MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

GROUP ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

MultiChoice
South Africa Group

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for the year ended 31 March 2013

PROMINENT NOTICE

These annual financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, 2008. Tim Jacobs (Chief Financial Officer) supervised the preparation of the annual financial statements.

COMPANY INFORMATION

Registration number:	2006/015293/07
Registered address:	251 Oak Avenue Randburg 2194
Postal address:	P O Box 1502 Randburg 2125

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DIRECTORS' STATEMENT OF RESPONSIBILITY
for the year ended 31 March 2013

The directors are responsible for the preparation, integrity and fair presentation of the group and separate financial statements of MultiChoice South Africa Holdings Proprietary Limited. The financial statements presented on pages 8 to 75 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 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 7

The financial statements were approved by the board of directors on 29 May 2013 and are signed on its behalf by:

FLN Letele
DIRECTOR

MI Patel
DIRECTOR

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2013

The audit committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act No 71 of 2008 ("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 external audit reports on the annual financial statements;
- Approved the internal audit charter for recommendation to the board. Approved the internal audit plan and budget;
- 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 and nominated PricewaterhouseCoopers as the auditors for 2013 and noted the appointment of Mr KJ Dikana as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved 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 charter. All members act independently as described in section 94 of the Companies Act. During the year under review the following four meetings were held:

6 June 2012 - DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended.
5 September 2012 - DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended.
1 November 2012 - DG Eriksson (Chairman), FG Sampson
6 March 2013 - DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended.

Name of committee member	**Qualifications**
DG Eriksson	Chartered Accountant (SA)
FG Sampson	Bachelor of Science
	Bachelor of Business Management & Administration with Honours
	Master of Business Management & Administration
S Dakile-Hlongwane	Bachelor of Economics and Statistics
	Master of Development Economics

All committee members served on the committee for the full financial year.

INTERNAL AUDIT

The audit committee fulfils an oversight role on the group's financial statements and the reporting process, including the system of internal financial control. It is responsible for ensuring the internal audit function is independent and has the necessary resources, standing and authority in the organisation to enable it to discharge its duties. Furthermore, the 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 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.

EXPERTISE AND EXPERIENCE OF FINANCE FUNCTION

The committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

DISCHARGE OF RESPONSIBILITIES

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included on page 3 of this report. The board concurred with this assessment.

DG Eriksson
Chair: Audit committee
29 May 2013

DIRECTORS' REPORT
for the year ended 31 March 2013

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 net profit of 11% (2012: 21%) and in revenue of 17% (2012: 16%) as a result of revenue growth due to the increase in subscriber numbers and general cost containment in the group. Overall, the group's core business continued to grow, despite the current state of the general economic environment.

SHARE CAPITAL

The authorised share capital at 31 March 2013 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 2013 the group's investment in property, plant and equipment amounted to R6 164 million (2012: R2 446 million), of which R5 004 million (2012: R859 million) was added in the current year through additions.

The group’s investment in new technologies continued, the most notable being the migration to a new satellite IS-20, which allows for additional capacity, enabling the launch of more HD channels and providing for new services to be delivered to customers.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R965.5 million (2012: R237.4 million). Refer to note 25 for details. These commitments have been approved by the boards of directors of the various group companies.

DIVIDENDS

An ordinary dividend of R2 billion (2012: R1.5 billion) and a special dividend of R3 billion (2012: R4.5 billion) was paid in the current year. The ordinary dividend paid was 592.6 cents per share (2012: 444.4 cents per share) and the special dividend paid was 888.9 cents per share (2012: 1333.3 cents per share). The board recommends that an ordinary dividend of R2.4 billion be declared (711.1 cents per share) and a special dividend of R2.1 billion (622 cents per share).

GROUP

MCSAH's principal shareholders are MIH Holdings Proprietary Limited, Phuthuma Nathi Investments Limited and Phuthuma 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

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 69 - 70.

There were no significant acquisitions or divestitures during the year ended 31 March 2013. For details relating to acquisitions in the group, refer to note 3 to the group annual financial statements.

DIRECTORS' REPORT
for the year ended 31 March 2013

DIRECTORS, SECRETARY AND AUDITORS

The company's directors are as follows:

DG Eriksson
FG Sampson
FLN Letele
JJ Volkwyn
JP Bekker
KB Sibiya
KD Moroka
MI Patel
S Dakile-Hlongwane
SJZ Pacak
T Vosloo

The company secretary is LJ Klink, appointed 1 February 2013 (replacing S Khan). Refer to page 1 for details of the registered and postal addresses.

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 90 of the South African Companies Act.

BORROWINGS

The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.

SUBSEQUENT EVENTS

No events have occurred subsequent to 31 March 2013 and up to the date of signing that have required MCSAH to make further adjustment or disclosure in these annual financial statements.

CERTIFICATE BY THE COMPANY SECRETARY
for the year ended 31 March 2013

I, Lurica Klink, being the company secretary of Multichoice South Africa Holdings Proprietary Limited, certify that the company has, for the year under review, lodged all returns required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

____

L Klink
Company secretary
29 May 2013

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

We have audited the consolidated and separate financial statements of MultiChoice South Africa Holdings Proprietary Limited set out on pages 8 to 75, which comprise the consolidated and separate statements of financial position as at 31 March 2013, and the consolidated and separated statements of profit and loss, comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate 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 control 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of MultiChoice South Africa Holdings Proprietary Limited as at 31 March 2013, 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 the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.
Director: KJ Dikana
Registered Auditor
Johannesburg

29 May 2013

GROUP STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

	Note	2013 R'000	2012 R'000
ASSETS			
Non current assets		11,165,213	7,139,513
Property, plant and equipment	4	6,163,653	2,445,841
Goodwill	5	3,410,133	3,425,704
Other intangible assets	6	210,982	207,400
Investment in associates	7	46,446	50,503
Available-for-sale investments	8	816,517	638,161
Derivative asset	37	53,153	50,636
Deferred taxation asset	9	350,138	239,817
Amounts due from related parties	23	114,191	81,451
Current assets		6,986,702	5,442,559
Inventory	10	226,555	212,765
Programme and film rights	11	1,868,268	1,521,891
Trade receivables	12	631,423	541,911
Other receivables	13	1,338,094	1,157,384
Amounts due from related parties	23	895,727	630,139
Derivative asset	37	372,186	52,944
Current taxation asset		80,778	74,802
Cash and cash equivalents	14	1,573,671	1,250,723
Total assets		18,151,915	12,582,072
EQUITY AND LIABILITIES			
Capital and reserves		7,101,663	7,092,780
Share capital and premium	15	17,216,270	17,216,270
Other reserves	16	(14,063,030)	(14,431,717)
Retained earnings	17	3,963,084	4,320,212
Attributable to equity holders of the group		7,116,324	7,104,765
Non-controlling interests		(14,661)	(11,985)
Non current liabilities		4,363,581	246,155
Finance lease liabilities	18	3,290,439	-
Long-term loan	19	860,708	-
Share based payment liability	24	91,015	72,510
Derivative liability	37	-	3,298
Deferred taxation liability	9	121,419	170,347
Current liabilities		6,686,671	5,243,137
Current portion of finance lease liabilities	18	174,835	101,988
Payable for programme and film rights	20	1,356,601	978,635
Trade payables		1,694,356	1,417,746
Provisions	21	23,100	23,100
Other payables	22	2,837,930	2,444,871
Share based payment liability	24	78,679	45,087
Amounts due to related parties	23	277,115	198,368
Derivative liability	37	-	33,342
Bank overdraft	14	244,055	-
Total equity and liabilities		18,151,915	12,582,072

The notes on pages 13 to 70 are an integral part of these group annual financial statements.

GROUP STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2013

	Note	2013 R'000	2012 R'000
Revenue	26	23,886,724	20,483,623
Cost of providing services and sale of goods		(13,394,329)	(9,673,631)
Selling, general and administration costs		(3,482,555)	(4,929,024)
Other gains	27	4,719	3,822
Operating profit	28	7,014,559	5,884,790
Finance income	29	87,411	145,086
Finance costs	29	(266,082)	(153,285)
Foreign exchange differences	30	(369,033)	(74,133)
Share of equity-accounted investments' results	7	(463)	(1,387)
Impairment of equity-accounted investments	7	(5,000)	-
Acquisitions and disposals		2,596	-
Profit before taxation		6,463,988	5,801,071
Taxation	31	(1,826,813)	(1,639,195)
Net profit for the year		4,637,175	4,161,876
Attributable to:			
Equity holders of the group		4,642,872	4,167,683
Non-controlling interests		(5,697)	(5,807)
		4,637,175	4,161,876

The notes on pages 13 to 70 are an integral part of these group annual financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2013

	Note	2013 R'000	2012 R'000
Net profit for the year		4,637,175	4,161,876
Changes in value of available-for-sale investments *	8	176,572	99,005
Foreign currency translations			
- Net gain/(loss), gross		32,984	485
- Net gain/(loss), tax portion		-	(136)
Changes in value of cash flow hedges			
- Net fair value gain, gross	16	202,854	457,141
- Net fair value gain, tax portion	16	(56,919)	(127,999)
Total comprehensive income		4,992,666	4,590,372
Attributable to:			
Equity holders of the group		4,998,363	4,596,133
Non-controlling interests		(5,697)	(5,761)
		4,992,666	4,590,372

The notes on pages 13 to 70 are an integral part of these group annual financial statements.

