PHUTHUMA NATHI INVESTMENTS 2 (RF) LIMITED

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

MULTICHOICE
PHUTHUMA NATHI
SHARE THE FUTURE

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

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:	2006/036320/06
Registered address:	251 Oak Avenue Randburg 2194
Postal address:	P O Box 1502 Randburg 2125
Auditors:	PricewaterhouseCoopers Inc.

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CERTIFICATE BY THE COMPANY SECRETARY
for the year ended 31 March 2014

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, I, Lurica Jineanne Klink, in my capacity as company secretary of Phuthuma Nathi Investments 2 (RF) Limited, confirm that the company has, for the year ended 31 March 2014, lodged all returns and notices required of a public company with the Companies and Intellectual Property Commission, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

L J Klink
Company secretary
6 June 2014

DIRECTORS' STATEMENT OF RESPONSIBILITY
for the year ended 31 March 2014

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Phuthuma Nathi Investments 2 (RF) Limited. The financial statements presented on pages 7 to - 21 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 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 company to enable the directors to ensure that the financial statements comply with the relevant legislation.

The company 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 company 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 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 6.

The financial statements were approved by the board of directors on 6 June 2014 and are signed on its behalf by:

DIRECTOR

DIRECTOR

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2014

As the company's only asset is an investment in MultiChoice South Africa Holdings Proprietary Limited, the board deems it appropriate that all its members be appointed to the audit committee. 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 discharged the functions ascribed to it 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 Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, 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;
- Verified the independence of the external auditors and nominated PricewaterhouseCoopers Inc. as the auditors for 2014 and noted the appointment of Mrs SN Madikane as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- No non-audit services have been provided by the external auditors.

MEMBERS OF THE AUDIT COMMITTEE

The audit committee consists of the non-executive directors of the company. All the members act independently as described in section 94 of the Act. All committee members served on the committee for the full financial year.

Name of committee member	**Qualifications**
PO Goldhawk	Chartered Accountant (SA)
M Langa	Diploma in Offset Litho Printing (London College of Printing) and Certificate in Periodical Journalism (University of London)
CP Mack	LLB - University of Cape Town

ATTENDANCE

The external auditors, in their capacity as auditors to the company, attended and reported at the meeting of the board and audit committee. Relevant senior managers attended meetings by invitation.

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the 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 Chief Financial Officer and the finance function met the company'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 the Act. The board concurred with this assessment.

PO Goldhawk
On behalf of the audit committee of the board
6 June 2014

DIRECTORS' REPORT
for the year ended 31 March 2014

Nature of operations

Phuthuma Nathi Investments 2 (RF)Limited was incorporated on 21 Nov 2006 under the laws of the Republic of South Africa. The principal activities of Phuthuma Nathi Investments 2 (RF) Limited are to:

a) carry on the main business of holding only MultiChoice South Africa Holdings Proprietary Limited ordinary shares, cash and such assets as are received and acquired solely by virtue of or in relation to the holding of MultiChoice South Africa Holdings Proprietary Limited ordinary shares, and

b) receive and distribute dividends and other distributions in terms of its holding in MultiChoice South Africa Holdings Proprietary Limited.

Operating and financial review

The financial results of the group are set out on pages 7 - 21.

Share capital

Refer to note 4 for details of the authorised and issued share capital.

Dividends

The board recommends that dividends of 165.93 cents per ordinary share and 165.60 per preference share be declared (2013: 142.22 cents per ordinary share and per preference share), as well as a special dividend of 801.28 cents per ordinary share and nil cents per preference share (2013: 124.44 cents per ordinary and per preference share)

Directors, secretary and auditors

The directors of the company are listed below and the company secretary is Ms L Klink, who was appointed on 1 February 2013.The registered address and postal address for the secretary is the same as those of the company as detailed on page 1.

