Contents

MultiChoice South Africa Holdings (Pty) Ltd

The MultiChoice Group

2 Scope of the report and assurance
3 Statement of the board of directors on the integrated annual report
4 Highlights of the year in review
8 Our business
10 Chairman’s report
16 Chief executive’s report
20 Risk management
24 Balancing profit, people and our planet
25 Value added statement
26 Strategy

Performance Review

30 Financial
32 Operational
36 Non-financial

54 Corporate Governance

70 Directorate
75 Remuneration report
80 Report of the audit committee

83 Administration and Corporate Information

85 Summarised Annual Financial Statements

Phuthuma Nathi Investments (RF) Limited

88 Group annual financial statements
102 Directorate
103 Administration and corporate information

Notices of Annual General Meetings

104 MultiChoice South Africa Holdings (Pty) Ltd
110 Phuthuma Nathi Investments (RF) Limited

Proxy Forms

115 MultiChoice South Africa Holdings (Pty) Ltd
117 Phuthuma Nathi Investments (RF) Limited
Our values
Scope of the report and assurance

MultiChoice has reported annually to stakeholders on its non-financial performance since 2008. In our second integrated annual report – combining financial and non-financial performance for a fuller understanding of the MultiChoice group and its subsidiaries, joint ventures and associates – we cover the financial year from 1 April 2011 to 31 March 2012.

The report has been prepared using the guidelines of the Global Reporting Initiative (GRI G3) and recommendations of the latest King Report on Corporate Governance for South Africa 2009 (known as King III).

Our aim is incrementally improved reporting and disclosure, while protecting the long-term sustainability of our group in a highly competitive sector. Feedback can be communicated directly to gri@multichoice.co.za

The financial information extracted from the audited MultiChoice South Africa Holdings (Pty) Ltd consolidated annual financial statements for the year ended 31 March 2012 has been correctly quoted in this integrated annual report. Refer to page 84 for PricewaterhouseCoopers Inc.’s report. Empowerlogic verified the South African broad-based black economic empowerment information.

Forward-looking statements

The report may contain forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as ‘believe’, ‘anticipate’, ‘intend’, ‘seek’, ‘will’, ‘plan’, ‘could’, ‘may’, ‘endeavour’ and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include factors that could adversely affect our businesses and financial performance. We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements in this report.
Statement of the board of directors on the integrated annual report

The audit committee has reviewed the integrated annual report and the board has reviewed and approved the report. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, No 71 of 2008, while the integrated annual report was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI).

The integrated annual report and financial statements fairly reflect, in our opinion, the true financial position of the group at 31 March 2012 as well as that of its operations during this period as described in the report.

On behalf of the board

Nolo Letele
Chairman
Johannesburg
7 June 2012
Highlights of the year in review

FINANCIAL PERFORMANCE

**Revenue** R'm

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>R'm</td>
<td>8 901</td>
<td>12 281</td>
<td>14 468</td>
<td>17 651</td>
<td>20 484</td>
</tr>
</tbody>
</table>

**Operating profit** R’m

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’m</td>
<td>2 530</td>
<td>3 499</td>
<td>3 941</td>
<td>4 768</td>
<td>5 885</td>
</tr>
</tbody>
</table>

**Net profit** R’m

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’m</td>
<td>1 935</td>
<td>2 405</td>
<td>2 862</td>
<td>3 430</td>
<td>4 162</td>
</tr>
</tbody>
</table>

**Dividends** R’m

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary</th>
<th>Special</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’m</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>R’m</td>
<td>780</td>
<td>780</td>
</tr>
<tr>
<td>R’m</td>
<td>900</td>
<td>900</td>
</tr>
<tr>
<td>R’m</td>
<td>2 700</td>
<td>1 200</td>
</tr>
<tr>
<td>R’m</td>
<td>1 500</td>
<td>4 500</td>
</tr>
</tbody>
</table>

**Total assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’m</td>
<td>9 512</td>
<td>11 060</td>
<td>13 239</td>
<td>13 556</td>
<td>12 582</td>
</tr>
</tbody>
</table>

**Total equity**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’m</td>
<td>4 249</td>
<td>5 929</td>
<td>7 678</td>
<td>8 490</td>
<td>7 093</td>
</tr>
</tbody>
</table>

