MULTICHOICE SOUTH AFRICA HOLDINGS (PROPRIETARY) LIMITED

GROUP ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2010

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for the year ended 31 March 2010

COMPANY INFORMATION

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

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DIRECTORS' STATEMENT OF RESPONSIBILITY
for the year ended 31 March 2010

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 5 to 76 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

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

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

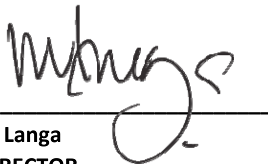
The group operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business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

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

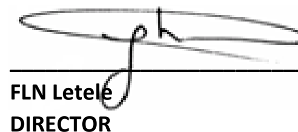
The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe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

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

The financial statements were approved by the board of directors on 4 June 2010 and are signed on its behalf by:



M Langa
DIRECTOR



FLN Letele
DIRECTOR

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2010

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

FUNCTIONS OF THE AUDIT COMMITTEE

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

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- Reviewed the external audit reports on the annual financial statements;
- Approved the internal audit charter and audit plan;
- Reviewed the internal audit and risk management reports, and, where relevant, recommendations being made to the board.
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors, nominated PricewaterhouseCoopers as the auditors for 2011 and noted the appointment of Mr KJ Dikana as the designated auditor;
- Approved the audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed hereunder and meets at least three times per annum in accordance with the audit committee charter. All members act independently as described in section 269A of the Companies Act. During the year under review the following four meetings were held.

5 June 2009 - DG Eriksson (Chairman) and FG Sampson attended.
8 September 2009 - DG Eriksson (Chairman) and FG Sampson attended.
5 November 2009 - DG Eriksson (Chairman) and FG Sampson attended.
24 March 2010 - DG Eriksson (Chairman) and FG Sampson attended.

INTERNAL AUDIT

The audit committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the audit committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

ATTENDANCE

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

CONFIDENTIAL MEETINGS

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

INDEPENDENCE OF EXTERNAL AUDITORS

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

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

We have audited the group annual financial statements and the annual financial statements of MultiChoice South Africa Holdings (Proprietary) Limited, which comprise the directors' report, the consolidated and separate statements of financial position as at 31 March 2010, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 76.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of the company as at 31 March 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: KJ Dikana
Registered Auditor
Johannesburg

4 June 2010

DIRECTORS' REPORT
for the year ended 31 March 2010

NATURE OF OPERATIONS

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

OPERATING AND FINANCIAL REVIEW

The MCSAH group of companies achieved an increase in earnings of 19% (2009: 24%) and in revenue of 18% (2009: 38%) 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 slow down in the general economic environment.

SHARE CAPITAL

The authorised share capital at 31 March 2010 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 2010 the group's investment in property, plant and equipment amounted to R1 725 million (2009: R1 499 million), of which R581 million (2009: R522 million) was added in the current year through additions.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R323.5 million (2009: R167.4 million) These commitments have been approved by the boards of directors of the various group companies.

DIVIDENDS

A dividend of R900 million (2009: R780 million) was paid in the current year. The dividend paid was 266.7 cents per share (2009: 231.1 cents per share). The board recommends that an ordinary dividend of R1.2 billion be declared (355.6 cents per share) and that a special dividend of R1.5 billion be declared (444.4 cents per share).

GROUP

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

The name, country of incorporation and effective financial percentage interest in each of the group's principal subsidiaries, joint ventures and associates are disclosed in an appendix to these financial statements on pages 70 - 71.

There were no significant acquisitions or divestitures during the year ended 31 March 2010. For details relating to significant acquisitions and divestitures in the group for the prior year, refer to note 3 to the group annual financial statements.

DIRECTORS' REPORT
for the year ended 31 March 2010

DIRECTORS, SECRETARY AND AUDITORS

The company's directors are as follows:

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

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

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

BORROWINGS

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

SUBSEQUENT EVENTS

No events have occurred subsequent to 31 March 2010 that have required MCSAH to disclose or adjust the results as presented in these annual financial statements.

GROUP STATEMENT OF FINANCIAL POSITION
as at 31 March 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non current assets		6 711 617	6 689 966
Property, plant and equipment	4	1 724 874	1 498 782
Goodwill	5	3 425 704	3 425 704
Other intangible assets	6	502 442	890 304
Investment in associates	7	56 451	52 300
Available-for-sale investments	8	474 089	249 797
Derivative asset	34	-	55 178
Deferred taxation asset	9	423 003	381 559
Amounts due from related parties	22	105 054	136 342
Current assets		6 527 370	4 369 992
Inventory	10	121 105	31 971
Programme and film rights	11	1 297 781	1 069 270
Trade receivables	12	457 800	432 592
Other receivables	13	803 025	899 432
Amounts due from related parties	22	352 735	357 159
Derivative asset	34	-	320 400
Current taxation asset		10 786	-
Cash and cash equivalents	14	3 484 138	1 259 168
Total assets		13 238 987	11 059 958
EQUITY AND LIABILITIES			
Capital and reserves		7 678 203	5 928 563
Share capital and premium	15	17 216 270	17 216 270
Other reserves	16	(14 948 269)	(14 735 523)
Retained earnings	17	5 413 346	3 447 014
Attributable to equity holders of the group		7 681 347	5 927 761
Minority interest		(3 144)	802
Non current liabilities		450 428	973 943
Finance lease liabilities	18	173 996	449 008
Long-term liabilities	19	-	599
Share based payment liability	23	59 141	100 700
Derivative liability	34	98 273	29 789
Deferred taxation liability	9	119 018	393 847
Current liabilities		5 110 356	4 157 452
Current portion of finance lease liabilities	18	199 020	219 011
Current portion of long-term liabilities	19	348	747
Payable for programme and film rights	19	735 941	850 035
Trade payables		1 001 739	935 962
Provisions	20	23 100	23 100
Other payables	21	2 087 376	1 570 084
Share based payment liability	23	106 823	99 141
Amounts due to related parties	22	454 956	397 909
Derivative liability	34	480 952	27 512
Current taxation liability		-	32 410
Bank overdraft	14	20 101	1 541
Total equity and liabilities		13 238 987	11 059 958

The notes on pages 12 to 71 are an integral part of these group annual financial statements.

GROUP STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2010

	Note	2010 R'000	2009 R'000
Revenue	25	14 468 302	12 280 864
Cost of providing services and sale of goods		(6 941 162)	(6 831 681)
Selling, general and administration costs		(3 588 506)	(2 037 383)
Other gains	26	2 814	87 612
Operating profit	27	3 941 448	3 499 412
Finance income	28	197 723	118 592
Finance costs	28	(150 376)	(151 697)
Foreign exchange differences	29	(59 348)	(73 785)
Share of equity-accounted investments	7	(1 243)	(2 348)
Profit before taxation		3 928 204	3 390 174
Taxation	30	(1 065 818)	(985 125)
Net profit for the year		2 862 386	2 405 049
Attributable to:			
Equity holders of the group		2 866 332	2 409 387
Minority interest		(3 946)	(4 338)
		2 862 386	2 405 049

The notes on pages 12 to 71 are an integral part of these group annual financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2010

	Note	2010 R'000	2009 R'000
Net profit for the year		2 862 386	2 405 049
Increase in existing control business combination reserve as a result of the acquisition of a joint venture *		-	6 506
Changes in value of available-for-sale investments *	8	229 640	25 002
Foreign currency translations			
- Net (loss)/gain, gross		(18 694)	9 026
- Net (loss)/gain, tax portion		5 234	(2 527)
Changes in value of cash flow hedges			
- Net fair value gain, gross		(638 619)	(24 248)
- Net fair value gain, tax portion		186 793	6 789
Share based compensation movements *	23	22 900	33 568
Total comprehensive income		2 649 640	2 459 165
Attributable to:			
Equity holders of the group		2 649 640	2 459 165
Minority interest		-	-
		2 649 640	2 459 165

The notes on pages 12 to 71 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 2010

			Other reserves								
	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	Minority interest R'000	Total R'000
Balance at 1 April 2008	337 500 000	17 216 270	(15 125 587)	146 155	13 930	146 241	29 622	1 817 627	**4 244 258**	5 140	**4 249 398**
Comprehensive income	-	-	6 506	25 002	6 499	(17 459)	33 568	2 409 387	**2 463 503**	(4 338)	**2 459 165**
Dividends paid	-	-	-	-	-	-	-	(780 000)	**(780 000)**	-	**(780 000)**
Balance at 31 March 2009	337 500 000	17 216 270	(15 119 081)	171 157	20 429	128 782	63 190	3 447 014	**5 927 761**	802	**5 928 563**
Balance at 1 April 2009	337 500 000	17 216 270	(15 119 081)	171 157	20 429	128 782	63 190	3 447 014	**5 927 761**	802	**5 928 563**
Comprehensive income	-	-	-	229 640	(13 460)	(451 826)	22 900	2 866 332	**2 653 586**	(3 946)	**2 649 640**
Dividends paid	-	-	-	-	-	-	-	(900 000)	**(900 000)**	-	**(900 000)**
Balance at 31 March 2010	337 500 000	17 216 270	(15 119 081)	400 797	6 969	(323 044)	86 090	5 413 346	**7 681 347**	(3 144)	**7 678 203**

The notes on pages 12 to 71 are an integral part of these group annual financial statements.

