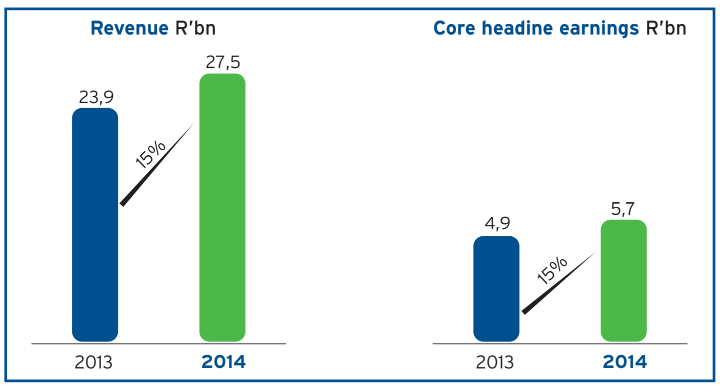
Provisional report

Summary of the results of the MultiChoice group
for the year ended 31 March 2014

MultiChoice South Africa Holdings Proprietary Limited
(Registration number: 2006/015293/07)
("MultiChoice" or "the group")



OVERVIEW

MultiChoice comprises businesses that operate pay-television subscriber platforms, pay-television channels and internet and mobile platforms in South Africa.

MultiChoice posted a solid performance over the past year. Full-year consolidated revenues grew by 15%, with core headline earnings growing at a similar pace. The group focused on growing the business by expanding the subscriber base, while investing in new technologies and services. MultiChoice continued to make a positive contribution to the economy and society in the various areas where it can make a sustainable difference.

OPERATIONAL REVIEW

Subscriber numbers grew by a record 556 000 off strong demand for *DStv Extra*, *Compact* and *Access* packages. This resulted in the overall subscriber base exceeding 5m households for the first time. The new DStv Explora decoder was launched during the year and helped to drive positive personal video recorder (PVR) sales. The *BoxOffice* service is proving popular with *DStv* subscribers, with an average of 529 000 movie rentals per month.

Our subscribers' needs continue to drive the refinement of our package offerings. The new package, *DStv Extra*, was launched in June 2013 with an offering positioned between the *Compact* and *Premium* packages. The *DStv Family* and *Access* packages were rebranded with an enhanced selection of channels.

The focus on providing content that resonates with our viewers continued with a total of 25 new channels added during the year. This comprised *M-Net Series* being rebranded into three separate channels (*M-Net Series Showcase* – SD and HD, *M-Net Series Reality* and *M-Net Series Zone*), eight new general entertainment channels (*FOX* – SD and HD, *M-Net Movies Zone, True Movies, CBS Action, CBS Drama, MGM, Mzansi Bioskop* and *Telemundo*), two news channels (*ANN7* and *SABC News*) and two new channels in the documentary and education space (*FOX Crime* and *Channel ED*). Local content continues to be a focus area with the addition of *kykNET & Kie, Mzansi Wethu, Tshwane TV* and *Cape Town TV*. Also adding to the group's extensive sport offering, four new sport channels were launched in South Africa, including two HD channels. One new children's channel (*JimJam*) was also launched.

MultiChoice makes significant investments in productions featuring local content from across the African continent.

Mzansi Magic, M-Net's general entertainment channel for *DStv Compact* subscribers, continues to grow its viewership thanks to the stellar performance of *Isibaya, Zabalaza* and *Rockville. Clash of the Choirs* and *Idols SA*, local versions of reality shows, remain big hits among South African audiences and have created appointment viewing.

Mzansi Bioskop is a local movie channel that showcases locally produced South African movies. These are proving popular with audiences and this year alone, some 100 titles were produced by a combination of both newly and more established production companies. *Carte Blanche* celebrated its 25th birthday in September 2013 and launched expanded investigative stories. *MasterChef SA* was nominated for an international Emmy and won the local Leisure Options Best TV Show award.

Survivor SA: Champions launched in January 2014 and was broadcast in HD. This show's concept is a world first for *Survivor* with two sport legends, Corné Krige and Mark Fish, being appointed tribe captains. After a 12-year absence, *Big Brother* returned to South Africa in February 2014. It was an immediate success with online social interaction growing each week – with more than 3m page impressions.