* There is no tax impact for these items

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2013

				Other reserves								
	Note	Number of shares	Share capital and premium R'000	Existing control business combination R'000	Fair value R'000	Foreign currency translation R'000	Hedging R'000	Share based payment R'000	Retained earnings R'000	Attributable to equity holders of the group R'000	Non-controlling interests R'000	Total R'000
Balance at 1 April 2011		337,500,000	17,216,270	(15,126,824)	466,444	404	(308,285)	95,622	6,152,529	**8,496,160**	(6,224)	**8,489,936**
Comprehensive income		-	-	-	99,005	303	329,142	-	4,167,683	**4,596,133**	(5,761)	**4,590,372**
Share based compensation movements *	24	-	-	-	-	-	-	12,472	-	**12,472**	-	**12,472**
Dividends paid		-	-	-	-	-	-	-	(6,000,000)	**(6,000,000)**	-	**(6,000,000)**
Balance at 31 March 2012		337,500,000	17,216,270	(15,126,824)	565,449	707	20,857	108,094	4,320,212	**7,104,765**	(11,985)	**7,092,780**
Balance at 1 April 2012		337,500,000	17,216,270	(15,126,824)	565,449	707	20,857	108,094	4,320,212	**7,104,765**	(11,985)	**7,092,780**
Comprehensive income		-	-	-	176,572	32,984	145,935	-	4,642,872	**4,998,363**	(5,697)	**4,992,666**
Share based compensation movements *	24	-	-	-	-	-	-	16,547	-	**16,547**	-	**16,547**
Acquisition of additional interest in subsidiary		-	-	(3,351)	-	-	-	-	-	**(3,351)**	3,021	**(330)**
Dividends paid		-	-	-	-	-	-	-	(5,000,000)	**(5,000,000)**	-	**(5,000,000)**
Balance at 31 March 2013		337,500,000	17,216,270	(15,130,175)	742,021	33,691	166,792	124,641	3,963,084	**7,116,324**	(14,661)	**7,101,663**

The notes on pages 13 to 70 are an integral part of these group annual financial statements.
* There is no tax impact for this item

GROUP STATEMENT OF CASH FLOWS
for the year ended 31 March 2013

	Note	2013 R'000	2012 R'000
Cash flow from operating activities		5,953,830	5,025,593
Cash receipts from customers		23,616,502	20,007,805
Cash paid to suppliers and employees		(15,480,471)	(13,505,817)
Cash generated by operations	32	8,136,031	6,501,988
Net interest received	34	(137,963)	27,532
Taxation paid	33	(2,048,957)	(1,507,749)
Dividends received from Naspers Ltd (listed investment)	27	4,719	3,822
Cash flow from investing activities		(1,441,935)	(858,188)
Acquisition of property, plant and equipment	35	(1,315,433)	(753,461)
Proceeds from disposal of property, plant and equipment		3,399	148
Acquisition of intangible assets		(151,095)	(122,896)
Proceeds from disposal of intangible assets		15,756	17,445
Acquisition of subsidiary	3	11,033	-
Loans made to associates		(1,406)	559
Proceeds from disposal of other investments		(4,189)	17
Cash flow from financing activities		(4,407,293)	(6,178,186)
Long-term loans repaid		-	(7)
Proceeds from long term loans		860,000	-
Repayments of finance lease liability		(188,323)	(213,633)
Funding from related party		(54,378)	35,454
Acquisition of additional interest in subsidiary	36	(350)	-
Purchase shares for share based comp		(24,242)	-
Dividends paid		(5,000,000)	(6,000,000)
Change in cash and cash equivalents for the year		104,602	(2,010,781)
Cash and cash equivalents at the beginning of the year		1,250,723	3,255,551
Foreign exchange adjustments to cash and cash equivalents		(25,709)	5,953
Cash and cash equivalents at the end of the year	14	1,329,616	1,250,723

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

The notes on pages 13 to 70 are an integral part of these group annual financial statements.

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements and group annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The annual financial statements and group annual financial statements are presented in accordance with, and comply with the Companies Act of South Africa, 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) with movements recognised in 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 its judgement in the process of applying the company and the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the reporting 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 reporting date, the actual outcome may differ from these estimates, possibly significantly.

Refer to note 2 as well as the individual notes for those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

1.1 Basis of consolidation

The group annual financial statements include the results of MultiChoice South Africa Holdings (Pty) Ltd 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 currently exercisable or convertible 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 group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interests proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

All intergroup transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses arising from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Losses attributable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity in the existing control business combination reserve. Gains or losses on disposals to non-controlling interests are also recorded in the existing control business combination reserve.

Disposal of subsidiaries

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where 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 in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the group annual financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information are not restated.

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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit and loss of the investee after the date of the acquisition. The groups' investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the group's share of losses in the associate equals or exceeds its interest in the associate, including any unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of associates' in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of the unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction 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 statement of profit or loss.

Joint ventures

The group's interests in jointly controlled entities are accounted for by 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 venturers. 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 financial assets 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 if they are expected to be settled within 12 months, otherwise they are classified as non-current. At 31 March 2012 and 2013, the group had no financial assets at fair value through profit or loss.

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 the investment matures or management intends to dispose of the investment within twelve months of the end of the current reporting period.

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 end of the reporting period, 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 statement of financial position.

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 statement of profit or loss. 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 rate 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 statement of profit or loss within selling, general and administration costs in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

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

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of 'other gains' when the group's right to receive payment has been established.

1.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.4 Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(b) Assets classified as available-for-sale

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets 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 or loss - is removed from other comprehensive income and recognised in profit and loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

1.5 Property, plant and equipment

Land and buildings comprise mainly offices. Land and buildings are stated at historical cost.

Other 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 may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 profit or loss 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. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

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

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.

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 statement of profit or loss.

1.6 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 profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 profit or loss on a straight-line basis over the period of the lease.

1.7 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and operations and represents the excess of the consideration transferred over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries and joint ventures is presented separately from 'other intangible assets' in the statement of financial position. Goodwill on acquisitions of associates is included in 'investment in associates'.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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 profit or loss.

Separately acquired intangible assets are shown at historical cost. Trademarks, brand names, subscriber bases, content agreements, customer relationships, the analogue licence, film library and licences acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives 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
■ 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 or sell it;
- 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.

Directly attributable costs that are capitalised as part of the software product include software development employee costs and an appropriate portion of the relevant overheads.

Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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

1.8 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 reporting 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. Where a prepayment has been made on a right, the right will be recorded at the spot rate on prepayment date for the portion of the right prepaid and at the spot rate on licence date for the portion of the licence not prepaid.

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 reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

1.9 Impairment of non-financial assets

Assets that have an indefinite useful life (for example, goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.10 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 other comprehensive income of any gains or losses on qualifying cash flow hedges relating to inventory purchases. Net realisable value is an 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.

1.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method less provision for impairment.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

1.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that some or all of the facility will be drawn-down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 reporting date.

The group has certain financial liabilities in respect of programme and film rights which are measured at amortised cost using the effective interest rate 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 recorded at the present value of expected future cash flows.

1.14 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. Provisions are not recognised for future operating losses.

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 in the statement of profit or loss.

1.15 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. 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.

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 consolidated annual 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 reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The normal South African company tax rate used at the reporting date is 28% (2012: 28%).

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.

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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity where there is an intention to settle the balance on a net basis.

1.16 Foreign currencies

Functional and presentation currency

The consolidated annual financial statements are presented in Rand, which is the group'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.

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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, 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 statement of profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within "cost of providing services" or "selling, general 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.

Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for profit or loss are translated at average exchange rates; and
- all resulting differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

1.17 Derivative financial instruments and hedging activities

Derivatives are initially recognised 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 depends 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) hedges of the fair value of recognised assets or liabilities 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).

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 hedging reserve within other comprehensive income. 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 statement of comprehensive income, along with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of forward exchange contracts is recognised in the statement of profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the statement of profit or loss within "selling, general and administrative expenses" and "cost of providing services".

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

Amounts accumulated in equity are reclassified to profit or loss 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 statement of profit or loss. 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 statement of profit or loss.

1.18 Revenue recognition

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

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group 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.

Finance income

Finance income is recognised on a time-proportion basis using the effective interest rate method. Where a loan or 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 finance income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Decoder maintenance revenue

Decoder maintenance revenue is recognised over the period the service is provided.

Dividend income

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

1.19 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 performance related considerations. The group recognises a provision where contractually obliged or where 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 under which the entity receives services from employees as consideration for equity instruments (options and share appreciation rights ("SARs") of the group. the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and the grant date.

At the end of each reporting period, the group revises the estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nomical value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

For cash-settled plans, the group re-measures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in the fair value recognised in profit or loss for the period.

A share option scheme/SAR is considered equity-settled when the option/gain is settled by the issue of a Naspers N share and the obligation to settle these lies with Naspers Limited. They are considered cash-settled when they are settled in cash or any other asset, including Naspers shares, where the obligation to settle these lies with the group. Each share trust deed/SAR plan, as appropriate, indicates whether a plan is to be settled by the issue of Naspers shares or not.

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

1.20 Advertising expenses

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

1.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.22 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.

1.23 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

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

1.24 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.

1.25 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. For each business combination, the group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

1.26 Recently issued accounting standards

Standards, amendments and interpretations effective in 2013

No standards / interpretations that became effective in the current year are applicable or have any significant impact on the group.

Interpretations early adopted by the group

The group has not early adopted any standards or interpretations in the current year.

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

A number of new standards and interpretations are in issue and are mandatory for the group's accounting periods beginning on or after 1 April 2011 or later periods, but are not yet effective and have not been early adopted by the group. The following are the standards and interpretations that are considered to be applicable to the group:

- Amendments to IAS 1, '*Financial Statements Presentation*', regarding other comprehensive income (OCI). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- IFRS 9 – '*Financial Instruments*', addresses classification, measurement and recognition of financial assets and financial liabilities. It was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 April 2015. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

- IFRS 10 – *"Consolidated financial statements"* - This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries, which management is assessing. The effective date of application of this standard by the group is 1 April 2013.
- IFRS 11 – "*Joint arrangements*" - This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This standard will have an impact on how the group accounts for its joint ventures, which is currently under the proportionate method of consolidation. Management is assessing the impact on the group, which is not expected to be material. The effective date of application of this standard by the group is 1 April 2013.
- IFRS 12 – *"Disclosures of interests in other entities"* - This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The disclosure requirements are being considered by the group's management. The effective date of application of this standard by the group is 1 April 2013.
- IFRS 13 – *"Fair value measurement"* - This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs . The disclosure and measurement requirements are being considered by the group's management. The effective date of application of this standard by the group is 1 April 2013.
- IAS 27 (revised 2011) – "*Separate financial statements*" - This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The disclosure requirements are being considered by the group's management. The effective date of application of this standard by the group is 1 April 2013.
- IAS 28 (revised 2011) – *"Associates and joint ventures"* - This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The disclosure requirements are being considered by the group's management. The effective date of application of this standard by the group is 1 April 2013.