GROUP STATEMENT OF CASH FLOWS
for the year ended 31 March 2010

	Note	2010 R'000	2009 R'000
Cash flow from operating activities		3 881 575	2 971 185
Cash receipts from customers		14 539 501	11 840 378
Cash paid to suppliers and employees		(9 570 836)	(7 842 978)
Cash generated by operations	31	4 968 665	3 997 400
Net interest received		151 404	38 098
Taxation paid	32	(1 238 494)	(1 064 313)
Cash flow from investing activities		(615 483)	(372 306)
Acquisition of property, plant and equipment		(555 165)	(469 610)
Proceeds from disposal of property, plant and equipment		289	248
Acquisition of intangible assets		(70 577)	(38 992)
Proceeds from disposal of intangible assets		10 061	362
Loans (repaid by)/made to associates		(5 394)	5 295
Acquisition of joint ventures, net of cash acquired	33	-	20 232
Proceeds from disposal of subsidiaries, net of cash disposed	33	-	14 121
Proceeds from disposal of joint venture, net of cash disposed	33	-	94 558
Proceeds from disposal of other investments		5 303	1 480
Cash flow from financing activities		(1 053 864)	(1 487 042)
Long-term loans (repaid)/raised		(997)	1 996
Repayments of finance lease liability		(194 081)	(177 167)
Net funding with related parties		41 214	(531 871)
Dividends paid		(900 000)	(780 000)
Change in cash and cash equivalents for the year		2 212 228	1 111 837
Cash and cash equivalents at the beginning of the year		1 257 627	147 328
Foreign exchange adjustments to cash and cash equivalents		(5 818)	(1 538)
Cash and cash equivalents at the end of the year	14	3 464 037	1 257 627

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

The notes on pages 12 to 71 are an integral part of these group annual financial statements.

1 Summary of significant accounting policies

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

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the 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 details of estimates, assumptions and judgements used.

1.1 Basis of consolidation

The consolidated 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 presently exercisable or convertible without restriction are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date that effective control is transferred to the group and are de-consolidated from the date that effective control ceases. Similarly, the results of a subsidiary divested during an accounting period are included in the group financial statements only to the date of disposal.

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

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

Transactions with minority interests

The group applies the economic entity model in accounting for transactions with minority shareholders. In terms of this model, minority shareholders are viewed as equity participants of the group and all transactions with minorities are therefore accounted for as equity transactions and included in the statement of changes in equity. On acquisition of an interest from a minority shareholder, any excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired is allocated to a separate component of equity. Dilution profits and losses relating to non-wholly owned subsidiary entities are similarly accounted for in the statement of changes in equity in terms of the economic entity model.

Common control

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 consolidated 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 and are initially recognised at cost. The groups' investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

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

Dilution gains and losses arising on disposal of investments in associates are recognised in profit or loss.

Joint ventures

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

1.2 Financial assets

Classification

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

Financial assets at fair value through profit or loss

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

Available-for-sale financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the 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 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 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 profit or loss within selling, general and administrative costs in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the group's right to receive payment is established. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in 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.

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

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

1.3 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to 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.

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

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

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

1.4 Leased assets

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

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

1.5 Goodwill and other intangible assets

Goodwill

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

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

Other intangible assets

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

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

Intangible assets acquired are recognised at cost. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment at each reporting date and are carried at cost less accumulated impairment losses. The group did not have any indefinite useful lives assets at 31 March 2010. Intangible assets with finite useful lives are amortised over their estimated useful lives using the straight-line method. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where the carrying amount exceeds the recoverable amount. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortisation periods for intangible assets with finite useful lives are subject to the following maximum limits:

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

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

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

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

1.6 Programme and film rights

Programme material rights

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

Programme material rights contracted by the 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.

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.

1.7 Impairment of non-financial assets

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

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

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

1.8 Inventory

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

1.9 Trade receivables

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

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

1.10 Cash and cash equivalents

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

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the 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 method. Certain programme and film rights have settlement dates that are not short term in nature; therefore these liabilities are recorded as non-current liabilities and have been discounted.

1.12 Provisions

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

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

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

1.13 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the 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% (2009: 28%). Deferred tax assets and liabilities for South African entities at 31 March 2010 have been calculated using this rate, being the rate that the group expects to apply to the periods when the assets are realised or the liabilities are settled. Secondary tax on companies is calculated at 10% (2009: 10%), and capital gains tax is calculated at 50% of the company tax rate. International tax rates vary from jurisdiction to jurisdiction.

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

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

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

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

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

Secondary tax on companies ("STC")

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

1.14 Foreign currencies

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

For transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in 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 profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 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.

For group companies

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

- assets and liabilities for each 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 as a separate component of equity.

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

1.15 Derivative financial instruments and hedging activities

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

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

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

Fair value hedge

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

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

Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity, and the ineffective part of the hedge is recognised immediately in profit or loss. Amounts accumulated in equity are recycled in 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 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 profit or loss.

Net investment hedge

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

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

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

1.16 Revenue recognition

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

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

Product sales

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

Subscription fees

Pay-television and internet subscription fees are earned over the period the services are provided. Subscription revenue arises from the monthly billing of subscribers for pay-television and internet services provided by the group. Revenue is recognised in the month the service is rendered. Any subscription revenue received in advance of the service being provided is recorded as deferred revenue and recognised in the month the service is provided.

Advertising revenues

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

Sponsorship revenues

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

Interest income

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

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.

1.17 Employee benefits

Retirement benefits

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

Bonus plans

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

Medical aid benefits

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

Share-based compensation benefits

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

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

1.18 Advertising expenses

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

1.19 Borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before 1 January 2009, the group recognises the borrowing costs in profit or loss. The group considers a period more than 12 months to be a considerable time to construct a qualifying asset.

1.20 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.

1.21 Trade payables

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

1.22 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.

1.23 Recently issued accounting standards

Standards, amendments and interpretations effective in 2010

The group has adopted the following new and amended IFRS standard as of 1 April 2009:

- IFRS 7 (Amendment), *'Financial instruments - Disclosures'* (effective 1 April 2009). The amendment requires enhanced disclosure about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
- IAS 1 (Revised), *'Presentation of financial statements'* (effective 1 April 2009). The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard.
- IFRS 2 (Amendment), *'Share-based payment'* (effective 1 April 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a shared-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group has adopted IFRS 2 (amendment) from 1 April 2009. The amendment does not have a material impact on the group's financial statements.

Interpretations early adopted by the group

The group has not adopted any standards or interpretations early.

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

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

- IFRS 3 (Revised), '*Business Combinations*' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at the fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.
- IFRS 5 (Amendment), '*Non-current assets held-for-sale and discontinued operations*' (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 April 2010. It is not expected to have a material impact on the group's financial statements.
- IFRIC 17*, 'Distribution of non-cash assets to owners'* (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply IFRIC 17 from 1 April 2010. It is not expected to have a material impact on the group financial statements.
- IAS 27 (Revised)*, 'Consolidated and separate financial statements'* (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 April 2010.
- IAS 38 (Amendment)*, 'Intangible Assets'* . The amendment is part of the IASB's annual improvements project published in April 2009 and the group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group's financial statements.
- IAS 1 (Amendment)*, 'Presentation of financial statements'* . The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group will apply IAS 1 (amendment) from 1 April 2010. It is not expected to have a material impact on the group's financial statements.
- IFRS 2 (Amendments)*, 'Group cash-settled and share-based payment transactions'* . In addition to incorporating IFRIC 8*, 'Scope of IFRS 2'* , and IFRIC 11, *'IFRS 2 - Group and treasury share transactions'* , the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the group's financial statements.

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 11% (2009: 17%) of the groups' property, plant and equipment as of 31 March 2010. 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 estimate in the current year.