Name	Date last appointed	Category
CP Mack	1 September 2011	Independent, non-executive
M Langa	20 September 2010	Independent, non-executive
PO Goldhawk	5 September 2012	Independent, non-executive

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 94 of the South African Companies Act.

Subsequent events

No events have occurred subsequent to 31 March 2014 and up to the date of signing these financial statements that have required the company to disclose or adjust the results as presented in these annual financial statements.

Signed on behalf of the board:

M Langa
Chairman
6 June 2014

pwc

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PHUTHUMA NATHI INVESTMENTS 2 (RF) LIMITED

We have audited the annual financial statements of Phuthuma Nathi Investments 2 (RF) Limited, as set out on pages 7 to 18 which comprise the statement of financial position as at 31 March 2014, the statement of profit or 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 financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Phuthuma Nathi Investments 2 (RF) Limited as at 31 March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Other reports required by the Companies Act

As part of the audit of the financial statements for the year ended 31 March 2014, 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 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: SN Madikane
Registered Auditor
Johannesburg

6 June 2014

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STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Notes	2014 R'000	2013 R'000
ASSETS			
Non-current assets		1 486 092	1 429 335
Investment in associate	3	1 486 092	1 429 335
Current assets		15 921	12 821
Other receivables		1 098	81
Cash and cash equivalents	14	14 823	12 740
Total assets		1 502 013	1 442 156
EQUITY AND LIABILITIES			
Capital and reserves		1 342 081	1 058 642
Share capital and premium	4	225 000	225 000
Other reserves		141 914	202 296
Accumulated profit		975 167	631 346
Non-current liabilities		90	82 316
Long-term liabilities	5	90	82 316
Current liabilities		159 842	301 198
Current portion of long-term liabilities	5	144 761	286 808
Other payables	6	15 081	14 390
Total equity and liabilities		1 502 013	1 442 156

The notes on pages 12 - 21 are an integral part of these annual financial statements

STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2014

	Note	2014 R'000	2013 R'000
Revenue	7	5 120	8 865
Operating expenses	9	(2 595)	(4 492)
Operating profit		2 525	4 373
Finance costs	8	(15 727)	(31 978)
Finance income	8	700	342
Share of equity accounted results of associate	3	417 139	309 525
Profit before taxation		404 637	282 262
Taxation	10	(818)	(1 336)
Net profit for the year		403 819	280 926

The notes on pages 12 - 21 are an integral part of these annual financial statements

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2014

	Note	2014 R'000	2013 R'000
Net profit for the year		403 819	280 926
Share of changes in associate's other equity items	3	(60 382)	24 579
Total comprehensive income for the year		343 437	305 505

The notes on pages 12 - 21 are an integral part of these annual financial statements

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014

	Share capital and premium R'000	Other reserves * R'000	Accumulated profit R'000	Total R'000
Balance at 1 April 2012	225 000	177 717	377 087	779 804
Total comprehensive income for the year	-	24 579	280 926	305 505
Dividend paid	-	-	(26 667)	(26 667)
Balance at 31 March 2013	225 000	202 296	631 346	1 058 642
Balance at 1 April 2013	225 000	202 296	631 346	1 058 642
Total comprehensive income for the year	-	(60 382)	403 819	343 437
Dividend paid	-	-	(59 998)	(59 998)
Balance at 31 March 2014	225 000	141 914	975 167	1 342 081

The notes on pages 12 - 21 are an integral part of these annual financial statements

* Other reserves consist of the company's share of its associate's existing control business combination reserve, fair value reserve, foreign currency translation reserve, hedging reserve and share-based payment reserve.