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 39% (2012: 3%) of the groups' property, plant and equipment as of 31 March 2013. 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 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 statement of financial position and may decrease the group's net profit. Refer to note 4 for the impact of the change in estimates.

An increase in useful lives of non-leased operating assets of 1 year would result in a decrease in depreciation amounting to R114.3 million (2012: R126.5 million).

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.

An increase of 10% on debts considered doubtful by management at year end would result in an increase in the provision for doubtful debts amounting to R9.6 million (2012: R7.8 million).

Estimated impairment of goodwill

Goodwill is tested annually to assess whether the group has suffered impairment, in accordance with the policy set out in notes 1.7 and 1.9. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

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 statement of financial position and the level of its net profit.

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.

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. A provision for obsolete inventory of R249 million was raised during the financial year ended 31 March 2013. 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 net realisable value of inventories.

A decrease of 10% in estimated selling prices would result in an increase in the provision for inventory obsolescence amounting to R24.9 million (2012: R20.9 million).

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 statement of financial position 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 in the statement of financial position. The group assesses the probability that there will be adequate future taxable income generated to utilise 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 statement of financial position, which could lead to a write-down of such assets.

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 statement of financial position as well as a material impact on the group's net profit.

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 reporting 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

2013

On 1 November 2012, the group acquired an additional 3.75% interest in Smart Village (Pty) Ltd for a purchase consideration of R350,000. This increased the shareholding from 80.63% to 84.38% and resulted in a decrease of the common control reserve of R3.3 million.

On 1 March 2013, the group acquired 100% of MultiChoice Support Services (Pty) Ltd (formerly Digital Mobile Television (Pty) Ltd) for a purchase consideration of R31.2 million representing the carrying value of assets acquired.

	R'000
Consideration at 1 March 2013	
Loan	31,187
Recognised amounts of identifiable assets acquired and liabilities assumed	
Inventory	94
Other receivables	3,000
Related party receivables	112,455
Cash	11,033
Trade payables	(452)
Other payables	(33,542)
Related party payables	(61,401)
Total identifiable net assets	31,187

2012

There were no acquisitions or divestitures during the year.

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
2013							
At 1 April 2012							
Cost	762,848	64,272	1,971,899	109,151	910,908	4,731	3,823,810
Accumulated depreciation	(81,479)	(33,241)	(784,600)	(39,259)	(437,091)	(2,299)	(1,377,969)
Carrying amount	681,370	31,031	1,187,299	69,892	473,817	2,432	2,445,841

Cost							
At the beginning of the year	762,848	64,272	1,971,899	109,151	910,908	4,731	3,823,810
Foreign currency translation effects	-	-	-	-	123	-	123
Additions	117,055	-	1,532,066	3,137,653	216,912	-	5,003,686
Disposals	(2,333)	-	(568,123)	(111,217)	(44,847)	(32)	(726,552)
Reallocations	70,984	(64,272)	(925)	-	1,725	(1,758)	5,754
At the end of the year	948,554	-	2,934,918	3,135,587	1,084,821	2,941	8,106,821
Accumulated depreciation							
At the beginning of the year	81,479	33,241	784,600	39,259	437,091	2,299	1,377,969
Foreign currency translation effects	-	-	-	-	49	-	49
Depreciation	31,656	1,353	265,235	182,273	187,395	175	668,087
Impairment	28,195	-	31,837	-	221	-	60,253
Disposals	(2,284)	-	(9,086)	(111,217)	(42,209)	-	(164,796)
Reallocations	12,547	(34,594)	42,401	1,438	(18,587)	(1,599)	1,606
At the end of the year	151,593	-	1,114,987	111,753	563,960	875	1,943,168
At 31 March 2013							
Carrying amount							
At the end of the year	796,961	-	1,819,931	3,023,834	520,861	2,066	6,163,653

	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
2012							
At 1 April 2011							
Cost	654,819	64,272	1,529,046	982,090	788,640	4,699	4,023,566
Accumulated depreciation	(73,582)	(30,056)	(562,173)	(910,489)	(332,590)	(2,125)	(1,911,015)
Carrying amount	581,237	34,216	966,873	71,601	456,050	2,574	2,112,550
Cost							
At the beginning of the year	654,819	64,272	1,529,046	982,090	788,640	4,699	4,023,566
Foreign currency translation effects	-	-	-	-	85	-	85
Additions	125,614	-	466,993	109,152	157,552	32	859,342
Disposals	(17,585)	-	(24,140)	(982,090)	(35,369)	-	(1,059,183)
At the end of the year	762,848	64,272	1,971,899	109,151	910,908	4,731	3,823,810
Accumulated depreciation							
At the beginning of the year	73,582	30,056	562,173	910,489	332,590	2,125	1,911,015
Foreign currency translation effects	-	-	-	-	28	-	28
Depreciation	11,895	3,185	229,744	110,860	136,591	174	492,449
Disposals	(3,999)	-	(7,317)	(982,090)	(32,118)		(1,025,524)
At the end of the year	81,479	33,241	784,600	39,259	437,091	2,299	1,377,969
At 31 March 2012							
Carrying amount							
At the end of the year	681,370	31,031	1,187,299	69,892	473,817	2,432	2,445,841

The Ulwazi auditorium was demolished during the year in anticipation of the construction of DStv's new premises an impairment charge of R27.2 was accordingly recorded. Studio and broadcast equipment located in Nigeria, with a net book value of R32.8 million, has been impaired during the year. This arose as a result of the destruction of the equipment following a fire earlier this year.

In terms of IAS 8 *'Accounting policies, changes in accounting estimates and errors'* an assessment of the expected future benefits associated with property, plant and equipment was determined. There have been no changes in the estimated useful lives of assets in the year ended 31 March 2013 or 31 March 2012.

The group has pledged property, plant and equipment with a carrying value of R3 026 million at 31 March 2013 (2012: R189 million) as security against certain term loans (refer note 25). The pledge mainly relates to assets acquired in terms of finance leases. The pledge would come in effect when default on the lease payments would occur.

	2013 R'000	2012 R'000
Classification of depreciation in profit or loss		
Cost of providing services and sale of goods	556,451	254,669
Selling, general and administration costs	111,636	237,780
	668,087	492,449

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 statement of financial position.

5 Goodwill

	2013 R'000	2012 R'000
Carrying amount		
Cost	3,434,848	3,434,848
Accumulated impairment	(24,715)	(9,144)
	3,410,133	3,425,704

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
2013				
ISP business	value-in-use	14.00%	4.00%	141,708
M-Net, SuperSport and Oracle businesses	value-in-use	14.00%	4.00%	3,268,425
Smart Village business	value-in-use	14.00%	4.00%	-
				3,410,133
2012				
ISP business	value-in-use	19.00%	3.50%	141,708
M-Net, SuperSport and Oracle businesses	value-in-use	17.22%	3.50%	3,268,425
Smart Village business	value-in-use	20.00%	3.00%	15,571
				3,425,704

a Pre-tax discount rate applied to the cash flow projections.
b Weighted 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 weighted 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, the goodwill relating to the Smart Village cash generating unit of R15.6 million has been impaired during the current year since the recoverable amount was less than the carrying value of the goodwill assigned to the cash generating unit.

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

6 Other intangible assets

	Brand names R'000	Subscriber base R'000	Software R'000	Agreements and relationships * R'000	Other R'000	Total R'000
2013						
At 1 April 2012						
Cost	211,625	227,213	278,185	1,104,331	60,287	1,881,641
Accumulated amortisation	(196,736)	(227,213)	(215,321)	(1,001,067)	(33,904)	(1,674,241)
Carrying amount	14,889	-	62,864	103,264	26,383	207,400
Cost						
At the beginning of the year	211,625	227,213	278,185	1,104,331	60,287	1,881,641
Additions	-	-	103,469	-	47,626	151,095
Reclassifications	-	-	70	-	-	70
Disposals	-	-	(7,316)	-	(25,006)	(32,322)
At the end of the year	211,625	227,213	374,408	1,104,331	82,907	2,000,484
Accumulated amortisation and impairment						
At the beginning of the year	196,736	227,213	215,321	1,001,067	33,904	1,674,241
Disposals	-	-	(7,209)	-	(13,995)	(21,204)
Reallocations	-	-	(473)	-	-	(473)
Amortisation	14,889	-	58,748	-	63,301	136,938
At the end of the year	211,625	227,213	266,387	1,001,067	83,210	1,789,502
At 31 March 2013						
Carrying amount						
At the end of the year	-	-	108,021	103,264	(303)	210,982

	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
2012							
At 1 April 2011							
Cost	3,817	211,625	227,213	202,124	1,104,331	36,301	1,785,411
Accumulated amortisation	(3,817)	(174,475)	(227,213)	(114,416)	(1,001,067)	(23,090)	(1,544,078)
Carrying amount	-	37,150	-	87,708	103,264	13,211	241,333
Cost							
At the beginning of the year	3,817	211,625	227,213	202,124	1,104,331	36,301	1,785,411
Additions	-	-	-	84,526	-	38,370	122,896
Disposals	(3,817)	-	-	(8,465)	-	(14,384)	(26,666)
At the end of the year	-	211,625	227,213	278,185	1,104,331	60,287	1,881,641
Accumulated amortisation							
At the beginning of the year	3,817	174,475	227,213	114,416	1,001,067	23,090	1,544,078
Disposals	(3,817)	-	-	(2,151)	-	(11,615)	(17,583)
Amortisation	-	22,261	-	103,056	-	22,429	147,746
At the end of the year	-	196,736	227,213	215,321	1,001,067	33,904	1,674,241
At 31 March 2012							
Carrying amount							
At the end of the year	-	14,889	-	62,864	103,264	26,383	207,400

* Content agreements and customer relationships

None of these intangible assets have an indefinite useful life.