Doubtful accounts

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

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

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

Valuation of goodwill and other intangible assets

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

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

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

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

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

Inventory obsolescence

The group values its inventories, which consist mainly of decoders and associated components, at the lower of cost and expected net realisable value, based on assumptions about future demand, market conditions and the useful life of the decoders used by the group. The group monitors inventory levels periodically based on the expected usage of such inventory. If actual market conditions prove to be less favourable than those projected by management, additional inventory write downs may be required. No significant inventory write downs were made during the financial year ended 31 March 2010. The group believes that its estimate relating to inventory write downs is a critical accounting estimate due to the assumptions and estimates that management is required to make in the determination of the expected realisable value of inventories.

Income taxes

The group records the estimated future tax effect of temporary differences between the tax bases of its assets and liabilities and the amounts reported in the statements 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 utilize the benefits relating to the deferred tax assets. If circumstances change, or if the expected level of future taxable income is not generated, the group would reassess the recoverability of the deferred tax assets recorded in its statement of financial position, which could lead to a write-down of such assets.

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

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

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

The group released valuation allowances against certain deferred tax assets amounting to R49.2 million in its internet operations due to the disposal of subsidiaries. In the prior year, valuation allowances were released since it determined that the underlying future expected profitability will be such that it is probable that the deferred tax assets will be realised. The group also created additional valuation allowances of R1.3 million during the year. In the prior year, the release resulted in the creation of additional net deferred taxation assets in the internet business operations of R11.2 million. As at 31 March 2010, the group has raised an aggregate valuation allowance against deferred taxation assets of R3.2 million (2009: R2.9 million). The timing and the amounts to be released from the valuation allowance or the creation of additional valuation allowances in the future is uncertain, as it mainly depends on the future profitability of the various business units to which these allowances relate.

Legal matters

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

For more detail on these matters refer to note 24.

Fair value of derivatives and other financial instruments

The fair value of derivatives that are not traded in an active market is determined by valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each 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

2010

There were no acquisitions or divestitures during the year.

2009

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

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

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

- During 2009, the goodwill that arose on the acquisition of Smart Village (Pty) Ltd in 2008 was adjusted for a change in circumstances, which resulted in the contingent consideration that was included in the purchase price being released. This resulted in a reduction on the goodwill by R38.8 million.

- During 2009, the group disposed of the following subsidiaries: McGregor BFA (Pty) Ltd, Naspers Web Services (Pty) Ltd and M-Web Internet (Pty) Ltd. Details of the net assets disposed are as follows:

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

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

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

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
2010							
Cost							
At the beginning of the year	517 090	64 272	775 155	955 820	374 384	6 346	2 693 067
Foreign currency translation effects	-	-	-	-	(106)	-	(106)
Additions	87 787	-	298 564	26 270	168 814	-	581 435
Disposals	(1 707)	-	(15 502)	-	(16 869)	-	(34 078)
Reallocations	-	-	2 740	-	(2 740)	-	-
	603 170	64 272	1 060 957	982 090	523 483	6 346	3 240 318
Accumulated depreciation							
At the beginning of the year	41 670	23 686	244 204	696 331	186 500	1 894	1 194 285
Depreciation	14 848	3 185	153 252	104 166	76 241	701	352 393
Disposals	(1 186)	-	(15 167)	-	(14 881)	-	(31 234)
Reallocations	-	-	474	-	(474)	-	-
	55 332	26 871	382 763	800 497	247 386	2 595	1 515 444
Carrying amount							
At the end of the year	547 838	37 401	678 194	181 593	276 097	3 751	1 724 874
2009							
Cost							
At the beginning of the year	344 992	64 272	537 979	903 529	350 716	6 765	2 208 253
Acquisition of joint venture (note 3)	-	-	-	-	2 398	-	2 398
Foreign currency translation effects	-	-	-	-	(3)	-	(3)
Additions	172 098	-	237 194	52 291	60 318	-	521 901
Disposal of subsidiaries (note 3)	-	-	-	-	(1 329)	-	(1 329)
Disposal of joint venture (note 3)	-	-	-	-	(1 136)	-	(1 136)
Disposals	-	-	(18)	-	(36 999)	-	(37 017)
Reallocations	-	-	-	-	419	(419)	-
	517 090	64 272	775 155	955 820	374 384	6 346	2 693 067
Accumulated depreciation							
At the beginning of the year	33 014	9 242	82 674	580 661	197 473	1 479	904 543
Foreign currency translation effects	-	-	-	-	(2)	-	(2)
Depreciation	12 284	10 588	35 331	115 670	152 500	731	327 104
Disposal of subsidiaries (note 3)	-	-	-	-	(394)	-	(394)
Disposal of joint venture (note 3)	-	-	-	-	(252)	-	(252)
Disposals	-	-	(18)	-	(36 696)	-	(36 714)
Reallocations	(3 628)	3 856	126 217	-	(126 129)	(316)	-
	41 670	23 686	244 204	696 331	186 500	1 894	1 194 285
Carrying amount							
At the end of the year	475 420	40 586	530 951	259 489	187 884	4 452	1 498 782

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. Based on the latest available and reliable information, there was a change in the estimated useful life in transponder leases, which resulted in a decrease in depreciation of R32 million.

The group has pledged property, plant and equipment with a carrying value of R223 million at 31 March 2010 (2009: R305 million) as security against certain term loans (refer note 24).

	2010 R'000	2009 R'000
Classification of depreciation in profit or loss		
Cost of providing services and sale of goods	282 006	259 718
Selling, general and administration costs	70 387	67 386
	352 393	327 104

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

	2010 R'000	2009 R'000
Cost		
At the beginning of the year	3 434 848	3 581 042
Disposal of subsidiaries (note 3)	-	(17 064)
Adjustment to goodwill recognised in prior year (note 3)	-	(38 868)
Disposal of joint ventures (note 3)	-	(90 262)
	3 434 848	3 434 848
Accumulated impairment		
At the beginning of the year	9 144	86 423
Disposal of subsidiaries (note 3)	-	(17 064)
Disposal of joint ventures (note 3)	-	(60 215)
	9 144	9 144
Carrying amount		
At the end of the year	3 425 704	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
2010				
ISP business	Value in use	19.00%	3.50%	141 708
M-Net, SuperSport and Oracle businesses	Value in use	18.29%	3.50%	3 268 425
Smart Village business	Value in use	22.00%	3.00%	15 571
				3 425 704
2009				
ISP business	Value in use	20.55%	3.50%	141 708
M-Net, SuperSport and Oracle businesses	Value in use	17.03%	3.50%	3 268 425
Smart Village business	Value in use	20.80%	5.00%	15 571
				3 425 704

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, there are no indications that an impairment of goodwill related to any of the cash-generating units is required.

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

6 Other intangible assets

	Intellectual property rights R'000	Brand names R'000	Subscriber base R'000	Software R'000	Agreements and relationships * R'000	Other R'000	Total R'000
2010							
Cost							
At the beginning of the year	3 817	211 625	227 213	111 622	1 104 331	21 072	1 679 680
Additions	-	-	-	48 999	-	21 578	70 577
Disposals	-	-	-	(6 506)	-	(11 540)	(18 046)
	3 817	211 625	227 213	154 115	1 104 331	31 110	1 732 211
Accumulated amortisation and impairment							
At the beginning of the year	3 817	74 122	189 840	75 752	435 636	10 209	789 376
Disposals	-	-	-	(248)	-	(7 737)	(7 985)
Amortisation	-	55 760	37 373	19 411	326 894	14 440	453 878
Impairment reversal	-	-	-	(5 500)	-	-	(5 500)
	3 817	129 882	227 213	89 415	762 530	16 912	1 229 769
Carrying amount							
At the end of the year	-	81 743	-	64 700	341 801	14 198	502 442
2009							
Cost							
At the beginning of the year	3 817	215 185	227 213	73 960	1 104 331	12 708	1 637 214
Acquisition of joint venture (note 3)	-	-	-	804	-	-	804
Additions	-	-	-	26 512	-	12 480	38 992
Disposal of joint venture (note 3)	-	(3 560)	-	(1 220)	-	(483)	(5 263)
Disposals	-	-	-	(173)	-	(3 633)	(3 806)
Reallocations	-	-	-	11 739	-	-	11 739
	3 817	211 625	227 213	111 622	1 104 331	21 072	1 679 680
Accumulated amortisation							
At the beginning of the year	3 287	19 192	144 340	40 418	108 743	6 149	322 129
Disposal of joint venture (note 3)	-	(1 186)	-	(3 024)	-	(403)	(4 613)
Disposals	-	-	-	(67)	-	(3 377)	(3 444)
Amortisation	530	56 116	45 500	21 186	326 893	7 840	458 065
Impairment	-	-	-	5 500	-	-	5 500
Reallocations	-	-	-	11 739	-	-	11 739
	3 817	74 122	189 840	75 752	435 636	10 209	789 376
Carrying amount							
At the end of the year	-	137 503	37 373	35 870	668 695	10 863	890 304

* Content agreements and customer relationships
None of these intangible assets have an indefinite useful life.