STATEMENT OF CASH FLOWS
for the year ended 31 March 2014

	Note	2014 R'000	2013 R'000
Cash flow from operating activities		301 422	340 414
Cash generated from operations	11	1 422	7 081
Dividends received	3	300 000	333 333
Cash utilised in financing activities		(299 339)	(333 192)
Dividends paid to ordinary shareholders	15	(59 998)	(26 667)
Dividends paid on cumulative redeemable preference shares	15	(239 341)	(306 525)
Movement in cash for the year		2 083	7 222
Cash and cash equivalents at the beginning of the year		12 740	5 518
Cash and cash equivalents at the end of the year	14	14 823	12 740

The notes on pages 12 - 21 are an integral part of these annual financial statements

1 Summary of significant accounting policies

The annual financial statements are presented in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements. The financial statements are prepared according to the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the entity'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 profit or loss 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 details of estimates, assumptions and judgements used.

1.1 Investments in associate

Associates are all entities over which the company has significant influence but 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 or loss of the investee after the date of acquisition. The company's investments in associates includes goodwill identified on acquisition.

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 is reclassified to profit or loss where appropriate.

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

The company determines at each reporting date whether there is any objective evidence that the investment in the associate has been impaired. If this is the case, the company calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of equity accounted results of associates" in the income statement.

Profits or losses resulting from upstream and downstream transactions between the company and its associate are recognised in the company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated, unless the loss provides evidence of impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the company.

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

1.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

1.3 Share capital

Ordinary shares are classified as equity.

1.4 Financial assets

The company classifies its financial assets as 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. At 31 March 2013 and 2014, the company had no financial assets carried at fair value through profit or loss, or available for sale financial assets.

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 12 months after the end of the reporting period. The company's loans and receivables comprise "other receivables".

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The company assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or 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 that has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, 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 income statement.

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, the reversal of the previously recognised impairment loss is recognised in the income statement.

1.5 Financial liabilities

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Cumulative redeemable preference shares

The cumulative redeemable preference shares are classified as debt. The liability is initially recorded at fair value, net of transaction costs incurred. These liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Other payables

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

1.6 Current and deferred income tax

The tax expense for the year comprises current tax. Tax is recognised in the income statement, 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 reporting date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the reporting date is 28%. Deferred tax liabilities at 31 March 2014 have been calculated using this rate, being the rate that the entity expects to apply to the periods when the liabilities are settled.

1.7 Revenue recognition

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

Revenue from rendering of services relates to administrative fees charged for facilitation of share transactions. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies have been resolved.

1.8 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.9 Dividend distributions

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

1.10 New standards and interpretations

Standards, amendments and interpretations effective and adpoted in 2014

- Proposed amendments to IAS 1, *'Presentation of Financial Statements'*(effective 1 April 2012)
- IFRS 10, *'Consolidated financial statements'* (effective 1 April 2013)
- IFRS 11, *'Joint arrangements'* (effective 1 April 2013)
- IFRS 12, *'Disclosures of interests in other entities'* (effective 1 April 2013)
- IFRS 13, *'Fair value measurement'* (effective 1 April 2013)
- IAS 27 (revised 2011), *'Separate financial statements'* (effective 1 April 2013)
- IAS 28 (revised 2011), *'Associates and joint ventures'* (effective 1 April 2013)

Interpretations early adopted by the company

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

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

- IFRS 9,*'Financial Instruments'* (effective 1 April 2015)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective 1 Jan 2014)
- IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (effective 1 Jan 2014)
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 Jan 2014)
- IFRS 10, IFRS 12 and IAS 27 – Investment Entities (effective 1 Jan 2014)

None of these standards or interpretations are expected to have a significant financial impact on the company.

	2014 R'000	2013 R'000

2 Critical accounting estimates

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 company applies judgement when assessing the impairment of goodwill included in its investment in associate carrying amount (refer to note 3).

3 Investment in associate

The company has a 6.67% interest in MultiChoice South Africa Holdings Proprietary Limited, a company incorporated in South Africa. This is an unlisted investment.