	2013 R'000	2012 R'000
Classification of amortisation in profit or loss		
Cost of providing services and sale of goods	34,282	6,237
Selling, general and administration costs	102,656	141,509
	136,938	147,746

7 Investment in associates

	2013 R'000	2012 R'000
Movement in carrying amount (unlisted investments)		
At the beginning of the year	50,503	52,449
Share of net loss	(463)	(1,387)
Impairment of associate	(5,000)	-
Loans made to associates	1,406	(559)
	46,446	50,503

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

	2013 R'000	2012 R'000
Financial position		
Non-current assets	108,278	108,897
Current assets	33,536	31,134
Total assets	141,814	140,031
Total non-current liabilities	116,636	118,802
Total current liabilities	56,335	53,995
Total liabilities	172,971	172,797
Total shareholders' equity	(31,157)	(32,766)
Total equity and liabilities	141,814	140,031
Profit or loss		
Revenue	203,056	192,261
Net loss	(1,610)	(2,084)

Refer to the appendix to these financial statements on page 70 for a listing of the associates.

A loan made to an associate, Free State Cheetahs (Pty) Ltd of R5.0 million was impaired during the current year as it was not considered to be recoverable.

The valuation of unlisted investments in associates as approved by the board of directors is R46.5 million (2012: R50.5 million).

8 Available-for-sale investments

Listed equity securities

	2013 R'000	2012 R'000
Ordinary shares in Naspers Limited		
At the beginning of the year	638,161	539,181
Acquisitions/(disposals)	1,784	(25)
Changes in fair value recognised directly in statement of comprehensive income	176,572	99,005
	816,517	638,161

There was no impairment provision required in respect of available-for-sale financial assets during the year (2012: nil). This investment is denominated in South African rands.

Dividends received in the current year on the above investments amounted to R4.7 million (2012: R3.8 million) (refer note 27).

	2013 R'000	2012 R'000

9 Deferred taxation

	2013 R'000	2012 R'000
Movement in carrying amount		
At the beginning of the year	69,470	309,808
Recognised in profit or loss	216,168	(112,339)
Recognised in other comprehensive income	(56,919)	(127,999)
	228,719	69,470

The group charged deferred income taxation of R56.9 million (2012: released R127.9 million) to other comprehensive income 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 profit or loss and financial position.

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.

	2013 R'000	2012 R'000
Classification in the statement of financial position		
Deferred taxation assets	350,138	239,817
Deferred taxation liabilities	(121,419)	(170,347)
	228,719	69,470

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2013 R'000	2012 R'000
Deferred tax assets:	350,138	239,817
- Deferred tax asset to be recovered after more than 12 months	226,680	76,834
- Deferred tax asset to be recovered within 12 months	123,458	162,983
Deferred tax liabilities:	(121,419)	(170,347)
- Deferred tax liability to be settled after more than 12 months	(89,362)	(33,330)
- Deferred tax liability to be settled within 12 months	(32,057)	(137,017)
Net deferred taxation asset	228,719	69,470

	At beginning of year R'000	Recognised in income R'000	Recognised in compre-hensive income R'000	At end of year R'000
2013				
Deferred taxation assets				
Property, plant and equipment	5,745	(3,021)	-	2,724
Intangible assets	17	(5)	-	12
Programme and film rights	766	22,427	-	23,193
Receivables and current assets	9,235	(8,363)	-	872
Provisions and other payables	144,257	68,933	-	213,190
Income received in advance	51,851	204,616	-	256,467
Tax losses carried forward	36,022	(5,516)	-	30,506
Capitalised finance leases	28,557	894,344	-	922,901
Share based payment liability	32,905	16,414	-	49,319
Derivatives	-	-	-	-
Hedging reserve	-	4,512	-	4,512
Other	2,109	(2,384)	-	(275)
	311,464	1,191,957	-	1,503,421
Deferred taxation liabilities				
Property, plant and equipment	(43,480)	9,014	-	(34,466)
Intangible assets	(684)	(3,584)	-	(4,268)
Receivables and current assets	(90,115)	(86,931)	-	(177,046)
Capitalised finance leases	-	(847,107)	-	(847,107)
Programme and film rights	(98,547)	(33,620)	-	(132,167)
Hedging reserve	-	(1,944)	-	(1,944)
Derivatives	(8,111)	(12,516)	(56,919)	(77,546)
Other	(1,057)	899	-	(158)
	(241,994)	(975,789)	(56,919)	(1,274,702)
Net deferred taxation asset	69,470	216,168	(56,919)	228,719

	At beginning of year R'000	Recognised in income R'000	Recognised in comprehensive income R'000	At end of year R'000
2012				
Deferred taxation assets				
Property, plant and equipment	3,778	1,967	-	5,745
Intangible assets	18	(1)	-	17
Programme and film rights	-	766	-	766
Receivables and current assets	9,962	(727)	-	9,235
Provisions and other payables	191,815	(47,558)	-	144,257
Income received in advance	75,128	(23,277)	-	51,851
Tax losses carried forward	3,708	32,314	-	36,022
Capitalised finance leases	45,549	(16,992)	-	28,557
Share based payment liability	36,005	(3,100)	-	32,905
Derivatives	119,888	-	(119,888)	-
Other	1,087	1,022	-	2,109
	486,938	(55,586)	(119,888)	311,464
Deferred taxation liabilities				
Property, plant and equipment	(35,912)	(7,568)	-	(43,480)
Intangible assets	(368)	(316)	-	(684)
Receivables and current assets	(35,673)	(54,442)	-	(90,115)
Programme and film rights	(102,807)	4,260	-	(98,547)
Derivatives	-	-	(8,111)	(8,111)
Other	(2,370)	1,313	-	(1,057)
	(177,130)	(56,753)	(8,111)	(241,994)
Net deferred taxation asset	309,808	(112,339)	(127,999)	69,470

	2013 R'000	2012 R'000

10 Inventory

	2013 R'000	2012 R'000
Set-top boxes, modems and associated components	471,595	414,203
Consumables	4,058	7,414
	475,653	421,617
Provision for obsolete inventory	(249,098)	(208,852)
	226,555	212,765

Inventory carried at net realisable value at 31 March 2013 amounted to R223 million (2012: R205 million).

The cost of inventories recognised as an expense in cost of providing services and sale of goods amounted to R2.0 billion (2012: R1.8 billion).

11 Programme and film rights

	2013 R'000	2012 R'000
Cost		
Programme rights	4,058,234	3,129,293
Film rights	664,204	639,708
	4,722,438	3,769,001
Accumulated amortisation		
Programme rights	(2,444,820)	(1,852,482)
Film rights	(409,350)	(394,628)
	(2,854,170)	(2,247,110)
Carrying amount		
Programme rights	1,613,414	1,276,811
Film rights	254,854	245,080
	1,868,268	1,521,891

All of these programme and film rights are classified as current on the statement of financial position. The amortisation of programme and film rights recorded in "cost of providing services and sale of goods" in the income statement amounted to R6,736 million (2012: R5,564 million)

12 Trade receivables

	2013 R'000	2012 R'000
Trade receivables, gross	727,370	620,061
Provision for impairment of trade receivables	(95,947)	(78,150)
	631,423	541,911

Refer note 37 for a discussion on credit risk.

13 Other receivables

	2013 R'000	2012 R'000
Prepayments	1,201,087	942,384
Sundry deposits	3,602	2,844
VAT and related taxes receivable	132	492
Other receivables	133,273	211,664
	1,338,094	1,157,384

	2013 R'000	2012 R'000

14 Cash and cash equivalents

Cash and deposits	1,573,671	1,250,723
Bank overdraft	(244,055)	-
	1,329,616	1,250,723

Cash and cash equivalents are denominated in South African rands.

15 Share capital and premium

Share capital

Authorised		
3 000 000 000 ordinary shares of R0.0001 each (2012: 3 000 000 000)	300	300
Issued (fully paid up)		
337 500 000 ordinary shares of R0.0001 each (2012: 337 500 000)	34	34

Share premium

Share premium	17,216,236	17,216,236

Refer to note 24 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. The group sets the amount of capital in proportion to risk. The group manages capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As of 31 March 2013, the group had total interest bearing debt (including capitalised finance leases) of R4 570 million (2012: R102 million) and total cash of R1.6 billion (2012: R1.3 billion). The net interest-bearing debt to equity ratio was 64.4% (2012: 1.4%) at 31 March 2013. The group excludes satellite transponders from total interest-bearing debt when evaluating and managing capital. These items are considered to be operating expenses. The adjusted total interest-bearing debt (excluding transponder leases) was R1 105 million (2012: Rnil) and the adjusted net interest-bearing debt ratio was 15.6% (2012: 0%).

The group does not have a formal targeted debt-equity ratio.

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

	2013 R'000	2012 R'000
Existing control business combination reserve	(15,130,175)	(15,126,824)
Fair value reserve	742,021	565,449
Foreign currency translation reserve	33,691	707
Hedging reserve	166,792	20,857
Share based payment reserve	124,641	108,094
	(14,063,030)	(14,431,717)
Movement in hedging reserve		
At 1 April 2012	20,856	(308,285)
Released to hedged item	(27,907)	121,270
Released to hedged item - tax portion	7,059	(33,956)
Revaluation	230,760	335,871
Revaluation - tax portion	(63,976)	(94,044)
At the end of the year	166,792	20,856

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

The foreign currency translation reserve relates to exchange differences arising from the translation of foreign subsidiaries' and joint ventures' statements of comprehensive income at average exchange rates for the year and their statement of financial position at the ruling exchange rates at the year-end rate.