	2010 R'000	2009 R'000
Classification of amortisation in profit or loss		
Cost of providing services and sale of goods	50 423	55 641
Selling, general and administration costs	403 455	402 424
	453 878	458 065

	2010 R'000	2009 R'000

7 Investment in associates

	2010 R'000	2009 R'000
Movement in carrying amount (unlisted investments)		
At the beginning of the year	52 300	60 150
Share of net loss	(1 243)	(2 348)
Loans made to associates	5 394	-
Repayment of loans to associates	-	(5 295)
Disposal of interest in associate	-	(207)
	56 451	52 300

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

	2010 R'000	2009 R'000
Financial position		
Non-current assets	110 539	113 887
Current assets	31 725	22 519
Total assets	142 264	136 406
Total non-current liabilities	113 825	116 750
Total current liabilities	55 134	46 252
Total liabilities	168 959	163 002
Total shareholders' equity	(26 695)	(26 596)
Total equity and liabilities	142 264	136 406
Profit or loss		
Revenue	172 591	100 181
Net loss	(99)	(8 728)

Refer to the appendix to these financial statements on page 71 for a listing of the associates.

The valuation of unlisted investments in associates as approved by the board of directors is R56.5 million (2010: R52.3 million).

8 Available-for-sale investments

Listed equity securities

	2010 R'000	2009 R'000
Ordinary shares in Naspers Limited		
At the beginning of the year	249 797	245 139
Disposals	(5 348)	(5 076)
Changes in fair value recognised directly in statement of comprehensive income	229 640	9 734
	474 089	249 797

There was no impairment provision required in respect of available-for-sale financial assets during the year (2009: nil). This investment is denominated in South African rands.

9 Deferred taxation

	2010 R'000	2009 R'000
Movement in carrying amount		
At the beginning of the year	(12 288)	(194 368)
Acquisition of joint venture	-	12
Disposal of subsidiaries	-	(1)
Disposal of joint venture	-	392
Recognised in profit or loss	129 480	159 620
Recognised in other comprehensive income	186 793	22 057
	303 985	(12 288)

The group has raised a valuation allowance against the net deferred tax assets, because in management's estimate it is probable that certain deferred tax assets will not be realised in the near future, due to the time and expiration of the available tax loss carry-forwards. Further valuation allowances have been raised when it is uncertain if future taxable profits will be available to utilise unused tax losses and timing differences. The group has tax loss carry-forwards of R3 million (2009: R3 million).

The group released deferred income taxation of R186.8 million (2009: R6.8 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

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.

	2010 R'000	2009 R'000
Classification in the statement of financial position		
Deferred taxation assets	423 003	381 559
Deferred taxation liabilities	(119 018)	(393 847)
	303 985	(12 288)

	At beginning of year R'000	Recognised in income R'000	Recognised in comprehensive income R'000	At end of year R'000
2010				
Deferred taxation assets				
Property, plant and equipment	-	16 827	-	16 827
Intangible assets	-	1 587	-	1 587
Programme and film rights	-	4 368	-	4 368
Receivables and current assets	-	13 935	-	13 935
Provisions and other payables	199 393	15 067	-	214 460
Income received in advance	3 097	52 898	-	55 995
Tax losses carried forward	11 381	2 379	-	13 760
Capitalised finance leases	113 919	(9 780)	-	104 139
Share based payment liability	55 948	(9 626)	-	46 322
Derivatives	-	-	125 628	125 628
Other	752	1 134	-	1 886
	384 490	88 789	125 628	598 907
Valuation allowance	(2 931)	(244)	-	(3 175)
	381 559	88 545	125 628	595 732
Deferred taxation liabilities				
Property, plant and equipment	(23 310)	(56 618)	-	(79 928)
Intangible assets	(236 983)	118 015	-	(118 968)
Receivables and current assets	(26 627)	2 416	-	(24 211)
Derivatives	(61 165)	-	61 165	-
Programme and film rights	(44 589)	(22 295)	-	(66 884)
Other	(1 173)	(583)	-	(1 756)
	(393 847)	40 935	61 165	(291 747)
Net deferred asset/(liability)	(12 288)	129 480	186 793	303 985

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

	2010 R'000	2009 R'000

10 Inventory

	2010 R'000	2009 R'000
Set-top boxes, modems and associated components	230 470	97 189
Consumables	5 510	7 220
Work in progress	4 839	3 545
	240 819	107 954
Provision for obsolete inventory	(119 714)	(75 983)
	121 105	31 971

Inventory carried at net realisable value at 31 March 2010 amounted to R111 million (2009: R21 million).

11 Programme and film rights

	2010 R'000	2009 R'000
Cost		
Programme rights	1 973 588	1 404 679
Film rights	788 282	775 862
	2 761 870	2 180 541
Accumulated amortisation		
Programme rights	(1 043 601)	(665 907)
Film rights	(420 488)	(445 364)
	(1 464 089)	(1 111 271)
Carrying amount		
Programme rights	929 987	738 772
Film rights	367 794	330 498
	1 297 781	1 069 270

All of these programme and film rights are classified as current on the statement of financial position.

12 Trade receivables

	2010 R'000	2009 R'000
Trade receivables, gross	541 806	502 404
Provision for impairment of trade receivables	(84 006)	(69 812)
	457 800	432 592

Refer note 34 for a discussion on credit risk.

13 Other receivables

	2010 R'000	2009 R'000
Prepayments	667 825	762 590
Sundry deposits	1 239	2 582
VAT and related taxes receivable	33 793	52 938
Other receivables	100 168	81 322
	803 025	899 432

	2010 R'000	2009 R'000

14 Cash and cash equivalents

	2010 R'000	2009 R'000
Cash and deposits	3 484 138	1 259 168
Bank overdraft	(20 101)	(1 541)
	3 464 037	1 257 627

Cash and cash equivalents are denominated in South African rands.

15 Share capital and premium

Share capital

	2010 R'000	2009 R'000
Authorised		
3 000 000 000 ordinary shares of R0.0001 each (2009: 3 000 000 000)	300	300
Issued (fully paid up)		
337 500 000 ordinary shares of R0.0001 each (2009: 337 500 000)	34	34

Share premium

	2010 R'000	2009 R'000
Share premium	17 216 236	17 216 236

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

Capital management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk. 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 2010, the group had total interest bearing debt (including capitalised finance leases) of R373.4 million (2009: R669.4 million) and total cash of R3.5 billion (2009: R1.3 billion). The net interest-bearing debt to equity ratio was 4.9% (2009: 11.3%) at 31 March 2010. 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 R0.3 million (2009: R1.4 million) and the adjusted net interest-bearing debt ratio was 0% (2009: 0%).

The group does not have a formal targeted debt-equity ratio. The group has specific financial covenants in place with various financial institutions to govern their debt.

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

	2010 R'000	2009 R'000
Existing control business combination reserve	(15 119 081)	(15 119 081)
Fair value reserve	400 797	171 157
Foreign currency translation reserve	6 969	20 429
Hedging reserve	(323 044)	128 782
Share based payment reserve	86 090	63 190
	(14 948 269)	(14 735 523)

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

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 statement date.

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

Any future dividends declared from the distributable reserves of the group may be subject to secondary taxation on companies ("STC") at a rate of 10% (2009: 10%) of the dividends declared. Dividends received by group companies during their various dividend cycles can be carried forward as unutilised STC credits. These STC credits can be used to reduce any STC payable on future dividends declared by group companies. At 31 March 2010 there were not any unutilised STC credits.

				2010 R'000	2009 R'000

18 Finance lease liabilities

				2010 R'000	2009 R'000
Total liabilities				373 016	668 019
Current portion				(199 020)	(219 011)
				173 996	449 008
Analysis of finance lease liabilities	**Currency**	**Year of final repayment**	**Fixed Interest rate**		
Transmission equipment and satellites	USD	2011	8.11%	335 386	622 697
Land and buildings	ZAR	2012	17%	36 539	43 645
Stadium floodlights	ZAR	2012	11.25%	1 091	1 677
				373 016	668 019
Future minimum lease payments					
Payable in year one				225 165	268 299
Payable in year two				169 775	269 892
Payable in year three				13 804	206 364
Payable in year four				-	13 805
Payable in year five				-	-
				408 744	758 360
Future finance costs				(35 728)	(90 341)
Present value of future minimum lease payments				373 016	668 019
Present value of future minimum lease payments					
Payable in year one				199 020	219 011
Payable in year two				161 096	238 150
Payable in year three				12 900	197 959
Payable in year four				-	12 899
Payable in year five				-	-
				373 016	668 019

	2010 R'000	2009 R'000

19 Long-term liabilities

	2010 R'000	2009 R'000
Secured		
Interest bearing loan	-	599
- Total liability	348	1 346
- Current portion	(348)	(747)
Unsecured		
Non-interest bearing: Programme and film rights	-	-
- Total liability	735 941	850 035
- Current portion	(735 941)	(850 035)
	-	599

The secured, interest bearing loan bears interest at 12.25% per annum, is repayable on 31 October 2010 and is secured by the stadium embankment suites that were erected using the loan. This liability is denominated in South African rands.