Afrikaans audiences were treated to the launch of two new Afrikaans programmes – *Donkerland* and *Kokkedoor*. The story of South Africa's journey to democracy was honoured in a documentary, *Miracle Rising*, aired on the *History* channel. This worldwide première was screened to 300m homes in more than 150 countries and was broadcast in more than 37 languages. The father of our nation, Nelson Mandela, was also honoured in a special tribute channel, the *Madiba* channel.

Sport enthusiasts enjoyed the broadcasts of, inter alia, SUPERUGBY, the Rugby Championships, South African Premier Soccer League, Indian and Australian cricket tours of South Africa and local football leagues of Nigeria, Kenya, Zimbabwe, Zambia and others across sub-Saharan Africa.

SuperSport remains the biggest funder of local sport on the African continent. It continues to invest in local leagues at all levels, upskilling of local administrators and production crews, improvement of facilities, and assistance to sport federations to obtain sponsors.

MultiChoice continued to invest in new technology with the launch of its DStv Explora decoder, and in the mobile technology environment DStv Digital Media released the DStv Drifta for Android devices. The total number of HD channels on the *DStv* platform now stands at 18 after a further four were added during the past year.

Several developments have helped to improve our customers' experience. *BoxOffice* was expanded to 20 titles available on the DStv Explora and 68 titles on *BoxOffice Online*. *DStv Catch Up* on the DStv Explora provides an expanded catalogue of over 170 hours of content featuring series, movies, sport highlights and kids' content. The *DStv Catch Up* app for iPhone and iPad is now available with more than 600 hours of content available for downloading or streaming. A new *SuperSport* app was released on iOS and Android allowing for streaming of live sport events. *Africa Magic GO*, which targets audiences from the African diaspora in Europe and the US, was launched providing streaming access to a host of *Africa Magic* content.

During the year MWEB started rolling out a national Wi-Fi network. At the end of March 2014, 22 500 residential hotspots and 152 high-footfall sites in shopping centres and places where people spend idle time, such as transportation hubs, hospitals and restaurants, were live.

MultiChoice's involvement goes beyond our core business. Through corporate social investment, the company actively participates in social transformation that ultimately leads to economic growth in the country.

Due to the growth of our business, we increased our employment numbers by 16% and now employ approximately 9 000, mainly skilled, people in South Africa. Our total direct and indirect contribution to government taxes now totals R4,6bn per annum.

Regulatory pressure continues to increase, especially as the existing regulatory, legal and policy framework is being reviewed. This may have a material negative impact on our business going forward, if not regulated with a light touch.

DIRECTORATE

On 2 April 2014 Mr Bob van Dijk was appointed as a non-executive director of MultiChoice and MultiChoice South Africa Proprietary Limited. On the same date, Mr Timothy Jacobs was appointed as the director responsible for the finance function of said companies. The abridged *curricula vitae* of all directors may be found on the MultiChoice website. On 31 March 2014, after many years of excellent service on the MultiChoice boards, Messrs Ton Vosloo and Koos Bekker stepped down as directors. We wish to thank these directors for their profound devotion and commitment over the years.

FINANCIAL REVIEW

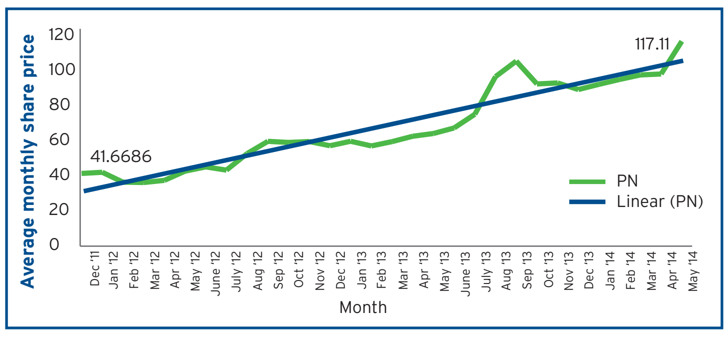
Consolidated revenues increased to R27,5bn, driven by growth in the subscriber base and advertising revenues. This resulted in our core headline earnings increasing by 15%.

Operating margins declined marginally as a result of cost pressures from growing the subscriber base, investing in new technologies, increased programming costs and the weaker exchange rate. This resulted in our trading profits improving by 11%. After the payment of all other costs, including taxes, our core headline earnings were R5,7bn – an increase of 15% on the prior year. Excluded from this number was R1,15bn net profit relating to the sale of Naspers treasury shares. We generated positive free cash flows of R4,4bn and the balance sheet remains in good shape.

