715 276	147 377	8.01	1 180 516
	355 880		3 258 899	306 780		2 385 600
Euro						
Within 1 year	12 150	13.23	160 723	1 214	10.01	12 157
1 to 2 years	4 512	14.37	64 849	-		-
	16 662		225 572	1 214		12 157

The group's forward exchange contracts are used primarily to hedge the Rand against the US dollar. During the financial year ended 31 March 2009, the value of the US dollar increased against the Rand by approximately 23.1% (2008: 11.8%). The value of the group's hedged future foreign currency commitments was R1,087 million (2008: R1,518 million) more at 31 March 2009 than it was at the end of March 2008 as a result of new forward currency contracts entered into by the group during 2009 at a higher US dollar rate than in 2008. Below is an analysis of the covered and uncovered foreign currency commitments of the group. The exposure amount primarily reflects US dollar and Euro denominated debt relating to finance lease commitments and programme and film rights. The group's exposure to exchange rate fluctuations in currencies other than the US dollar and Euro is not material.

	2009		2008	
	Foreign currency amount '000	R'000	Foreign currency amount '000	R'000
Covered commitments				
US dollar	355 880	3 258 899	306 780	2 385 600
Euro	16 662	225 572	1 214	12 157
Uncovered commitments				
US dollar	323 777	3 081 967	182 733	1 482 172
Euro	10 047	126 811	12 377	158 675
British pound	3 250	44 227	2 040	32 933

Foreign exchange rates

The exchange rates used by the group are as follows:

	2009		2008	
	Average rate R	Closing rate R	Average rate R	Closing rate R
US dollar	8.7790	9.5188	7.1302	8.1363
Euro	12.3449	12.6218	10.1683	12.8584
British pound	14.6651	13.6085	14.3030	16.1577

The average rates listed above are only approximate average rates for the year. The group measures separately the transactions of each of its material operations using the particular currency of the primary economic environment in which the operation conducts its business, translated at the prevailing exchange rate on the transaction date.

Foreign currency sensitivity analysis

The group's presentation currency is the South African Rand, but as it procures goods and services internationally, it is exposed to a number of currencies, of which the exposure to the US dollar, Euro and British pound are the most significant.

The sensitivity results below details the group's sensitivity to a 10% decrease in the Rand against the US dollar, Euro and British pound, as well as a 10% decrease of the US dollar against the Euro. 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.

A 10% decrease of the Rand against the US dollar, Euro and British pound would result in the profit after tax decreasing by approximately R168.9 million (2008: R157.9 million). Changes in other equity would decrease by approximately R2.4 million (2008: increase by approximately R16.9 million).

34.2 Credit risk

Receivables consist primarily of invoiced amounts from normal trading activities. The group has a relatively homogenous customer base, is primarily residential in nature and is dispersed across many geographical areas. Strict credit control is exercised through monitoring customers' payment history and when necessary, provision is made for both specific and general doubtful accounts. As at 31 March 2009, the directors were unaware of any significant unprovided or uninsured concentration of credit risk. The quality of the pay-television and internet debtors are of mixed quality, as there are individual households and corporate entities.

The group is exposed to certain concentrations of credit risk relating to its cash and current investments. It places its cash and current investments mainly with major banking groups and high-quality institutions that have high credit ratings. 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 2009, cash and current investments were held with numerous financial institutions.

The maximum amount of credit risk that the group is exposed to is as follows:

	2009 R'000	2008 R'000
Investments and loans	438 439	457 868
Current receivables	1 758 995	1 430 267
Derivative financial instruments	318 277	304 570
Cash and cash deposits	1 259 168	207 399
Guarantees	1 865 058	176 000
	5 639 937	2 576 104

The movement in the allowance account for impairment for trade receivables was as follows:

	2009	2008
At the beginning of the year	63 525	44 042
Disposal of subsidiary	(2 705)	-
Provision utilised	(1 345)	(1 608)
Additional provision raised	10 693	21 519
Provision released	(356)	(428)
	69 812	63 525

The ageing of trade receivables as well as the amount of provision per age class is presented below:

	2009			2008		
	Gross R'000	Provision R'000	Net R'000	Gross R'000	Provision R'000	Net R'000
Neither past due nor impaired	224 833	-	224 833	261 309	-	261 309
30 days and older	167 689	(9 574)	158 115	174 006	(37 537)	136 469
60 days and older	34 134	(18 402)	15 732	18 682	(7 264)	11 418
90 days and older	47 820	(28 848)	18 972	9 643	(4 856)	4 787
120 days and older	27 928	(12 988)	14 940	48 950	(13 868)	35 082
	502 404	(69 812)	432 592	512 590	(63 525)	449 065

The carrying amounts of the group's trade receivables are denominated in South Africa rands. The other classes within trade and other receivables do not contain impaired assets.