The unsecured, non-interest bearing payable in respect of programme and film rights is repayable in the next year. This liability is denominated in US dollars.

20 Provisions

	2010 R'000	2009 R'000
Ad valorem duties	23 100	23 100

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

21 Other payables

	2010 R'000	2009 R'000
Deferred income	744 334	506 544
Accrued expenses	1 085 993	855 851
Taxes and social securities	82 220	64 287
Leave pay accrued	55 006	47 127
Bonuses accrued	85 797	53 055
Other current liabilities	34 026	43 220
	2 087 376	1 570 084

22 Related parties

22.1 Relationship with parent

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

22.2 Related party transactions

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

		2010 R'000	2009 R'000
Sale of goods and services			
Digital Mobile Television (Pty) Ltd - Cost recoveries		38 738	13 829
Media24 Ltd - Facility and network cost recoveries		21 674	19 397
MultiChoice Africa Ltd - Sale of programming		1 050 510	844 019
MultiChoice Africa Ltd - Subscriber management fee		100 806	128 307
Purchase of goods and services			
Irdeto Access BV	a	255 314	200 323
New Media Publishing (Pty) Ltd	b	117 606	113 807

a Royalties on decoders incurred by MultiChoice Technical Operations (Pty) Ltd.
b Publishing material purchased by MultiChoice Africa (Pty) Ltd.

	2010 R'000	2009 R'000
Interest		
Interest earned from MultiChoice Africa Ltd on finance sub-lease	5 657	8 877
Interest paid to MIH Finance BVI on loan	(36 815)	(31 258)
Interest paid to MIH Holdings Ltd on short-term funding	-	(5 759)

Corporate transactions

Refer note 3 for further details.

22.3 Related party balances

Amounts due from related parties

	2010 R'000	2009 R'000
Non-current		
MultiChoice Africa Ltd	105 054	136 342
	105 054	136 342
Current		
Digital Mobile Television (Pty) Ltd	15 605	10 583
Irdeto Access BV	9 573	-
Media 24 Ltd	3 224	1 276
MIH China Ltd	7 612	7 612
MIH Holdings Ltd	67 793	37 406
MIH Print Africa (Pty) Ltd	4 764	3 705
MultiChoice Africa Ltd	170 023	232 630
Myriad International Holdings BV	-	1 297
Naspers Web Services (Pty) Ltd	12 056	16 704
New Media Publishing (Pty) Ltd	281	11 349
On the Dot Distributors (Pty) Ltd	60 172	21 850
Other	1 632	12 747
	352 735	357 159

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

MultiChoice Africa Ltd owes the group R275.1 million (2009: R295.2 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 R42.4 million (2009: R97.2 million). The lease is denominated in US dollars, is repayable over a period of 10 years and bears interest at a rate of 8.2% per annum. The other balances are unsecured, interest free and have no fixed terms of repayment.

	2010 R'000	2009 R'000
Reconciliation between gross receivable and present value of minimum lease payments		
Payable in year one	37 427	48 574
Payable in year two	9 357	48 574
Payable in year three	-	12 144
	46 784	109 292
Unearned finance income	(4 346)	(12 054)
Present value of minimum lease payments	42 438	97 238
Present value of minimum lease payments		
Payable in year one	35 253	42 162
Payable in year two	7 185	45 442
Payable in year three	-	9 634
	42 438	97 238

Amounts due to related parties

	2010 R'000	2009 R'000
Current		
IBS Inc	3 514	6 034
Irdeto Access BV	20 333	4 191
Media24	63 207	64 200
MediaZone.com Inc	363	4 100
MIH BVI Ltd	24 075	27 016
MIH Finance BVI	282 248	245 433
MIH Holdings Ltd	7 629	3 274
MIH Print Africa (Pty) Ltd	2 560	-
MultiChoice Africa Ltd	8 746	6 396
Myriad International Holdings BV	34 061	16 464
Myriad Programming Services BV	2 026	2 629
New Media Publishing (Pty) Ltd	-	13 173
On the Dot Distributors (Pty) Ltd	786	787
Other	5 408	4 212
	454 956	397 909

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

22.4 Key management staff compensation

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

	2010 R'000	2009 R'000
Directors' remuneration		
Executive directors	8 318	11 208
Salaries	2 595	2 805
Fringe benefits	-	19
Bonuses	1 375	1 408
Medical, pension and provident fund contributions	144	378
Profit on exercise of share options	4 204	6 598
Non-executive directors	2 449	2 241
Directors' fees	2 449	2 241
	10 767	13 449

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

	2010 R'000	2009 R'000
Key management remuneration		
Short-term employee benefits	47 393	36 408
Other long-term benefits	2 567	1 994
Share-based payment charge	22 231	8 021
	72 191	46 423

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: 3 617 (2009: 21 535) Naspers Ltd Class N ordinary shares were allocated during the year and an aggregate of 150 706 (2009: 263 822) Naspers Ltd Class N ordinary shares were allocated as at 31 March 2010.

- For shares in unlisted companies: nil (2009: nil) MIH China (BVI) Ltd (formerly MIH QQ (BVI) Ltd) ordinary shares were allocated during the financial year and an aggregate of 25 (2009: 1 175) MIH China (BVI) Ltd (formerly MIH QQ (BVI) Ltd) ordinary shares were allocated as at 31 March 2010; nil (2009: nil) MIH Russia Internet BV ordinary shares were allocated during the financial year and an aggregate of 4 199 (2009: 4 199) MIH Russia Internet BV ordinary shares were allocated as at 31 March 2010; nil (2009: nil) Media24 Ltd ordinary shares were allocated during the financial year and an aggregate of 4 840 (2009: 4 840) Media24 Ltd ordinary shares were allocated as at 31 March 2010.

- For share appreciation rights (SAR's) in unlisted companies: nil (2009: nil) MultiChoice Africa (Pty) Ltd SAR's were allocated during the financial year and an aggregate of 981 742 (2009: 1 612 130) MultiChoice Africa (Pty) Ltd SAR's were allocated as at 31 March 2010; nil (2009: nil) M-Net/SuperSport SAR's were allocated during the financial year and an aggregate of 816 609 (2009: 1 490 579) M-Net/SuperSport SAR's were allocated as at 31 March 2010; nil (2009: nil) Media24 Ltd SAR's were allocated during the financial year and an aggregate of nil (2009: nil) Media24 Ltd SAR's were allocated as at 31 March 2010; nil (2009: nil) MIH Brazil Holdings BV SAR's were allocated during the financial year and an aggregate of 4 900 (2009: 4 900) MIH Brazil Holdings BV SAR's were allocated as at 31 March 2010; 397 636 (2009: 147 820) MultiChoice Africa (Pty) Ltd 2008 SARs were allocated during the financial year and an aggregate of 536 498 (2009: 138 862) MultiChoice Africa (Pty) Ltd 2008 SARs were allocated at 31 March 2010.

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

23 Share appreciation rights schemes

23.1 Effect on profit and financial position

	2010 R'000	2009 R'000
Share based payments expense		
- Equity settled	22 900	33 568
- Cash settled	67 492	(3 483)
	90 392	30 085
Share based payments liability	165 964	199 841
Current portion	(106 823)	(99 141)
	59 141	100 700
Share based payments reserve	86 090	63 190

23.2 MCA SAR plan

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

Movements in number of instruments

	2010		2009	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	7 530 463	38.46	9 866 396	36.54
Exercised	(2 324 719)	29.08	(1 799 910)	27.27
Forfeited	(256 367)	38.05	(536 023)	40.62
Outstanding at the end of the year	4 949 377	42.86	7 530 463	38.46
Exercisable at the end of the year	180 922	30.46	167 900	23.70
Exercised during the year (weighted average share price)	2 324 719	73.65	1 799 910	73.65

No SAR's expired or were cancelled during the years ended 31 March 2010 and 31 March 2009.