	2014 R'000	2013 R'000
Movement in carrying amount		
At the beginning of the year	1 429 335	1 428 564
Share of net profit	417 139	309 525
Share of changes in other reserves	(60 382)	24 579
Dividends received	(300 000)	(333 333)
At the end of the year	1 486 092	1 429 335
Analysis of carrying amount		
Cost	1 125 000	1 125 000
Share of post-acquisition reserves	361 092	304 335
	1 486 092	1 429 335

The cost of the investment in associate includes goodwill of R1.0 billion.

Although the company holds less than 20% of the equity shares in MultiChoice South Africa Holdings Proprietary Limited, it exercises significant influence by virtue of its contractual right to appoint directors to the board of directors of that company and has the power to participate in the financial and operating policy decisions of MultiChoice South Africa Holdings Proprietary Limited.

There has been no objective evidence of impairment of the associate in the current or prior years.

Summarised financial information of unlisted associate as per its annual financial

	2014 R'000	2013 R'000
Total assets	20 087 344	18 151 915
Total liabilities	12 119 654	11 050 252
Revenue	27 464 776	23 886 724
Net profit	6 295 719	4 637 175

The company's associate had no contingent liabilities as at 31 March 2014 and 2013.

	2014 R'000	2013 R'000

4 Share capital and premium

	2014 R'000	2013 R'000
Authorised		
90 000 000 ordinary shares of R0.0000001 each	*	*
Issued (and fully paid up)		
22 500 000 ordinary shares of R0.0000001 each	*	*
Share premium	225 000	225 000
	225 000	225 000

* Amount less than R1 000.

Capital management

The company'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.

5 Long-term liabilities

	2014 R'000	2013 R'000
90 000 000 variable rate, cumulative redeemable preference shares of R0.001 each	90	90
Share premium	144 761	369 034
Current portion of long-term liabilities	(144 761)	(286 808)
	90	82 316

These preference shares bear interest at 75% of the prime rate, compounded monthly. There are no fixed terms of payment of interest. Interest payments will be made upon approval by the directors. During the current year, an interest expense of R16 million (2013: R32 million) has been accrued. The preferences shares are held by MIH Holdings Limited. The carrying amount at armotised cost approximates the fair value of these instruments. These preference shares are redeemable on any of the following preference redemption dates:

- compulsorily after 10 years or such extended period as permitted by the preference shareholders
- after a trigger event as defined in the preference shareholders' agreement at the option of the preference shareholders, or
- compulsorily after three years out of sufficient cash resources.

6 Other payables

	2014 R'000	2013 R'000
STT and VAT	97	389
Accrued expenses	199	149
Amounts due to related party (refer to note 12)	10 534	8 269
Ordinary shareholders for dividends	1 210	551
Amounts owing to investors (refer to note 14)	2 122	4 376
Other payables	919	656
	15 081	14 390

		2014 R'000	2013 R'000
7	**Revenue**		
	Administration fee for services rendered	5 120	8 865
8	**Finance costs - net**		
	Interest on preference shares	15 727	31 978
	Interest paid	-	-
		15 727	31 978
	Interest received - bank	(700)	(342)
		(700)	(342)
	Finance costs - net	15 027	31 636
9	**Operating profit**		
	The following items have been charged in arriving at operating profit:		
	Audit fees	53	50
	Administration costs	2 542	4 432
	Other income	-	10
		2 595	4 492
10	**Taxation**		
	South African normal taxation- current year	903	1 321
	South African normal taxation- prior year	(85)	15
	STC - current year	-	-
	STC - prior years	-	-
		818	1 336
	Tax rate reconciliation		
	Statutory tax rate	28.0%	28.0%
	Non-taxable income	-28.9%	-30.7%
	Non-deductible expenditure	1.1%	3.2%
	Secondary tax on companies	0.0%	0.0%
	Effective tax rate	0.2%	0.5%

	2014 R'000	2013 R'000

11 Cash generated from operations

	2014 R'000	2013 R'000
Profit before taxation	404 637	282 262
Adjusted for:		
- Share of net profit of associate	(417 139)	(309 525)
- Finance costs	15 727	31 978
	3 225	4 715
Changes in working capital:		
- Other receivables	(1 017)	(22)
- Payables	(786)	2 388
	1 422	7 081

12 Related parties

Amount due to related party - current

	2014 R'000	2013 R'000
MultiChoice (Pty) Ltd	10 534	8 269

This balance is unsecured, interest-free and has no fixed terms of repayment.