The creation and release of provision for impaired receivables has been included in the selling, general and administration costs line in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of receiving the cash.

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable. The group does not hold any collateral as security.

34.3 Liquidity risk

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 company, no limitation is placed on its borrowing capacity. The facilities expiring within one year are subject to renewal at various dates during the next year. The group had the following unutilised banking facilities as at 31 March 2009 and 31 March 2008:

	2009 R'000	2008 R'000
On call	642 000	610 783
Expiring within one year	4 600	4 600
	646 600	615 383

The following table details the group's remaining contractual maturity for its financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount R'000	Contractual cash flows R'000	0 - 12 months R'000	1 - 5 years R'000	5 years + R'000
Finance lease liabilities	668 019	758 360	268 299	490 061	-
Loans	1 346	1 481	839	642	-
Amounts due to related parties	397 909	397 909	397 909	-	-
Payable for programme and film rights	850 035	873 826	766 171	107 655	-
Derivative liability	57 301	57 301	27 512	29 789	-
Trade payables	935 962	935 962	935 962	-	-
Other payables	1 570 084	1 570 084	1 570 084	-	-
Bank overdraft	1 541	1 541	1 541	-	-
	4 482 197	4 596 464	3 968 317	628 147	-

34.4 Interest rate risk

The interest rate profile of the group's borrowings is as follows. As at 31 March 2009, 100% of the group's long-term liabilities were interest free or at fixed interest rates. Accordingly, any movement in interest rates will not impact the cash flows related to these liabilities.

	2009		2008	
	Balance outstanding R'000	Interest rate %	Balance outstanding R'000	Interest rate %
Finance lease liabilities				
- Transmission equipment and satellites	622 697	8.11%	648 957	8.04%
- Land and buildings	43 645	17%	48 421	17%
- Stadium floodlights	1 677	11.25%	2 230	11.25%
Interest-bearing loan	1 346	12.3%	1 842	12.3%
Non interest-bearing long-term payable	-	-	33 926	-
	669 365		735 376	

Interest rate sensitivity

The only significant interest rate risk that the group is exposed to is in respect of its balances on call accounts and bank overdraft balances as these carry interest at variable rates. An increase in interest rates of 1% would result in increased interest income of R12.6 million (2008: R2.1 million) and increased interest costs of Rnil million (2008: R0.6 million).

34.5 Price risk

The only significant exposure that the group has to price risk is in respect of it investment in Naspers Ltd shares. A 10% increase in the Naspers Ltd share price would result in an increase in the carrying amount of the investment of R25.0 million (2008: R24.5 million).

35 Fair value of financial instruments

The fair values of financial instruments were calculated using market information and other relevant valuation techniques, and do not necessarily represent the values that the group will realise in the normal course of business. The carrying amounts of cash and cash deposits, bank overdrafts, receivables and payables are deemed to reflect fair value due to the short maturities of these instruments. The fair values of forward exchange contracts are based on quoted market prices.

			Net gains/(losses)			
	Carrying amount R'000	Fair value R'000	Recognised in profit and loss R'000	Recognised in equity R'000	Interest income/ (expense) R'000	Impairment expense R'000
2009						
Assets						
Share trust loans and investments	249 797	249 797	-	25 002	-	-
Derivative asset	375 578	375 578	167 147	(28 613)	-	-
Related parties receivables	493 501	493 501	50 664	-	8 877	-
Trade receivables	432 592	432 592	-	-	433	(6 287)
Other receivables	136 842	136 842	-	-	137	-
Cash and cash equivalents	1 259 168	1 259 168	-	-	109 145	-
	2 947 478	2 947 478	217 811	(3 611)	118 592	(6 287)
Non financial assets	8 112 480					
	11 059 958					
Liabilities						
Finance lease liabilities	668 019	668 019	(76 821)	-	(59 634)	-
Loans	1 346	1 346	-	-	(166)	-
Related party payables	397 909	397 909	(3 733)	-	(37 017)	-
Derivative liability	57 301	57 301	(25 501)	4 365	-	-
Payable for programme and film rights	850 035	850 035	-	-	(39 945)	-
Trade payables	935 962	935 962	51 571	-	(936)	-
Other payables	1 063 540	1 063 540	12 893	-	(1 064)	-
Current tax liability	32 410	32 410	-	-	-	-
Bank overdraft	1 541	1 541	-	-	(12 935)	-
	4 008 063	4 008 063	(41 591)	4 365	(151 697)	-
Non financial liabilities	1 123 332					
	5 131 395					