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 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 profit or loss, with a corresponding adjustment to this reserve in equity for equity settled plans.

17 Retained earnings

Dividends declared by South African companies within the group before 1 April 2012 are subject to secondary tax on companies ("STC"). The STC expense is included in the statement of comprehensive income in the period that the related dividend is paid. Cash dividends declared by South African companies within the group from 1 April 2012 are subject to dividend tax which is a tax on the shareholder.

	2013 R'000	2012 R'000

18 Finance lease liabilities

	2013 R'000	2012 R'000
Total liabilities	3,465,274	101,988
Current portion	(174,835)	(101,988)
	3,290,439	-

Analysis of finance lease liabilities	Currency	Year of final repayment	Fixed Interest rate	2013 R'000	2012 R'000
Transmission equipment and satellites	USD	2027	4.5%	3,465,274	89,089
Land and buildings	ZAR	2012	17%	-	12,899
				3,465,274	101,988

Future minimum lease payments	2013 R'000	2012 R'000
Payable in year one	325,991	122,532
Payable in year two	325,991	-
Payable in year three	325,991	-
Payable in year four	325,991	-
Payable in year five	325,991	-
Payable after year five	3,069,756	-
	4,699,711	122,532
Future finance costs	(1,234,437)	(20,544)
Present value of future minimum lease payments	3,465,274	101,988

Present value of future minimum lease payments	2013 R'000	2012 R'000
Payable in year one	174,835	101,988
Payable in year two	182,866	-
Payable in year three	190,906	-
Payable in year four	200,038	-
Payable in year five	209,228	-
Payable after year five	2,507,401	-
	3,465,274	101,988

19 Long term Nedbank loan

	2013 R'000	2012 R'000
Nedbank revolving credit facility	860,708	-

The secured interest bearing loan bears interest at 6.98% per annum, is repayable in 1 March 2018 and is secured by cross group guarantees. The liability is denominated in South African Rands.

20 Payable for programme and film rights

Unsecured	2013 R'000	2012 R'000
Non-interest bearing: Programme and film rights	-	-
- Total liability	1,356,601	978,635
- Current portion	(1,356,601)	(978,635)
	-	-

This liability is denominated in a combination of South African Rands and US dollars.

	2013 R'000	2012 R'000

21 Provisions

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. Refer also to note 25.

22 Other payables

	2013 R'000	2012 R'000
Deferred income	924,484	822,639
Accrued expenses	1,262,704	1,045,186
Taxes and social securities	164,219	118,841
Leave pay accrued	103,609	85,120
Bonuses accrued	136,726	108,436
Other current liabilities	246,188	264,649
	2,837,930	2,444,871

23 Related parties

23.1 Relationship with parent

The group's parent company is MIH Holdings (Pty) 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.

23.2 Related party transactions

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

- **Sale of goods and services**

	2013 R'000	2012 R'000
Digital Mobile Television (Pty) Ltd - Cost recoveries	62,583	48,717
Media24 Ltd - Facility and network cost recoveries	-	59,999
Media24 Ltd - Other	77,380	23,206
MultiChoice Africa Ltd - Sale of programming	2,555,807	1,944,526
MultiChoice Africa Ltd - Subscriber management fees	221,983	129,075
MIH Print Africa (Pty) Ltd	9,999	7,290
PayU Payment Solutions (Pty) Ltd	2,337	1,909
MIH Holdings (Pty) Ltd	6,760	5,742
New Media Publishing (Pty) Ltd	21,367	20,341
Health24 (Pty) Ltd	-	1,188
On the Dot Distributors (Pty) Ltd	20,336	3,641
OLX Inc	20,568	-
Other	5,351	32,483
	3,004,471	2,278,117

	2013 R'000	2012 R'000
Purchase of goods and services		
Irdeto Access BV	-	-
Irdeto Africa BV	281,480	317,623
New Media Publishing (Pty) Ltd	188,858	170,940
On the Dot Distributors (Pty) Ltd	24,437	36,835
MIH Holdings (Pty) Ltd	24,057	31,053
Irdeto USA Inc.	22,174	34,713
Myriad International Holdings BV	45,934	51,274
Supersport Local Productions (Kenya) Limited	5,038	-
Media24 Ltd	3,470	6,611
Other	4,086	426
	599,534	649,475
Interest		
Interest earned from MultiChoice Africa Ltd on finance sub-lease	-	1,983
Interest paid from MIH Holdings (Pty) Ltd on short-term funding	(51,020)	(30,543)
Interest earned/(paid) from MIH Finance BVI on loan	3,203	(35,160)

- **Dividends**

Refer note 27 for details.

- **Corporate transactions**

Refer note 3 for further details.

23.3 Related party balances

<u>Amounts due from related parties</u>

	2013 R'000	2012 R'000
Non-current		
Principle parent company		
MIH Holdings (Pty) Ltd	35,336	-
Fellow subsidiary		
MultiChoice Africa Ltd	78,855	81,451
	114,191	81,451
Current		
Principle parent company		
MIH Holdings (Pty) Ltd	7,915	58,866

	2013 R'000	2012 R'000
Fellow subsidiaries		
Digital Mobile Television (Pty) Ltd	-	3,765
Irdeto BV	12,157	9,603
Media24 Ltd	16,052	24,773
MIH China Ltd	7,612	7,612
MIH Print Africa (Pty) Ltd	6,866	5,812
MultiChoice Africa Ltd	614,776	368,616
Myriad International Holdings BV	75,866	48,045
Naspers Web Services (Pty) Ltd	28,887	26,420
New Media Publishing (Pty) Ltd	5,829	21,945
On the Dot Distributors (Pty) Ltd	111,392	38,495
Other	8,375	16,187
Total amounts due from related parties	895,727	630,139

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

MultiChoice Africa Ltd owes the group R694 million (2012: R450 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 Rnil million (2012: R15.98 million). The lease was 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.

	2013	2012
Reconciliation between gross receivable and present value of minimum lease payments		
Payable in year one	-	16,306
Payable in year two	-	-
	-	16,306
Unearned finance income	-	(329)
Present value of minimum lease payments	-	15,977
Present value of minimum lease payments		
Payable in year one	-	15,977
Payable in year two	-	-
	-	15,977

<u>Amounts due to related parties</u>

Current

	2013	2012
Principle parent company		
MIH Holdings (Pty) Ltd	6,976	3,264

	2013 R'000	2012 R'000
Fellow subsidiaries		
Digital Mobile Television (Pty) Ltd	-	1,835
Irdeto BV	61,046	21,490
Media24 Ltd	40,859	36,286
MIH BVI Ltd	11	38,289
MIH Print Africa (Pty) Ltd	4	11
MultiChoice Africa Ltd	8,258	1,395
MultiChoice Nigeria Ltd	2,854	3,436
Myriad International Holdings BV	35,353	52,561
New Media Publishing (Pty) Ltd	-	14,497
Supersport Local Productions (Kenya) Limited	52,736	-
On the Dot Distributors (Pty) Ltd	214	11,253
Myriad International Holdings Finance VOF	24,953	-
MIH Malta Limited	32,394	-
Other	11,457	14,051
	277,115	198,368

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

23.4 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.

	2013 R'000	2012 R'000
Key management remuneration		
Short-term employee benefits	51,900	49,580
Other long-term benefits	2,468	2,484
Share-based payment charge	17,530	14,417
	71,898	66,481
Non-executive directors		
Directors' fees	3,417	3,268

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

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: 44 730 (2012: 38 035) Naspers Limited Class N ordinary shares were allocated during the 2013 financial year and an aggregate of
195 025 (2012: 193 884) Naspers Limited Class N ordinary shares were allocated as at 31 March 2013

- For shares in unlisted companies: nil (2012: nil)

	2013	2012
	R'000	R'000

- For share appreciation rights (SARs) in unlisted companies: 425 691 (2012: 302 822) MultiChoice Africa (Pty) Limited 2008 SARs were allocated during the 2013 financial year and an aggregate of 1 416 798 (2012: 938 227) MultiChoice Africa (Pty) Limited 2008 SARs were allocated as at 31 March 2013;
  nil (2012: nil) MultiChoice Africa (Pty) Limited SARs were allocated during the 2013 financial year and an aggregate of nil (2012: 194 333) MultiChoice Africa (Pty) Limited SARs were allocated as at 31 March 2013;
  nil (2012: nil) Gadu-Gadu SA 2008 SARs were allocated during the 2013 financial year and an aggregate of 12 053 (2012: nil) Gadu-Gadu SA 2008 SARs were allocated as at 31 March 2013.

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

24 Share appreciation rights schemes

24.1 Effect on profit and financial position

	2013 R'000	2012 R'000
Share based payments expense		
- Equity settled	16,547	12,472
- Cash settled	75,983	29,620
	92,530	42,092
Share based payments liability	169,694	117,597
Current portion	(78,679)	(45,087)
	91,015	72,510
Share based payments reserve	124,641	108,094

24.2 Salient features applicable to each plan

24.2.1 Share trust incentive plans

	Date of incorporation	1/3 vest after 3,4,5 years	Period to expire from date of offer	IFRS 2 classification
M-Net Share Trust	12-Jun-91	✔	10 yrs	Equity settled
SuperSport Share Trust	12-Jun-91	✔	10 yrs	Equity settled

Maximum awards permissible: At the Naspers annual general meeting held on Friday 27 August 2010 a resolution was adopted by shareholders whereby the maximum number of shares available for fresh allocation after 27 August 2010 to participate under this scheme and any other share incentive scheme of Naspers or any direct or indirect subsidiary of Naspers is 40 588 541 shares which number will increase by virtue of any subdivision of shares or decrease by virtue of any consolidation of shares, as the case may be.