The board recommends that an ordinary dividend of R2,8bn and a special dividend of R2,7bn be paid to shareholders subject to the approval of shareholders at the annual general meeting on 3 September 2014.

PHUTHUMA NATHI

The trading platform for Phuthuma Nathi and Phuthuma Nathi 2, our two BEE share schemes, hosted almost 13 000 deals for the year representing a volume of 5,5m shares. We are delighted that close to 80% of our shareholders have held their shares since inception of the schemes.



The Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited annual general meetings will be held on 3 September 2014. The Phuthuma Nathi boards recommend that an ordinary dividend of 165,93 cents each per PN and PN2 share (2013: 142,22 cents each per PN and PN2 share) and a special dividend of 586,40 cents per PN share (2013: 124,44 cents) and 801,28 cents per PN2 share (2013: 124,44 cents) be paid to shareholders. This will result in a total dividend received by Phuthuma Nathi ordinary shareholders of R556m (2013: R180m), translating into a dividend of 752,33 cents for PN and 967,21 cents for PN2, before dividend tax. Shareholders are reminded that the purpose of the special dividend is to redeem the funding obligations under the preference share agreements. The preference share capital balance (initially R2,7bn) will, subject to the terms of the preference shares in question, be repaid in full after payment of the proposed dividends in September 2014, two years earlier than initially envisaged. Accordingly, shareholders should not expect the payment of special dividends to be an ongoing event. Hopefully, the ordinary dividend will grow in line with the growth of MultiChoice. We look forward to continuing a long and prosperous relationship with our Phuthuma Nathi shareholders.

BASIS OF PRESENTATION

These summarised consolidated financial statements for the year ended 31 March 2014 have been extracted from the full set of audited consolidated annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective or issued and early adopted, and in the manner required by the Companies Act of South Africa. The summarised consolidated financial statements have been prepared using the principles of IAS 34 "Interim Financial Reporting" and should be read in conjunction with the full set of audited consolidated annual financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The group has adopted all new and amended accounting pronouncements as issued by the International Accounting Standards Board (IASB), which were effective for financial years commencing on 1 April 2013. The following key new pronouncements have been adopted: IFRS 10 "Consolidated Financial Statements", IFRS 13 "Fair Value Measurement" and IFRS 11 "Joint Arrangements".

The group has applied IFRS 11 by accounting for joint ventures in terms of the equity method in this provisional report. The effect of this on prior periods is of a small magnitude and no third balance sheet is presented.

Management manages the business under one pay-television segment. The balance sheet reflects the fair value of assets and liabilities.

Trading profit excludes amortisation of intangible assets (other than software), but includes the finance cost on transponder leases. Core headline earnings exclude non-recurring and non-operating items. We believe it is a useful measure of the group's sustainable operating performance. However, core headline earnings and trading profit are not defined terms under IFRS, are not audited and may not be comparable with similarly titled measures reported by other companies.

These financial results have been prepared under the supervision of Timothy Jacobs (group CFO).

REPORT OF THE INDEPENDENT AUDITOR

The annual financial statements have been audited by the company's auditor, PricewaterhouseCoopers Inc., whose unqualified audit reports on the annual financial statements and provisional report are available for inspection at the registered office of the company. The auditor's report does not necessarily cover all of the information contained in this provisional report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report, together with the annual financial statements, from the registered office of the company. Any reference to future performance in this announcement has not been reviewed or reported on by PricewaterhouseCoopers Inc.

On behalf of the board:

Nolo Letele
Chair

Imtiaz Patel
Chief executive officer

Randburg
23 June 2014

Directors
F L N Letele (chair), S Dakile-Hlongwane, D G Eriksson,
K D Moroka, B van Dijk, S J Z Pacak, M I Patel, F G Sampson,
K B Sibiya, J J Volkwyn, T N Jacobs.

Company secretary
L J Klink

Registered office
251 Oak Avenue, Randburg 2194
(PO Box 1502, Randburg 2125)

Transfer secretaries
Equity Express, a division of Singular Systems Proprietary Limited
71 Corlett Drive, Birnam 2196
(PO Box 1244, Bramley 2018)

A full copy of the Annual Financial Statements are available on the MultiChoice and Phuthuma Nathi websites below.