	Carrying amount R'000	Fair value R'000	Net gains/(losses) Recognised in profit and loss R'000	Net gains/(losses) Recognised in equity R'000	Interest income/ (expense) R'000	Impairment expense R'000
2008						
Assets						
Available-for-sale investments	245 139	245 139	-	(52 160)	-	-
Derivative asset	304 570	304 570	21 188	169 262	-	-
Related parties receivables	606 921	606 921	20 543	-	9 534	-
Trade receivables	449 065	449 065	-	-	449	(19 483)
Other receivables	52 832	52 832	-	-	53	-
Current taxation asset	47 392	47 392	-	-	-	-
Cash and cash equivalents	207 399	207 399	-	-	173 574	-
	1 913 318	1 913 318	41 731	117 102	183 610	(19 483)
Non financial assets	7 598 338					
	9 511 656					
Liabilities						
Finance lease liabilities	699 608	699 608	(59 124)	-	(57 100)	-
Long-term liabilities	35 768	35 768	-	-	(37)	-
Related party payables	929 108	929 108	(16 124)	-	(24 915)	-
Payable for programme and film rights	706 306	706 306	-	-	-	-
Trade payables	848 654	848 654	(64 308)	-	(849)	-
Other payables	933 138	933 138	-	-	(2 400)	-
Bank overdraft	60 071	60 071	-	-	(10 924)	-
	4 212 653	4 212 653	(139 556)	-	(96 225)	-
Non financial liabilities	1 049 605					
	5 262 258					

ANALYSIS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
for the year ended 31 March 2009

	Effective holding (%)		
Entity name	**2009**	**2008**	**Nature of business**

The following information relates to MultiChoice South Africa Holdings (Pty) Ltd's financial interest in its significant subsidiaries, joint ventures and associates in which the group has voting rights through its direct and indirect interests in intermediate holding companies and other entities. All of the these entities are unlisted. They are all incorporated in South Africa and all have the South African Rand as their functional currency, unless otherwise indicated.

Entity name	2009	2008	Nature of business
Subsidiaries			
BFA Pretoria (Pty) Ltd	-	97.5	Content provider
Electronic Media Network Ltd	100	100	Pay TV content provider
EMN Media Services	100	100	Pay TV content provider
Huntley Holdings (Pty) Ltd (2008: M-Web Holdings (Pty) Ltd)	100	100	Investment holding company
Mainstreet 361 (Pty) Ltd	100	100	Property holding company
McGregor BFA (Pty) Ltd	-	97.5	Content provider
M-Ore (Pty) Ltd	100	100	Internet service and content provider
MSS Local Productions Nigeria Ltd *	100	100	Pay TV services in Africa
MultiChoice Africa (Pty) Ltd	100	100	Subscription television
MultiChoice Investments (Pty) Ltd	100	100	Investment holding company
MultiChoice Mobile Operations (Pty) Ltd	100	-	Mobile platform management services
MultiChoice Operations (Pty) Ltd	100	-	Subscriber management services
MultiChoice South Africa (Pty) Ltd	100	100	Investment holding company
M-Web Connect (Pty) Ltd (2008: MultiChoice Subscriber Management Services (Pty) Ltd)	100	100	Internet service provider (2008: Subscription television and ISP)
MultiChoice Technical Operations (Pty) Ltd	100	-	Subscription television technical support
M-Web CommerceZone (Pty) Ltd	100	100	Online retailer and procurement
Oracle Airtime Sales (Pty) Ltd	100	100	Commercial air-time sales
Orbicom (Pty) Ltd	100	100	Subscription television infrastructure
Podesta Corporation NV **	100	100	Investment holding company
Podesta Finance BV **	100	100	Rights procurement
Smart Village (Pty) Ltd	60	60	Gated community infrastructure
Stand 1194-1196 Ferndale (Pty) Ltd	100	100	Property holding company
SuperSport International (Pty) Ltd	100	100	Pay TV content provider
SuperSport International Holdings Ltd	100	100	Pay TV content provider
SuperSport Sports Holdings (Pty) Ltd	100	100	Investment holding company
SuperSport United Football Club (Pty) Ltd	100	100	Professional sports team
SuperSport Zone (Pty) Ltd	100	100	Internet content provider

* Incorporated in Nigeria, with the functional currency being the Nigerian Niara
** Incorporated in the Netherlands, with the functional currency being the Euro

ANALYSIS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
for the year ended 31 March 2009

	Effective holding (%)		
Entity name	**2009**	**2008**	**Nature of business**
Joint ventures			
Centurion Park Investments (Pty) Ltd	50	50	Professional sports team
Kwazulu Natal Cricket (Pty) Ltd	50	50	Professional sports team
MultiChoice Eastern Cape (Pty) Ltd	50	50	Subscription television
MXit Lifestyle (Pty) Ltd	-	30.5	Instant messaging service
Myriad International Programming Services BV **	50	50	Programming and film rights
NMS Communications (Pty) Ltd	50	-	Network and facility maintenance
Western Province Professional Cricket (Pty) Ltd	50	50	Professional sports team

** Incorporated in the Netherlands, with the functional currency being the Euro

Associates			
Vodacom Cheetahs (Pty) Ltd ***	8.2	8.2	Professional sports team
Freestate Cheetahs (Pty) Ltd	24.5	24.5	Professional sports team
Internet Music Co (Pty) Ltd	-	34	Online retailer
M-Web Studios (Pty) Ltd	-	30	Internet service and content provider
Natal Sharks (Pty) Ltd	40	40	Professional sports team

*** The effective investment in Vodacom Cheetahs (Pty) Ltd is below 20%. Significant influence is established through board representation.