Instruments outstanding at the end of the year by exercise price

Range of exercise prices (R)	2010 SAR's	2010 Weighted average remaining contractual life (years)	2009 SAR's	2009 Weighted average remaining contractual life (years)
23.70	1 526 938	0.55	3 300 992	1.08
39.87	1 268 020	1.49	1 899 113	2.00
58.21	2 154 419	2.31	2 330 358	3.00
	4 949 377		7 530 463	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2010 and 31 March 2009.

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

23.3 MCA 2008 SAR plan

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

Movements in number of instruments

	2010		2009	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	1 580 233	69.31	-	-
Granted	1 921 083	80.74	1 620 756	69.31
Exercised	(82 193)	69.31	-	-
Forfeited	(116 036)	72.74	(40 523)	69.31
Outstanding at the end of the year	3 303 087	75.84	1 580 233	69.31
Exercisable at the end of the year	-	-	-	-
Exercised during the year (weighted average share price)	(82 193)	82.18	-	-

No SAR options expired or were cancelled during the years ended 31 March 2010 and 31 March 2009.

Instruments outstanding at the end of the year by exercise price

	2010		2009	
Range of exercise prices (R)	SAR's	Weighted average remaining contractual life (years)	SAR's	Weighted average remaining contractual life (years)
69.31	1 627 751	3.59	1 580 233	4.00
82.18	1 675 336	4.43	-	-
	3 303 087		1 580 233	

Instruments granted during the year

	2010	**2009**

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

	2010	2009
Weighted average fair value at measurement date (R)	34.06	30.44
Weighted average share price (R)	80.74	69.31
Weighted average exercise price (R)	80.74	69.31
Weighted average expected volatility (%)*	34.4%	34.9%
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)	8.2%	9%
Annual sub-optimal percentage (%)	293.8%	293.8%
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 was acquired by the group as subsidiaries during the 2008 financial year, had a number of equity compensation schemes in place, the details of which are detailed below.

23.4 M-Net plan

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

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

Movements in number of instruments

	2010		2009	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	57 413	8.75	118 518	8.34
Exercised	(25 639)	8.68	(59 135)	7.94
Forfeited	-	-	(1 970)	8.70
Outstanding at the end of the year	31 774	8.81	57 413	8.75
Exercisable at the end of the year	31 774	8.81	57 413	8.75
Exercised during the year (weighted average share price)	25 639	215.37	59 135	139.71

No SAR's expired or were cancelled during the years ended 31 March 2010 and 31 March 2009.

Instruments outstanding at the end of the year by exercise price

	2010		2009	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
8.51 - 13.50	31 758	2.94	57 413	3.69
13.51 - 30.50	16	3.84	-	-
	31 774		57 413	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2010 and 31 March 2009.

23.5 SuperSport plan

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

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

Movements in number of instruments

	2010		2009	
	Options	Weighted average exercise price R	Options	Weighted average exercise price R
Outstanding at the beginning of the year	75 123	34.83	151 576	33.94
Exercised	(33 010)	35.11	(73 450)	33.21
Forfeited	-	-	(3 003)	29.74
Outstanding at the end of the year	42 113	34.60	75 123	34.83
Exercisable at the end of the year	42 113	34.60	75 123	34.83
Exercised during the year (weighted average share price)	33 010	215.71	73 450	145.52

No SAR's expired or were cancelled during the years ended 31 March 2010 and 31 March 2009.

Instruments outstanding at the end of the year by exercise price

	2010		2009	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
0.00 - 0.00	13 052	2.87	22 625	3.66
25.01 - 40.00	15	3.84	-	-
40.01 - 55.00	27 076	3.16	50 528	3.80
55.01 - 60.00	1 970	-	1 970	0.95
	42 113		75 123	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2010 and 31 March 2009.

23.6 M-Net/SuperSport SAR plan

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

Movements in number of instruments

	2010		2009	
	SAR's	Weighted average exercise price R	SAR's	Weighted average exercise price R
Outstanding at the beginning of the year	5 716 714	9.25	8 593 745	9.19
Exercised	(2 186 829)	9.20	(2 516 300)	9.04
Forfeited	(169 769)	9.23	(360 731)	9.31
Outstanding at the end of the year	3 360 116	9.28	5 716 714	9.25
Exercisable at the end of the year	321 185	9.13	142 909	9.00
Exercised during the year (weighted average share price)	2 186 829	25.07	2 516 300	25.07

No SAR's expired or were cancelled during the years ended 31 March 2010 and 31 March 2009.

Instruments outstanding at the end of the year by exercise price

	2010		2009	
Range of exercise prices (R)	Options	Weighted average remaining contractual life (years)	Options	Weighted average remaining contractual life (years)
9.00	1 670 320	0.54	3 188 676	1.00
9.56	1 689 796	1.52	2 528 038	2.00
	3 360 116		5 716 714	

Instruments granted during the year

No grants were made during the financial years ended 31 March 2010 and 31 March 2009.

24 Commitments and contingencies

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

- **Capital expenditure**

The group has commitments in respect of contracts placed for capital expenditure at 31 March 2010 amounting to R323.5 million (2009: R167.4 million).

- **Programme and film rights**

The group has entered into contracts for the purchase of programme and film rights. The commitments in respect of the contracts amounted to R8 698 million (2009: R8 063 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 R358.7 million (2009: R311.5 million).

- **Finance lease commitments**

The group has committed to a finance lease arrangement in terms of which the group will acquire satellite transponder capacity for a period of 15 years as from September 2012. The amount committed is R4.2 billion over the period of the lease.

- **Operating lease commitments**

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

	2010 R'000	2009 R'000
Payable in year one	26 593	10 840
Payable in year two	23 969	6 643
Payable in year three	21 865	1 755
Payable in year four	21 293	380
Payable in year five	8 814	4
Payable after year five	8 701	-
	111 235	19 622

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 year, the group committed to payments in respect of the Seacom contract.

- **Guarantees**

The group has guarantees from financial institutions of R1 174 million (2009: R1 865 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 R223 million (2009: R305 million) for certain term loans (refer note 4).

- **Cash and cash equivalents**

The group has R7.9 million (2009: R7 million) restricted cash and cash equivalents.

- **Litigation and claims**

Caxton vs Naspers, MultiChoice, Electronic Media Network and Media24

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

Zietsman vs Electronic Media Network, MultiChoice and Vodacom

In November 2001, DW Zietsman and certain parties launched proceedings against M-Net, MultiChoice and Vodacom for interdicts and damages arising from alleged breaches by the defending parties of confidentiality agreements relating to information which the claimants maintained had been disclosed to MultiChoice. All discovery affidavits and documents have been received (i.e. pleadings are now closed). The matter is set down for hearing on 14 September 2010.

Zietsman patent infringement claim

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

Ad Valorem

MultiChoice instituted legal action against the South African Revenue Services ("SARS") in relation to the ad valorem tariff determination on decoders, which SARS made in 2004. The proceedings were defended by SARS but in late 2006, the dispute was referred to the Customs Appeal Committee. 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, and is included in provisions.

Akani Egoli and City Theme Park vs Electronic Media Network and others

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

PaySmart Africa vs Endemol and Electronic Media Network

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

- **Foreign currency commitments**

Refer to note 34 for details of foreign currency commitments.

	2010 R'000	2009 R'000

25 Revenue

	2010 R'000	2009 R'000
Subscription revenue	9 711 628	8 116 188
Programming revenue	1 050 510	844 019
Hardware and software sales	610 815	440 495
Advertising revenue	1 190 610	1 116 315
e-Commerce revenue	974 898	927 458
Subscriber management services fees	104 865	132 418
Decoder maintenance revenue	172 864	138 733
Reconnection fees	81 602	49 504
Barter revenue	24 880	16 197
Other	545 630	499 537
	14 468 302	12 280 864

26 Other gains

	2010 R'000	2009 R'000
Dividends received from Naspers Ltd (listed investment)	2 814	2 709
Profit on sale of subsidiaries (note 3)	-	25 313
Profit on sale of joint venture (note 3)	-	59 590
	2 814	87 612

27 Operating profit

Operating profit includes the following items:

	2010 R'000	2009 R'000
Advertising expenses	377 553	347 803
Amortisation of other intangible assets (refer note 6)	453 878	458 065
Auditors' remuneration		
Audit fees	6 792	7 517
Taxation and other fees	2 131	2 216
	8 923	9 733
Cost of inventories recognised as expense in cost of providing services and sale of goods	1 232 261	911 568
Depreciation (refer note 4)	352 393	327 104
Fees paid to non-employees for secretarial, management and technical services	68 829	57 118
Forex (losses)/gains included in cost of providing services	(29 031)	76 953
Loss on sale of available-for-sale investments	45	3 596
Impairment of other intangible assets	(5 500)	5 500
Net loss on sale of property, plant and equipment	2 555	55
Operating leases		
Buildings	25 501	18 293
Other	4 811	5 685
	30 312	23 978

	2010 R'000	2009 R'000
Programme and film rights recognised as expense in cost of providing services	3 759 267	2 931 750
Research and development costs	9 037	8 154
Staff costs		
Salaries, wages and bonuses	1 212 075	925 758
Retirement benefit costs	55 869	49 144
Medical aid fund contributions	49 777	43 580
Training costs	17 565	19 360
Share based payment charges	90 392	30 085
	1 425 678	1 067 927

The group had 3 147 permanent and contract employees and 985 temporary employees at 31 March 2010 (2009: 2 977 permanent and contract employees and 624 temporary employees).