24.2.2 Share Appreciation Rights plans (SARs)

	Date of incorporation	1/3 vest after 3,4,5 years	Period to expire from date of offer	IFRS 2 classification
MCA (Pty) Ltd SAR Scheme	20-Sep-05	✔	5 yrs & 14 days	Cash settled
M-Net/SuperSport SAR Scheme	20-Sep-05	✔	5 yrs & 14 days	Cash settled
MCA (Pty) Ltd 2008 SAR Scheme	2-Apr-08	✔	5 yrs & 14 days	Cash settled

Maximum awards permissible: 10% is the maximum percentage of the respective companies issued/notional share capital that the applicable SAR plan may allocate to participants.

24.2.3 Additional information

All share options are granted with an exercise price of not less than 100% of the market value or fair value of the respective company's shares on the date of the grant. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All unvested share options/SARs are subject to forfeiture up on termination of employment. All cancelled options/SARs are options/SARs cancelled by mutual agreement between the employer and employee.

M-Net and SuperSport

In terms of a section 311 scheme of arrangement on 4 March 2004, Naspers Limited offered one Naspers N ordinary share to all the minority shareholders of M-Net and SuperSport, including the M-Net and SuperSport plans, for every 4,5 M-Net and SuperSport linked unit. The linked units were exchanged for 574 726 (M-Net) and 525 228 (SuperSport) Naspers N ordinary shares during April 2004.

24.3 MCA (Pty) Ltd SAR plan

Movements in number of instruments allocated to employees

	2013		2012	
	SARs	Weighted average exercise price R	SARs	Weighted average exercise price R
Outstanding at the beginning of the year	858,222	58.21	2,206,053	52.55
Exercised	(810,889)	58.21	(1,244,570)	48.87
Forfeited	(33,759)	58.21	(80,098)	53.10
Expired	(13,574)	58.21	(23,163)	38.69
Outstanding at the end of the year	-	-	858,222	58.21
Available to be implemented at the end of the year	-	-	259,793	58.20
Taken up during the year (weighted average exercise price)	810,889	73.65	1,244,570	73.65

No SARs were cancelled during the years ended 31 March 2013 and 31 March 2012.

Instruments outstanding at the end of the year by exercise price

	2013		2012	
Range of exercise prices (R)	SARs	Weighted average remaining contractual life (years)	SARs	Weighted average remaining contractual life (years)
39.87	-	-	168	0.10
58.21	-	-	858,054	0.31
	-		858,222	

SAR option allocations currently available to be implemented at 31 March 2013 by exercise price:

Weighted average exercise price R	Exercisable at 31 March 2013 (no)
-	-
	-

Instruments granted during the year

No grants were made during the financial years ended 31 March 2013 and 31 March 2012.

24.4 MCA 2008 SAR plan

Movements in number of instruments allocated to employees

	2013		2012	
	SARs	Weighted average exercise price R	SARs	Weighted average exercise price R
Outstanding at the beginning of the year	8,933,331	88.76	6,492,130	84.15
Granted	3,690,525	103.23	3,254,119	95.95
Exercised	(540,883)	77.21	(276,259)	72.98
Forfeited	(627,572)	91.66	(536,659)	84.75
Outstanding at the end of the year	11,455,401	93.81	8,933,331	88.76
Available to be implemented at the end of the year	751,121	75.56	262,604	69.31
Taken up during the year (weighted average exercise price)	540,883	103.23	276,259	95.95

No SAR options expired or were cancelled during the years ended 31 March 2013 and 31 March 2012.

Instruments outstanding at the end of the year by exercise price

	2013		2012	
Range of exercise prices (R)	SARs	Weighted average remaining contractual life (years)	SARs	Weighted average remaining contractual life (years)
69.31	844,409	0.62	1,157,243	1.61
82.18	1,210,275	1.45	1,479,325	2.45
91.74	2,802,286	2.44	3,099,534	3.45
95.95	2,966,019	3.53	3,197,229	4.53
103.23	3,632,412	4.49	-	-
	11,455,401		8,933,331	

Instruments granted during the year

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

	2013	2012
Weighted average fair value at measurement date (R)	41.55	39.31
Weighted average SAR price (R)	115.37	106.02
Weighted average exercise price (R)	103.23	95.95
Weighted average expected volatility (%)*	25.1%	26.6%
Weighted average SAR life (years)	5.0	5.0
Weighted average dividend yield (%)	-	-
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	6.0%	6.8%
Weighted average annual sub-optimal rate (%)	141.0%	293.8%
Weighted average forfeiture rate (%)	5.35%	5.5%
Weighted average vesting period (years)	4.0	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 were 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.

24.5 M-Net plan

Movements in number of instruments allocated to employees

	2013		2012	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	24,189	8.68	24,557	8.68
Exercised	(24,189)	8.68	(368)	8.67
Outstanding at the end of the year	-	-	24,189	8.68
Available to be implemented at the end of the year	-	-	24,189	8.68
Taken up during the year (weighted average exercise price)	24,189	581.63	368	392.07

No SARs were cancelled during the years ended 31 March 2013 and 31 March 2012.

Instruments outstanding at the end of the year by exercise price

Range of exercise prices (R)	2013 Options	2013 Weighted average remaining contractual life (years)	2012 Options	2012 Weighted average remaining contractual life (years)
8.51 - 13.50	-	-	24,173	0.86
13.51 - 30.50	-	-	16	1.83
	-		24,189	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2013 and 31 March 2012.

24.6 SuperSport plan

Movements in number of instruments allocated to employees

	2013 Options	2013 Weighted average exercise price R	2012 Options	2012 Weighted average exercise price R
Outstanding at the beginning of the year	31,302	34.88	32,269	34.35
Exercised	(31,302)	34.88	(967)	17.17
Outstanding at the end of the year	-	-	31,302	34.88
Available to be implemented at the end of the year	-	-	31,302	34.88
Taken up during the year (weighted average exercise price)	31,302	580.97	967	390.02

No SARs were cancelled during the years ended 31 March 2013 and 31 March 2012.

Instruments outstanding at the end of the year by exercise price

Range of exercise prices (R)	2013 Options	2013 Weighted average remaining contractual life (years)	2012 Options	2012 Weighted average remaining contractual life (years)
0.00 - 0.00	-	-	9,196	0.86
25.01 - 40.00	-	-	15	1.83
40.01 - 55.00	-	-	22,091	0.86
	-		31,302	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2013 and 31 March 2012.

24.7 M-Net/SuperSport SAR plan

Movements in number of instruments allocated to employees

	2013		2012	
	SARs	Weighted average exercise price R	SARs	Weighted average exercise price R
Outstanding at the beginning of the year	-	-	938,602	9.56
Exercised	-	-	(910,591)	9.56
Forfeited	-	-	(13,425)	9.56
Expired	-	-	(14,586)	9.56
Outstanding at the end of the year	-	-	-	-
Available to be implemented at the end of the year	-	-	-	-
Taken up during the year (weighted average exercise price)	-	-	910,591	25.07

No SARs were cancelled during the years ended 31 March 2013 and 31 March 2012.

Instruments outstanding at the end of the year by exercise price

	2013		2012	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
9.56	-	-	-	-

Instruments granted during the year

No grants were made during the financial years ended 31 March 2013 and 31 March 2012.

25 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 2013 amounting to R965.5 million (2012: R237.4 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 R13 559 million (2012: R12 143 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 R559.6 million (2012: R228.4 million).

- **Operating lease commitments**

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

	2013 R'000	2012 R'000
Payable in year one	75,615	30,383
Payable in year two	56,339	19,639
Payable in year three	48,897	13,738
Payable in year four	44,877	13,444
Payable in year five	41,267	14,495
Payable after year five	348,780	2,793
	615,775	94,492

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. During the prior year, the group committed to payments in respect of the Seacom contract. These payments have been included in the lease disclosure above.

- **Guarantees**

The group has guarantees from financial institutions of R3 985 million (2012: R3 102 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 R3 026 million (2012: R189 million) for certain term loans (refer note 4).

- **Cash and cash equivalents**

The group has no restricted cash and cash equivalents as at 31 March 2013 (2012: Rnil).

- **Litigation and claims**

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. The matter was heard in the High Court in August 2009. Judgment has been made in favour of MultiChoice, but SARS was successful to apply for leave to appeal. A provision of R23,1 million has been raised in prior years, and is included in provisions.

	2013 R'000	2012 R'000

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 37 for details of foreign currency commitments.

26 Revenue

	2013 R'000	2012 R'000
Subscription revenue	16,711,361	13,379,910
Programming revenue	2,555,807	1,944,526
Hardware and software sales	1,016,583	852,462
Advertising revenue	2,159,723	1,947,787
e-Commerce revenue	12,944	1,174,535
Subscriber management services fees	176,141	132,698
Decoder maintenance revenue	234,695	235,421
Reconnection fees	172,293	119,121
Sub-licencing revenue	257,688	338,124
Other	589,489	359,039
	23,886,724	20,483,623

27 Other gains

	2013 R'000	2012 R'000
Dividends received from Naspers Ltd (listed investment)	4,719	3,822
	4,719	3,822

28 Operating profit

	2013 R'000	2012 R'000
Programme and film rights	6,736,897	5,564,066
Programme guide costs	279,343	292,567
Hardware	2,070,903	1,815,648
e-Commerce	578,550	637,371
Transmission	131,589	183,703
Licence fees	181,402	142,141
Maintenance	496,146	360,847
Sales and marketing	822,319	790,577
Staff costs	2,418,356	2,073,832
- Salaries, wages and bonuses	2,139,050	1,833,176
- Retirement benefit costs	86,970	72,812
- Medical aid fund contributions	57,199	76,684
- Post-retirement benefits	-	1,812
- Share based payment charges	92,530	42,092
- Training costs	42,607	47,256
Consultants	413,226	436,510
Travel costs	162,714	141,514
Depreciation (refer note 4)	668,087	492,450
Amortisation of other intangible assets (refer note 6)	136,938	147,746
Net profit on disposal of intangible assets	(4,638)	(8,362)
Net loss on disposal of property, plant and equipment	7,757	33,511
Administration costs	328,467	305,823
General cost of providing services	973,584	839,873
General overheads	211,885	180,466
Impairment of property, plant and equipment (included in SGA)	60,253	-
Impairment of goodwill	15,571	-
Other	187,535	172,372
Total cost of providing services, distribution costs and administration costs	16,876,884	14,602,655