Consolidated statements of profit or loss	Years ended 31 March 2014 R'm	2013 R'm
Revenue	**27 465**	23 887
Cost of providing services and sale of goods	**(14 409)**	(13 394)
Selling, general and administration expenses	**(5 105)**	(3 483)
Operating profit	**7 951**	7 010
Interest received	**109**	84
Interest paid	**(486)**	(263)
Foreign exchange losses	**(374)**	(369)
Dividend received	**6**	5
Share of equity-accounted results	**4**	(1)
Impairment of equity-accounted investments	**(23)**	(5)
Acquisitions and disposals	**1 386**	3
Profit before taxation	**8 573**	6 464
Taxation	**(2 276)**	(1 827)
Profit for the year	**6 297**	4 637
Attributable to:		
Equity holders of the group	**6 300**	4 642
Non-controlling interest	**(3)**	(6)
	6 297	4 637
Core headline earnings for the year	**5 660**	4 936
Headline earnings for the year	**5 189**	4 699

Reconciliation of operating profit to trading profit	Years ended 31 March 2014 R'm	2013 R'm
Operating profit	**7 951**	7 010
Finance cost on transponder leases	**(174)**	(83)
Amortisation of intangible assets	**23**	78
Trading profit	**7 800**	7 005

Condensed consolidated statements of comprehensive income and changes in equity	Years ended 31 March 2014 R'm	2013 R'm
Balance at beginning of the year	**7 101**	7 092
Profit for the year	**6 300**	4 644
Total other comprehensive income, net of tax, for the year	**(902)**	357
Translation of foreign operations	**24**	33
Cash flow hedges	**(279)**	203
Revaluations of investments	**(725)**	177
Tax on other comprehensive income	**78**	(56)
Changes in other reserves		
Share-based compensation movement	**(20)**	17
Movement in existing control business combination reserve	**(26)**	(3)
Dividends paid to shareholders	**(4 500)**	(5 000)
Changes in non-controlling interest		
Total comprehensive income for the year	**(3)**	(6)
Movement in non-controlling interest in reserves	**18**	-
Balance at end of year	**7 968**	7 101
Comprising:		
Share capital and premium	**17 216**	17 216
Retained earnings	**5 720**	3 962
Share-based compensation reserve*	**147**	125
Existing control business combination reserve*	**(15 156)**	(15 130)
Hedging reserve*	**(35)**	167
Fair value reserve*	**17**	743
Foreign currency translation reserve*	**59**	33
Non-controlling interest	**-**	(15)
Total	**7 968**	7 101

* *May be recycled to income statement in the future*

Condensed consolidated statements of financial position	Years ended 31 March 2014 R'm	2013 R'm
ASSETS		
Non-current assets	**11 518**	11 165
Current assets	**8 569**	6 987
Total assets	**20 087**	18 152
EQUITY AND LIABILITIES		
Capital and reserves	**7 968**	7 102
Non-current liabilities	**4 720**	4 364
Current liabilities	**7 399**	6 686
Total equity and liabilities	**20 087**	18 152

Commitments	Years ended 31 March 2014 R'm	2013 R'm
Capital expenditure	**672**	966
Programme and film rights	**17 701**	13 559
Network and other service commitments	**1 054**	1 026
Transponder leases	**424**	-
Operating lease commitments	**183**	216
Set-top box commitments	**609**	560
	20 643	16 327

Condensed consolidated statement of cash flows	Years ended 31 March 2014 R'm	2013 R'm
Cash flow generated from operating activities	**6 127**	5 954
Cash flow utilised in investing activities	**2**	(1 442)
Cash flow utilised in financing activities	**(4 826)**	(4 407)
Net movement in cash and cash equivalents	**1 303**	105
Foreign exchange translation adjustments	**(39)**	(26)
Cash and cash equivalents at beginning of the year	**1 330**	1 251
Cash and cash equivalents at end of the year	**2 594**	1 330

Calculation of headline and core headline earnings	Years ended 31 March 31 March 2014 R'm	2013 R'm
Net profit attributable to shareholders	**6 300**	4 642
Adjusted for:		
– Loss on sale of property, plant and equipment	**11**	8
– Impairment of assets	**27**	81
– (Profit) on sale of investments	**(1 386)**	(3)
– (Profit) on sale of intangible assets	**-**	(5)
	4 952	4 723
Total tax effects of adjustments	**237**	(18)
Total adjustment for non-controlling interest	**-**	(6)
Headline earnings	**5 189**	4 699
Adjusted for:		
– Amortisation of intangible assets	**17**	45
– Foreign exchange losses	**432**	192
– IFRS 2 equity settled charges	**22**	-
Core headline earnings	**5 660**	4 936
Number of shares ('000)	**337 500**	337 500

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