28 Finance income and costs

	2010 R'000	2009 R'000
Interest received	197 723	118 592
Loans and bank account	197 723	118 592
Interest paid	(150 376)	(151 697)
Loans and bank overdrafts	(39 285)	(52 118)
Discounting of payables	(67 242)	(39 945)
Finance lease liability	(43 849)	(59 634)
Net finance income/(cost)	47 347	(33 105)

29 Foreign exchange differences

	2010 R'000	2009 R'000
On translation of finance lease liability	108 113	(76 821)
On translation of other assets and liabilities	20 003	(138 610)
On revaluation of forward exchange contracts	(187 464)	141 646
	(59 348)	(73 785)

30 Taxation

	2010 R'000	2009 R'000
South African normal taxation		
Current taxation	1 195 211	1 141 317
- Current year	1 237 619	1 140 278
- Prior year	(42 408)	1 039
Deferred taxation	(129 480)	(159 620)
- Current year	(157 565)	(153 539)
- Prior year	28 085	(6 081)
Foreign taxation	87	3 428
	1 065 818	985 125
Tax rate reconciliation		
Statutory tax rate for the year	28.0%	28.0%
Non-deductible expenses	0.5%	0.8%
Non-taxable income	-0.8%	-0.2%
Unprovided timing differences	-0.3%	0.2%
Assessed loss utilised	0.0%	-0.1%
Prior year adjustments	-0.4%	-0.1%
Other taxes	0.1%	0.3%
Foreign entities tax rates	0.0%	0.2%
Effective tax rate for the year	27.1%	29.1%

31 Cash generated by operations

	2010 R'000	2009 R'000
Operating profit	3 941 448	3 499 412
Adjusted for:		
- Amortisation of intangible assets	453 878	458 065
- Depreciation	352 393	327 104
- Impairment of other intangible assets	(5 500)	5 500
- Net loss on disposal of property, plant and equipment	2 555	55
- Profit on sale of joint venture	-	(59 590)
- Profit on sale of subsidiaries	-	(25 313)
- Share based payment charges	90 392	30 085
Operating profit before changes in working capital	4 835 166	4 235 318
Changes in working capital	133 499	(237 918)
Inventory	(89 134)	33 464
Programme and film rights	(228 511)	(319 302)
Trade and other receivables	71 199	(440 486)
Amounts due from related parties	(73 541)	119 655
Trade and other payables	515 354	420 216
Share based payment liability	(124 269)	(92 833)
Amounts due to related parties	62 401	41 368
	4 968 665	3 997 400

32 Taxation paid

	2010 R'000	2009 R'000
Current taxation liability/(asset) at the beginning of the year	32 410	(47 392)
Acquisition of joint venture (note 3)	-	(1 115)
Disposal of joint ventures	-	485
Charged to profit or loss:	1 195 298	1 144 745
- South African normal current taxation	1 195 211	1 141 317
- Foreign taxation	87	3 428
Current taxation liability/(asset) at the end of the year	10 786	(32 410)
	1 238 494	1 064 313

33 Cash flow from investment activities

	2010 R'000	2009 R'000
Acquisition of joint ventures, net of cash acquired (refer note 3)		
NMS Communications (Pty) Ltd	-	20 232
Proceeds from disposal of subsidiaries, net of cash disposed (refer note 3)		
McGregor BFA (Pty) Ltd, Naspers Web Services (Pty) Ltd and M-Web Internet (Pty) Ltd	-	14 121
Proceeds from disposal of joint venture, net of cash disposed (refer note 3)		
MXit Lifestyle (Pty) Ltd	-	94 558

34 Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward exchange contracts to hedge certain risk exposures. The group does not speculate with, or engage in the trading of financial instruments. The group had no significant price risk for the years ended 31 March 2010 and 31 March 2009.

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

34.1 Foreign exchange risk

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

The group has classified its forward exchange contracts relating to forecast transactions and firm commitments as cash flow and fair value hedges, and states them at fair value. The transactions relate mainly to programming costs, transponder lease instalments and the acquisition of inventory items. A cumulative after tax loss of R449 million (2009: gain of R171 million) has been deferred in a hedging reserve at 31 March 2010. 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 2010 was a net liability of R179 million (2009: R181 million net asset). The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2010 was a net liability of R131 million (2009: R194 million net asset).

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

	2010 R'000	2009 R'000
Assets	-	375 578
Non current	-	55 178
Current	-	320 400
Liabilities	(579 225)	(57 301)
Non current	(98 273)	(29 789)
Current	(480 952)	(27 512)
	(579 225)	318 277

The amount recognised in profit or loss due to ineffectiveness as cash flow hedges was Rnil (2009: Rnil). As at 31 March 2010 and 31 March 2009, 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:

	2010			2009		
	Foreign currency amount '000	Average rate R	R'000	Foreign currency amount '000	Average rate R	R'000
US Dollar						
Within 1 year	233 663	9.67	2 258 604	190 830	8.09	1 543 623
1 to 2 years	229 894	8.49	1 952 817	165 050	10.39	1 715 276
	463 557		4 211 421	355 880		3 258 899
Euro						
Within 1 year	4 512	14.37	64 849	12 150	13.23	160 723
1 to 2 years	4 346	11.85	51 499	4 512	14.37	64 849
	8 858		116 348	16 662		225 572

The group's forward exchange contracts are used primarily to hedge the Rand against the US dollar. During the financial year ended 31 March 2010, the value of the US dollar decreased against the Rand by approximately 22.9% (2009: increased by 23.1%). 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.

	2010		2009	
	Foreign currency amount '000	R'000	Foreign currency amount '000	R'000
Covered commitments				
US dollar	408 760	2 997 980	355 880	3 387 548
Euro	8 824	87 503	16 662	210 304
Uncovered commitments				
US dollar	958 412	7 029 308	323 777	3 081 967
Euro	3 262	32 348	10 047	126 811
British pound	2 625	29 218	3 250	44 227

Foreign exchange rates

The exchange rates used by the group are as follows:

	2010		2009	
	Average rate R	Closing rate R	Average rate R	Closing rate R
US dollar	7.7123	7.3343	8.7790	9.5188
Euro	10.9054	9.9165	12.3449	12.6218
British pound	12.3308	11.1308	14.6651	13.6085

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 R215.7 million (2009: R168.9 million). Changes in other equity would decrease by approximately R63.9 million (2009: increase by approximately R2.4 million).

34.2 Credit risk

Receivables consist primarily of invoiced amounts from normal trading activities. The group has a relatively homogenous customer base, is primarily residential in nature and is dispersed across many geographical areas. Strict credit control is exercised through monitoring customers' payment history and when necessary, provision is made for both specific and general doubtful accounts. As at 31 March 2010, 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 2010, 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:

	2010 R'000	2009 R'000
Investments and loans	635 594	438 439
Current receivables	1 708 352	1 758 995
Derivative financial instruments	-	318 277
Cash and cash deposits	3 484 138	1 259 168
Guarantees	1 173 897	1 865 058
	7 001 981	5 639 937

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

	2010 R'000	2009 R'000
At the beginning of the year	69 812	63 525
Disposal of subsidiary	-	(2 705)
Provision utilised	(6 887)	(1 345)
Additional provision raised	21 081	10 693
Provision released	-	(356)
	84 006	69 812

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

	2010			2009		
	Gross R'000	Provision R'000	Net R'000	Gross R'000	Provision R'000	Net R'000
Neither past due nor impaired	289 294	-	289 294	224 833	-	224 833
30 days and older	176 763	(22 941)	153 822	167 689	(9 574)	158 115
60 days and older	27 383	(21 692)	5 691	34 134	(18 402)	15 732
90 days and older	14 474	(10 642)	3 832	47 820	(28 848)	18 972
120 days and older	33 892	(28 731)	5 161	27 928	(12 988)	14 940
	541 806	(84 006)	457 800	502 404	(69 812)	432 592

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.