29 Finance income and costs

	2013 R'000	2012 R'000
Interest received	87,411	145,086
Loans and bank account	87,411	145,086
Interest paid	(266,082)	(153,285)
Loans and bank overdrafts	(139,013)	(141,573)
Discounting of payables	(43,911)	(571)
Finance lease liability	(83,158)	(11,141)
Net finance income	(178,671)	(8,199)

30 Foreign exchange differences

	2013 R'000	2012 R'000
On translation of finance lease liability	(390,532)	(571)
On translation of other assets and liabilities	(136,612)	(256,980)
On revaluation of forward exchange contracts	158,111	183,418
	(369,033)	(74,133)

31 Taxation

	2013 R'000	2012 R'000
South African normal taxation		
Current taxation	2,040,617	1,526,530
- Current year	2,040,730	1,530,684
- Prior year	(113)	(4,154)
Deferred taxation	(216,168)	112,339
- Current year	(220,034)	104,440
- Prior year	3,866	7,899
Foreign taxation	2,364	326
	1,826,813	1,639,195

	2013	2012
Tax rate reconciliation		
Statutory tax rate for the year	28.0%	28.0%
Non-deductible expenses	0.2%	0.2%
Non-taxable income	-0.2%	0.0%
Unprovided timing differences	0.0%	-0.1%
Assessed loss utilised	0.1%	0.1%
Prior year adjustments	0.1%	0.1%
Effective tax rate for the year	28.2%	28.3%

32 Cash generated by operations

	2013 R'000	2012 R'000
Operating profit	7,014,559	5,884,790
Adjusted for:		
- Amortisation of intangible assets	136,938	147,746
- Depreciation	668,087	492,450
- Net profit on disposal of intangible assets	(4,638)	(8,362)
- Net loss on disposal of property, plant and equipment	7,757	33,511
- Share based payment charges	92,530	42,092
- Impairment of goodwill	15,571	-
- Impairment of property, plant and equipment	60,253	-
- Amortisation of hedge reserve	(94,275)	-
- Seacom prepayment	85,644	-
- Ineffective portion of FEC	(6,124)	-
- Dividends received from Naspers Ltd (listed investment)	(4,719)	(3,822)
Operating profit before changes in working capital	7,971,583	6,588,405
Changes in working capital	164,448	(86,417)
Inventory	(13,790)	(43,842)
Programme and film rights	(346,377)	(34,626)
Trade and other receivables	(270,222)	(475,818)
Amounts due from related parties	(312,386)	(158,156)
Trade and other payables	1,068,909	723,336
Share based payment liability	(40,433)	(54,279)
Amounts due to related parties	78,747	(43,032)
	8,136,031	6,501,988

	2013 R'000	2012 R'000

33 Taxation paid

	2013 R'000	2012 R'000
Current taxation asset at the beginning of the year	(74,802)	(93,909)
Charged to profit or loss:	2,042,981	1,526,856
- South African normal current taxation	2,040,617	1,526,530
- Foreign taxation	2,364	326
Current taxation asset at the end of the year	80,778	74,802
	2,048,957	1,507,749

34 Net interest received

	2013 R'000	2012 R'000
Finance income	87,411	145,086
Finance costs	(266,082)	(153,285)
Adjusted for:		
Finance costs accrual on loan from MIH Finance BVI (refer note 23)	(3,203)	35,160
Discounting on programme and film rights (refer note 29)	43,911	571
	(137,963)	27,532

35 Acquisition of property, plant and equipment

	2013 R'000	2012 R'000
Acquisition of property, plant and equipment (refer note 4)	5,003,686	859,342
Adjusted for:		
Non-cashflow acquisitions	(3,688,253)	(105,881)
	1,315,433	753,461

36 Cash flow from investment activities

	2013 R'000	2012 R'000
Acquisition of additional interest in subsidiary (refer note 3)		
Smart Village (Pty) Ltd	(350)	-

37 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 2013 and 31 March 2012.

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.

37.1 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 profit of R167 million (2012: profit of R21 million) has been deferred in a hedging reserve at 31 March 2013. This amount is expected to realise over the next financial year. The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2013 was a net asset of R232 million (2012: R29 million net liability). The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2013 was a net asset of R194 million (2012: R38 million net asset).

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

	2013 R'000	2012 R'000
Assets	425,339	103,580
Non current	53,153	50,636
Current	372,186	52,944
Liabilities	-	(36,640)
Non current	-	(3,298)
Current	-	(33,342)
	425,339	66,940

	2013 R'000	2012 R'000
Movement		
At the beginning of the year	66,940	(501,874)
Fair value hedges	155,546	(22,207)
Cash flow hedges (refer note 16)		
Released to hedged item	(27,907)	121,270
Revaluation	230,760	335,871
At the end of the year	425,339	66,940

The amount recognised in profit or loss due to ineffectiveness as cash flow hedges was R6.0 million (2012: Rnil). As at 31 March 2013 and 31 March 2012, 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:

	2013			2012		
	Foreign currency amount '000	Average rate R	R'000	Foreign currency amount '000	Average rate R	R'000
US Dollar						
Within 1 year	305,597	8.18	2,500,973	300,434	8.76	2,630,954
1 to 2 years	61,000	8.82	538,150	260,037	7.04	1,830,124
	366,597		3,039,123	560,471		4,461,078
Euro						
Within 1 year	-	-	-	-	-	-
	-		-	-		-

The group's forward exchange contracts are used primarily to hedge the Rand against the US dollar. During the financial year ended 31 March 2013, the value of the US dollar increased against the Rand by approximately 20.4% (2012: increased by 13.3%). 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.

	2013		2012	
	Foreign currency amount '000	R'000	Foreign currency amount '000	R'000
Covered commitments				
US dollar	301,891	2,507,691	430,260	3,412,964
Euro	-	-	-	-
Uncovered commitments				
US dollar	1,235,241	11,409,118	1,188,911	9,117,755
Euro	21,131	250,261	32,607	333,682
British pound	6,492	91,176	5,113	62,783

Foreign exchange rates

The exchange rates used by the group are as follows:

	2013		2012	
	Average rate R	Closing rate R	Average rate R	Closing rate R
US dollar	8.5537	9.2364	7.4097	7.6690
Euro	11.0271	11.8433	10.2214	10.2335
British pound	13.5135	14.0443	11.8736	12.2800

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 R174.6 million (2012: R313.7 million). Changes in other equity would increase by approximately R122.2 million (2012: increase by approximately R44.9 million).

37.2 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 2013, 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 2013, 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:

	2013 R'000	2012 R'000
Investments and loans	977,154	770,115
Current receivables	3,041,969	2,482,386
Derivative assets	425,339	103,580
Cash and cash deposits	1,573,671	1,250,723
Guarantees	3,984,567	3,101,855
	10,002,700	7,708,659

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

	2013 R'000	2012 R'000
At the beginning of the year	78,150	76,354
Provision utilised	(57,431)	(45,138)
Additional provision raised	77,603	48,338
Provision released	(2,375)	(1,404)
	95,947	78,150

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

	2013			2012		
	Gross R'000	Provision R'000	Net R'000	Gross R'000	Provision R'000	Net R'000
Neither past due nor impaired	400,769	-	400,769	373,344	-	373,344
30 days and older	235,135	(35,008)	200,127	161,439	(11,082)	150,357
60 days and older	35,508	(17,328)	18,180	28,997	(20,628)	8,369
90 days and older	16,804	(11,850)	4,954	18,774	(17,128)	1,646
120 days and older	39,154	(31,761)	7,393	37,507	(29,312)	8,195
	727,370	(95,947)	631,423	620,061	(78,150)	541,911

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 profit or loss. 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.

37.3 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 2013 and 31 March 2012:

	2013 R'000	2012 R'000
On call	6,895	390,000
Expiring within one year	-	-
Expiring beyond one year	696,000	-
	702,895	390,000

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
2013					
Finance lease liabilities	3,465,274	4,699,711	325,991	1,303,964	3,069,756
Interest bearing loans	860,708	860,708	-	860,708	-
Amounts due to related parties	277,115	277,115	277,115	-	-
Payable for programme and film rights	1,356,601	1,385,770	1,293,294	92,476	-
Trade payables	1,694,356	1,694,356	1,694,356	-	-
Other payables	1,487,096	1,487,096	1,487,096	-	-
Bank overdraft	244,055	244,055	244,055		
	9,385,205	10,648,811	5,321,907	2,257,148	3,069,756
2012					
Finance lease liabilities	101,988	122,532	122,532		-
Amounts due to related parties	198,368	198,368	198,368	-	-
Payable for programme and film rights	978,635	978,635	866,843	111,792	-
Derivative liability	36,640	36,640	33,342	3,298	-
Trade payables	1,417,746	1,820,661	1,820,661	-	-
Other payables	2,444,871	2,444,871	2,444,871	-	-
	5,178,248	5,601,707	5,486,617	115,090	-

37.4 Interest rate risk

The interest rate profile of the group's borrowings is as follows. As at 31 March 2013, 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.

	2013		2012	
	Balance outstanding R'000	Interest rate %	Balance outstanding R'000	Interest rate %
Finance lease liabilities				
- Transmission equipment and satellites	3,465,274	4.50%	89,089	8.20%
- Land and buildings	-	0%	12,899	17%
Nedbank facility	860,708	6.98%	-	0.00%
	4,325,982		101,988	

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 and the Nedbank credit facility as these carry interest at variable rates. An increase/(decrease) in interest rates of 1% would result in increased/(decreased) interest income of R15.7 million (2012: R12.5 million) and increased/(decreased) interest costs of R11 million (2012: Rnil million).