The directors hold in aggregate 134 276 (2013: 194 276) ordinary shares in the company. No directors' fees or remuneration have been paid to the directors of the company. Consulting fees paid to directors by other related parties amount to R117 500 (2013: R175 000)

13 Financial risk management

The company's activities expose it to a variety of financial risks, specifically interest rate risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the board of directors.

Foreign exchange, price and credit risk

The company is not exposed to any significant foreign exchange, price or credit risk.

Interest rate risk

The company's interest rate risk arises from its long-term borrowings issued at a variable interest rate. Based on simulations performed, the impact on profit or loss of a 100 basis-point increase in the prime interest rate would be a decrease of R2.8m (2013: R6.3m).

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

			2014 R'000	2013 R'000
	Carrying amount R'000	Contractual cash flows R'000	0-12 months R'000	1-5 years R'000
2014				
Cumulative redeemable preference shares	144 851	149 823	149 823	-
Other payables	1 118	1 118	1 118	-
Ordinary shareholders for dividends	1 210	1 210	1 210	-
Amounts owing to investors	2 122	2 122	2 122	-
Amount due to related party	10 534	10 534	10 534	-
	159 835	164 807	164 807	-
2013				
Cumulative redeemable preference shares	369 124	369 124	301 333	67 791
Other payables	805	805	805	-
Amounts owing to investors	4 376	4 376	4 376	-
Ordinary shareholders for dividends	551	551	551	-
Amount due to related party	8 269	8 269	8 269	-
	383 125	383 125	315 334	67 791

13 Financial risk management (continued)

Fair value of financial instruments	Carrying amount R'000	Fair value R'000	Interest income / (expense) R'000
2014			
Assets			
Other receivables	1 098	1 098	-
Cash and cash equivalents	14 823	14 823	700
	15 921	15 921	700
Non-financial assets	1 486 092		
Total assets	1 502 013		
Liabilities			
Cumulative redeemable preference shares	144 851	144 851	(15 727)
Other payables	1 118	1 118	-
Amounts owing to investors	2 122	2 122	-
Ordinary shareholders for dividends	1 210	1 210	-
Amount due to related party	10 534	10 534	-
	159 835	159 835	(15 727)
Non-financial liabilities	97		
Total liabilities	159 932		

		2014 R'000	2013 R'000
2013			
Assets			
Other receivables	81	81	-
Cash and cash equivalents	12 740	12 740	342
	12 821	12 821	342
Non-financial assets	1 429 335		
Total assets	1 442 156		
Liabilities			
Cumulative redeemable preference shares	369 124	369 124	(31 978)
Other payables	805	805	-
Amounts owing to investors	4 376	4 376	-
Ordinary shareholders for dividends	551	551	-
Amount due to related party	8 269	8 269	-
	383 125	383 125	(31 978)
Non-financial liabilities	389		
Total liabilities	383 514		

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

14 Cash and cash equivalents

	2014	2013
Cash and cash equivalents	14 823	12 740

Cash and cash equivalents includes cash of R2.1 million (2013: R4.4 million) which relates to cash held on behalf of investors.

15 Dividends per share

During the year dividend of 142.22 cents per ordinary share and per preference share were declared (2013: 118.52 per ordinary share and per preference share), as well as a special dividend of 124.44 cents per ordinary and per preference share (2013: 222.22 cents per preference share).

16 Subsequent events

No events have occurred subsequent to 31 March 2014 and up to the date of signing these financial statements that have required the company to disclose or adjust the results presented in these annual financial statements.