34.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the articles of association of the company, no limitation is placed on its borrowing capacity. The facilities expiring within one year are subject to renewal at various dates during the next year. The group had the following unutilised banking facilities as at 31 March 2010 and 31 March 2009:

	2010 R'000	2009 R'000
On call	600 000	642 000
Expiring within one year	-	4 600
	600 000	646 600

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
2010					
Finance lease liabilities	373 016	408 744	225 165	183 579	-
Loans	348	391	391	-	-
Amounts due to related parties	454 956	454 956	454 956	-	-
Payable for programme and film rights	735 941	762 370	705 018	57 352	-
Derivative liability	579 225	579 225	480 952	98 273	-
Trade payables	1 001 739	1 001 739	1 001 739	-	-
Other payables	2 087 376	2 087 376	2 087 376	-	-
Bank overdraft	20 101	20 101	20 101	-	-
	5 252 702	5 314 902	4 975 698	339 204	-
2009					
Finance lease liabilities	668 019	758 360	268 299	490 061	-
Loans	1 346	1 481	839	642	-
Amounts due to related parties	397 909	397 909	397 909	-	-
Payable for programme and film rights	850 035	873 826	766 171	107 655	-
Derivative liability	57 301	57 301	27 512	29 789	-
Trade payables	935 962	935 962	935 962	-	-
Other payables	1 570 084	1 570 084	1 570 084	-	-
Bank overdraft	1 541	1 541	1 541	-	-
	4 482 197	4 596 464	3 968 317	628 147	-

34.4 Interest rate risk

The interest rate profile of the group's borrowings is as follows. As at 31 March 2010, 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.

	2010		2009	
	Balance outstanding R'000	Interest rate %	Balance outstanding R'000	Interest rate %
Finance lease liabilities				
- Transmission equipment and satellites	335 386	8.18%	622 697	8.11%
- Land and buildings	36 539	17%	43 645	17%
- Stadium floodlights	1 091	11.25%	1 677	11.25%
Interest-bearing loan	348	12.3%	1 346	12.3%
	373 364		669 365	

Interest rate sensitivity

The only significant interest rate risk that the group is exposed to is in respect of its balances on call accounts and bank overdraft balances as these carry interest at variable rates. An increase/(decrease) in interest rates of 1% would result in increased/(decreased) interest income of R34.8 million (2009: R12.6 million) and increased/(decreased) interest costs of Rnil million (2009: Rnil million).

34.5 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 R47.4 million (2009: R25.0 million).

35 Fair value of financial instruments

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

			Net gains/(losses)			
	Carrying amount R'000	Fair value R'000	Recognised in profit and loss R'000	Recognised in equity R'000	Interest income/ (expense) R'000	Impairment expense R'000
2010						
Assets						
Available-for-sale investments	474 089	474 089	-	229 640	-	-
Related parties receivables	457 789	457 789	(68 039)	-	5 219	-
Trade receivables	457 800	457 800	-	-	458	(14 194)
Other receivables	135 200	135 200	-	-	135	-
Current tax asset	10 786	10 786	-	-	-	-
Cash and cash equivalents	3 484 138	3 484 138	-	-	191 911	-
	5 019 802	5 019 802	(68 039)	229 640	197 723	(14 194)
Non financial assets	8 219 185					
	13 238 987					
Liabilities						
Finance lease liabilities	373 016	373 016	108 113	-	(43 849)	-
Loans	348	348	-	-	(43)	-
Related party payables	454 956	454 956	5 354	-	(36 815)	-
Derivative liability						
- Fair value hedges	130 553	130 553	(187 464)	-	-	-
- Cash flow hedges	448 672	448 672	(29 031)	638 619	-	-
Payable for programme and film rights	735 941	735 941	-	-	(67 242)	-
Trade payables	1 001 739	1 001 739	12 849	-	(1 002)	-
Other payables	1 343 042	1 343 042	3 212	-	(1 343)	-
Current tax liability	-	-	-	-	-	-
Bank overdraft	20 101	20 101	-	-	(82)	-
	4 508 368	4 508 368	(86 967)	638 619	(150 376)	-
Non financial liabilities	1 052 416					
	5 560 784					

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

Of the instruments listed above, the available-for-sale investments of R474.1 million (2009: R249.8 million) are classified as level 1 financial instruments and the derivative assets of Rnil (2009: R375.6 million) and liabilities of R579.2 million (2009: R57.3 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).

ANALYSIS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
for the year ended 31 March 2010

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	**2010**	**2009**	**Nature of business**
Subsidiaries			
Africa Airtime Sales (Pty) Ltd *	100	0	Commercial air-time sales
CommerceZone (Pty) Ltd	100	100	Online retailer and procurement
Electronic Media Network Ltd	100	100	Pay TV content provider
EMN Media Services	100	100	Pay TV content provider
Huntley Holdings (Pty) Ltd	100	100	Investment holding company
Mainstreet 361 (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 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 South Africa (Pty) Ltd	100	100	Investment holding company
M-Web Connect (Pty) Ltd	100	100	Internet service provider
MultiChoice Technical Operations (Pty) Ltd	100	100	Subscription television technical support
Oracle Airtime Sales (Pty) Ltd	100	100	Commercial air-time sales
Orbicom (Pty) Ltd	100	100	Subscription television infrastructure
Podesta Corporation NV **	100	100	Investment holding company
Podesta Finance BV **	100	100	Rights procurement
Smart Village (Pty) Ltd	60	60	Gated community infrastructure
SuperSport International (Pty) Ltd	100	100	Pay TV content provider
SuperSport International Holdings Ltd	100	100	Pay TV content provider
SuperSport Sports Holdings (Pty) Ltd	100	100	Investment holding company
SuperSport United Football Club (Pty) Ltd	100	100	Professional sports team
SuperSport Zone (Pty) Ltd	100	100	Internet content provider

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

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

ANALYSIS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
for the year ended 31 March 2010

Entity name	Effective holding (%) 2010	2009	Nature of business
Joint ventures			
Centurion Park Investments (Pty) Ltd	50	50	Professional sports team
Kwazulu Natal Cricket (Pty) Ltd	50	50	Professional sports team
MultiChoice Eastern Cape (Pty) Ltd	50	50	Subscription television
Myriad International Programming Services BV **	50	50	Programming and film rights
NMS Communications (Pty) Ltd	50	50	Network and facility maintenance
Western Province Professional Cricket (Pty) Ltd	50	50	Professional sports team

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

Entity name	2010	2009	Nature of business
Associates			
Vodacom Cheetahs (Pty) Ltd ***	8.2	8.2	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.

	2010 R'000	2009 R'000
Financial position		
Non-current assets	22 179	25 371
Current assets	58 497	52 004
Total assets	80 676	77 375
Total non-current liabilities	996	2 887
Total current liabilities	62 708	59 478
Total liabilities	63 704	62 365
Total shareholders' equity	16 972	15 010
Total equity and liabilities	16 972	15 010
Profit or loss		
Revenue	118 024	103 451
Net (loss)/profit	2 156	476

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

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 March 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non current assets		16 875 000	16 875 000
Investment in subsidiaries	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 76 are an integral part of these annual financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS
for the year ended 31 March 2010

	2010 R'000	2009 R'000
Dividends received	900 000	780 000
Taxation	-	-
Net profit	900 000	780 000

The notes on page 76 are an integral part of these annual financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2010

	Number of shares	Share capital R'000	Share premium R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2008	337 500 000	34	16 874 966	-	16 875 000
Net profit for the year	-	-	-	780 000	780 000
Dividends paid	-	-	-	(780 000)	(780 000)
Balance at 31 March 2009	337 500 000	34	16 874 966	-	16 875 000
Balance at 1 April 2009	337 500 000	34	16 874 966	-	16 875 000
Net profit for the year	-	-	-	900 000	900 000
Dividends paid	-	-	-	(900 000)	(900 000)
Balance at 31 March 2010	337 500 000	34	16 874 966	-	16 875 000

The notes on page 76 are an integral part of these annual financial statements.

COMPANY STATEMENT OF CASH FLOW
for the year ended 31 March 2010

	2010 R'000	2009 R'000
Cash flow from operating activities	-	-
Dividends received	900 000	780 000
Dividends paid	(900 000)	(780 000)
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 76 are an integral part of these annual financial statements.

	2010 R'000	2009 R'000

1 Summary of significant accounting policies

Investments in subsidiaries are accounted for in the company's financial statements at cost.

2 Investment in subsidiaries

	2010 R'000	2009 R'000
Unlisted investment - At cost		
MultiChoice South Africa (Pty) Ltd	16 875 000	16 875 000

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

3 Share capital and premium

	2010 R'000	2009 R'000
Share capital		
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		
Share premium	16 874 966	16 874 966

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

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

4 Related parties

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