37.5 Price risk

The only significant exposure that the group has to price risk is in respect of it's investment in Naspers Ltd shares. A 10% increase/(decrease) in the Naspers Ltd share price would result in an increase/(decrease) in the carrying amount of the investment of R81.7 million (2012: R63.8 million).

37 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
2013						
Assets						
Available-for-sale investments	816,517	816,517	-	176,572	6,208	-
Related parties receivables	1,009,918	1,009,918	20,488	-	3,203	-
Trade receivables	631,423	631,423	5,394	-		55,115
Other receivables	691,261	691,261	130,175	-	414	-
Derivative assets						
- Fair value hedges	425,339	425,339	267,771	-	-	-
Cash and cash equivalents	1,573,671	1,573,671	70,571	-	76,600	-
	5,148,129	5,148,129	494,399	176,572	86,425	55,115
Non financial assets	13,003,786					
	18,151,915					
Liabilities						
Finance lease liabilities	3,465,274	3,465,274	(390,532)	-	(83,158)	-
Long term loan	860,708	860,708			(709)	
Related party payables	277,115	277,115	(412)	-	(51,020)	-
Derivative liability						
- Fair value hedges	-	-	-	-	-	-
- Cash flow hedges	-	-		-	-	-
Payable for programme and film rights	1,356,601	1,356,601	(163,688)	-	(43,911)	-
Trade payables	1,694,356	1,694,356	(98,536)	-	(74,363)	-
Other payables	1,487,096	1,487,096	(2,550)	-	(14)	-
Bank overdraft	244,055	244,055	-	-	(3,643)	-
	9,385,205	9,385,205	(655,718)	-	(256,818)	-
Non financial liabilities	1,665,047					
	11,050,252					

The carrying amounts of all financial instruments approximate their fair values.

	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
2012						
Assets						
Available-for-sale investments	638,161	638,161	-	99,005	-	-
Related parties receivables	711,590	711,590	12,017	-	6,599	-
Trade receivables	541,911	541,911	-	-	541	(1,796)
Other receivables	214,508	214,508	-	-	214	-
Derivative assets						
- Fair value hedges	103,580	103,580	-	-	-	-
Cash and cash equivalents	1,250,723	1,250,723	-	-	137,732	-
	3,460,473	3,460,473	12,017	99,005	145,086	(1,796)
Non financial assets	9,121,599					
	12,582,072					
Liabilities						
Finance lease liabilities	101,988	101,988	(571)	-	(11,141)	-
Related party payables	198,368	198,368	(962)	-	(35,160)	-
Derivative liability						
- Fair value hedges	65,608	65,608	183,418	-	-	-
- Cash flow hedges	(28,968)	(28,968)	-	(457,141)	-	-
Payable for programme and film rights	978,635	978,635	-	-	(571)	-
Trade payables	1,417,746	1,417,746	(2,309)	-	(1,418)	-
Other payables	1,394,955	1,394,955	(577)	-	(1,395)	-
Bank overdraft	-	-	-	-	(103,600)	-
	4,128,332	4,128,332	178,999	(457,141)	(153,285)	-
Non financial liabilities	1,360,960					
	5,489,292					

The carrying amounts of all financial instruments approximate their fair values.

Of the instruments listed above, the available-for-sale investments of R816.5 million (2012: R638.2 million) are classified as level 1 financial instruments and the derivative assets of R425.3 million (2012: R103.6 million) and liabilities of Rnil million (2012: R36.6 million) are classified as level 2 financial instruments. There were no transfers between level 1 and level 2 financial instruments during the year.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

38 Comparative figures

Certain comparative figures have been reclassified to conform with changes in presentation in the current year. The changes made were reclassifications of amounts for disclosure purposes and have no effect on the 2012 retained earnings figures.

ANALYSIS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
for the year ended 31 March 2013

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 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.

	Effective holding (%)		
Entity name	**2013**	**2012**	**Nature of business**
Subsidiaries			
Africa Airtime Sales (Pty) Ltd *	100	100	Commercial air-time sales
CommerceZone (Pty) Ltd	100	100	Online retailer and procurement
Electronic Media Network (Pty) Ltd	100	100	Pay TV content provider
Huntley Holdings (Pty) Ltd	100	100	Investment holding company
Huntley Internet Services (Pty) Ltd	100	100	Internet service provider (Dormant)
I-Tran (Pty) Ltd	100	100	Online banking platform (Dormant)
I-Tran Systems (Pty) Ltd	100	100	Online banking platform (Dormant)
Jellybean Interactive (Pty) Ltd	60	60	Online electronics retailer (Dormant)
NMS Properties (Pty) Ltd	100	100	Property holding company
M-Ore (Pty) Ltd	100	100	Internet service and content provider
MSS Local Productions Nigeria Ltd *	100	100	Pay TV services in Africa
MultiChoice (Pty) Ltd (formerly Multichoice Africa (Pty) Ltd)	100	100	Subscription television
MultiChoice Investments (Pty) Ltd	100	100	Investment holding company
MultiChoice Mobile Operations (Pty) Ltd	100	100	Mobile platform management services
MultiChoice Operations (Pty) Ltd	100	100	Subscriber management services
MultiChoice Rentals (Pty) Ltd	100	100	Decoder rental (Dormant)
MultiChoice South Africa (Pty) Ltd	100	100	Investment holding company
MultiChoice Technical Operations (Pty) Ltd	100	100	Subscription television technical support
M-Web Connect (Pty) Ltd	100	100	Internet service provider
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	84.38	80.63	Gated community infrastructure
Smart Village Mauritius Ltd	100	100	Gated community infrastructure
SSI Interprop Holdings Ltd	100	100	International licencing and franchising activities
SuperSport International (Pty) Ltd	100	100	Pay TV content provider
SuperSport International Holdings (Pty) 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
MultiChoice Support Services (Pty) Ltd (formerly Digital Mobile Television (Pty) Ltd)	100	0	Mobile TV provider
DStv Media Sales (Pty) Ltd (previously Oracle Airtime Sales (Pty) Ltd)	100	100	Commercial air-time sales
MultiChoice Enterprise Development Trust	100	100	Enterprise Development

* 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 2013

Entity name	Effective holding (%) 2013	2012	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 Supplies (Pty) Ltd	50	50	Decoder rental (Dormant)
MultiChoice Eastern Cape (Pty) Ltd	50	50	Subscription television
NMS Communications (Pty) Ltd	50	50	Network and facility maintenance
Smart Village at Heritage Hill (Pty) Ltd	50	50	Gated community infrastructure
Smart Village at Waterfall (Pty) Ltd	55	55	Gated community infrastructure
Smart Village at Xanadu Joint Venture (Pty) Ltd	50	50	Gated community infrastructure
Smart Village at Century Online (Pty) Ltd	50	50	Gated community infrastructure
Western Cape Cricket (Pty) Ltd	50	50	Professional sports team
Western Province Professional Cricket (Pty) Ltd	50	50	Professional sports team

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

Entity name	2013	2012	Nature of business
Associates			
Vodacom Cheetahs (Pty) Ltd ***	8.16	8.16	Professional sports team
Freestate Cheetahs (Pty) Ltd	24.5	24.5	Professional sports team
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 profit or loss of joint ventures.

	2013 R'000	2012 R'000
Financial position		
Non-current assets	7,761	23,935
Current assets	137,431	136,851
Total assets	145,192	160,786
Total non-current liabilities	329	331
Total current liabilities	135,790	146,934
Total liabilities	136,119	147,265
Total shareholders' equity	9,073	13,521
Total equity and liabilities	9,073	13,521
Profit or loss		
Revenue	36,140	44,546
Net (loss)/profit	3,443	(2,069)

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

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

	Note	2013 R'000	2012 R'000
ASSETS			
Non current assets		16,875,000	16,875,000
Investment in subsidiary	2	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	3	34	34
Share premium	3	16,874,966	16,874,966
		16,875,000	16,875,000

The notes on page 75 are an integral part of these annual financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2013

	2013 R'000	2012 R'000
Dividends received	5,000,000	6,000,000
Taxation	-	-
Net profit and comprehensive income for the year	5,000,000	6,000,000

The notes on page 75 are an integral part of these annual financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2013

	Number of shares	Share capital R'000	Share premium R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2011	337,500,000	34	16,874,966	-	16,875,000
Net profit and comprehensive income for the year	-	-	-	6,000,000	6,000,000
Dividends paid	-	-	-	(6,000,000)	(6,000,000)
Balance at 31 March 2012	337,500,000	34	16,874,966	-	16,875,000
Balance at 1 April 2012	337,500,000	34	16,874,966	-	16,875,000
Net profit and comprehensive income for the year	-	-	-	5,000,000	5,000,000
Dividends paid	-	-	-	(5,000,000)	(5,000,000)
Balance at 31 March 2013	337,500,000	34	16,874,966	-	16,875,000

The notes on page 75 are an integral part of these annual financial statements.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 March 2013

	2013 R'000	2012 R'000
Cash flow from operating activities	-	-
Dividends received	5,000,000	6,000,000
Dividends paid	(5,000,000)	(6,000,000)
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	-	-

The notes on page 75 are an integral part of these annual financial statements.

	2013 R'000	2012 R'000

1 Additional accounting policies

Investment in a subsidiary is accounted for at cost less accumulated impairment in the company's financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The company did not acquire or dispose of any subsidiaries during the current year.

2 Investment in subsidiary

Unlisted investment - At cost less accumulated impairment

	2013 R'000	2012 R'000
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.

3 Share capital and premium

Share capital

	2013 R'000	2012 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

	2013 R'000	2012 R'000
Share premium	16,874,966	16,874,966

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 the Companies Act.

4 Subsequent events

No events have occurred subsequent to 31 March 2013 and up to the date of signing that have required further adjustment or disclosure in these annual financial statements.

5 Dividends per share

A dividend of R14.81 per share has been declared and paid during the current year .