A register containing the number of shares and class of shares for all investments in subsidiaries, joint ventures and associates is available for inspection at the group's registered office.

Combined summarised financial information of joint ventures (all of which are unlisted)

The following amounts represent the group's share of the assets and liabilities and income statement of joint ventures.

	2009 R'000	2008 R'000
Balance sheet		
Non-current assets	25 371	29 572
Current assets	52 004	7 922
Total assets	77 375	37 494
Total non-current liabilities	2 887	2 667
Total current liabilities	59 478	25 751
Total liabilities	62 365	28 418
Total shareholders' equity	15 010	9 076
Total equity and liabilities	15 010	9 076
Income statement		
Revenue	103 451	40 954
Net (loss)/profit	476	1 150

Refer note 7 for the combined summarised financial information in respect of associates.

COMPANY BALANCE SHEET
as at 31 March 2009

	Note	2009 R'000	2008 R'000
ASSETS			
Non current assets		16 875 000	16 875 000
Investment in subsidiaries	1	16 875 000	16 875 000
		16 875 000	16 875 000
EQUITY AND LIABILITIES			
Capital and reserves		16 875 000	16 875 000
Share capital	2	34	34
Share premium	2	16 874 966	16 874 966
		16 875 000	16 875 000

COMPANY INCOME STATEMENT
for the year ended 31 March 2009

	2009 R'000	2008 R'000
Dividends received	780 000	650 000
Taxation	-	-
Net profit	780 000	650 000

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2009

	Number of shares	Share capital R'000	Share premium R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2007	300 000 000	30	14 999 970	-	15 000 000
Share issue	37 500 000	4	1 874 996	-	1 875 000
Net profit for the year	-	-	-	650 000	650 000
Dividends paid	-	-	-	(650 000)	(650 000)
Balance at 31 March 2008	337 500 000	34	16 874 966	-	16 875 000
Balance at 1 April 2008	337 500 000	34	16 874 966	-	16 875 000
Net profit for the year	-	-	-	780 000	780 000
Dividends paid	-	-	-	(780 000)	(780 000)
Balance at 31 March 2009	337 500 000	34	16 874 966	-	16 875 000

COMPANY CASH FLOW STATEMENT
for the year ended 31 March 2009

	2009 R'000	2008 R'000
Cash flow from operating activities	-	-
Dividends received	780 000	650 000
Dividends paid	(780 000)	(650 000)
Change in cash and cash equivalents for the year	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

	2009 R'000	2008 R'000

1 Investment in subsidiaries

	2009 R'000	2008 R'000
Unlisted investment - At cost		
MultiChoice South Africa (Pty) Ltd	16 875 000	16 875 000

The company has a 100% interest in MultiChoice South Africa (Pty) Ltd, which is incorporated in South Africa, is an investment holding company and which has the South African Rand as its functional currency. A register containing the number of shares and class of shares for this investment is available for inspection at the company's registered office.

2 Share capital and premium

Share capital

	2009 R'000	2008 R'000
Authorised		
3 000 000 000 ordinary shares of R0.0001 each	300	300
Issued (fully paid up)		
337 500 000 ordinary shares of R0.0001 each	34	34

Share premium

	2009 R'000	2008 R'000
At the beginning of the year	16 874 966	14 999 970
Share issue	-	1 874 996
Share premium	16 874 966	16 874 966

37 500 000 ordinary shares of R0.0001 each were issued during the prior year to partially fund the acquisition of the 100% interest in Electronic Media Network Ltd, SuperSport International Holdings Ltd and Oracle Airtime Sales (Pty) Ltd.

The directors of the company have unrestricted authority until after the following annual general meeting to allot and issue the unissued ordinary shares in the company, subject to the provisions of Section 221 of the Companies Act, 1973.

3 Related parties

The company's parent company is MIH Holdings (Pty) Ltd, which holds 80% of the company's issued ordinary share capital. The remaining 20% is held by Phuthuma Nathi Investments Ltd (13.33%) and by Phuthuma Nathi Investments 2 Ltd (6.67%). The ultimate controlling party is Naspers Ltd, a company incorporated in South Africa.