**Total liabilities**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’m</td>
<td>5 263</td>
<td>5 131</td>
<td>5 560</td>
<td>5 066</td>
<td>5 489</td>
</tr>
</tbody>
</table>
Our BBBEE status has improved from a level 4 contributor in 2011 to a current level 3. We have done this by further investing in skills development and preferential procurement and other related initiatives. Going forward we will continue to focus on enterprise development, and as part of our strategy to address this, we have established the MultiChoice Enterprise Development Trust from which our enterprise development investments will be made.
Highlights of the year in review continued

**Employees**

**Employees by Gender**

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>2011</td>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

**Employees by Race**

<table>
<thead>
<tr>
<th>Year</th>
<th>African</th>
<th>Coloured</th>
<th>Indian</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>19%</td>
<td>20%</td>
<td>8%</td>
<td>53%</td>
</tr>
<tr>
<td>2011</td>
<td>21%</td>
<td>24%</td>
<td>9%</td>
<td>46%</td>
</tr>
</tbody>
</table>
Environment

Carbon footprint – the graph below depicts the MultiChoice group’s greenhouse gas (GHG) emissions (tonnes CO$_2$e).

Main causes of increased tonnage: additional head count and two additional buildings.

We have made progress in implementing our environmental and “go green” initiatives – from installing solar-powered traffic lights to introducing e-waste bins. We have also extended our community outreach activities to further help us reduce our carbon footprint.
Our business

MultiChoice South Africa Holdings (Pty) Ltd ("MultiChoice") was incorporated on 19 May 2006. The principal activities of MultiChoice and its operating subsidiaries (collectively “the group”) are the operation of pay-television and internet subscriber platforms. The digital satellite pay-television business (“DStv”) has been in operation since 1995.

M-Net (supplier of thematic channels and exclusive content to DStv subscribers) and SuperSport (provider of comprehensive coverage of local and global sport) are part of the MultiChoice family. DStv Media Sales (commercial airtime sales and on-air sponsorship), DStv Mobile (mobile television content and services), MWEB (internet service provider), DStv Online (distributor of entertainment content and services from the MultiChoice family to customers via breakthrough technologies), CommerceZone (e-procurement solutions) and Smart Village (gated community services) also form part of the group. DStv Mobile aggregates and packages mobile television content and services for a number of mobile platforms and technologies. Mobile television is accessible via 3G streaming and digital video broadcasting – handheld technology (DVB-H).

MultiChoice provides its DStv products and services to several market segments. The DStv bouquets cater for different lifestyles and pockets, from the entry-level EasyView bouquet to the top-end Premium bouquet. DStv’s popular personal video recorder (PVR) provides subscribers the ability to pause and rewind, as well as watch their favourite programmes in slow motion. The on-demand service (CatchUp) and the mobile television services are also part of free value-added services to Premium subscribers. BoxOffice, a pay-per-view service, allows Premium subscribers with PVRs to view the latest blockbuster movies instantaneously on their PVR decoders. DStv is also available as a niche service for the Indian and Portuguese communities.
Our major brands are Mzansi Magic, Africa Magic, Carte Blanche, DStv, KooWee, kykNET, M-Net, DStv Media Sales, SuperSport, SuperSport United Football Club, SuperSport.com, Let’s Play, SuperDiski, DStv Online, DStv Mobile, MWEB and Smart Village.

MultiChoice’s involvement in South Africa goes beyond its core business. Through its corporate social investment, the company actively participates in social transformation and, through technology, provides individuals and communities with access to a vast array of services, information and assistance.
Chairman’s report

**Overview**

Working with the recommendations of King III and global best practice, we present our second integrated annual report to stakeholders. This aims for a balanced view of our economic, social, environmental and governance performance for the year ending 31 March 2012.

**Results**

As a board we oversee the strategic direction of the company. Implementation of policies lies with management, with oversight vesting in the audit and risk committees. We are pleased to report that our results reflect growth, with total group revenue increasing by 16% from R17.7bn to R20.5bn. Net profit increased by 21.5% from R3.4bn to R4.2bn as a result of organic growth. The subscriber base expanded by 492 000 with the base closing on four million households. Our pay-television operations continue to increase subscriber numbers and invest in new technologies and services.

**Phuthuma Nathi**

Phuthuma Nathi and Phuthuma Nathi 2 shares started trading on 8 December 2011. This brought to an end the five year lock-up period for both schemes and enables existing black shareholders to trade their shares as well as opening the schemes to new qualifying shareholders.

**Dividend**

All dividends detailed below have been declared from income reserves and are subject to the approval of shareholders at the annual general meetings on 5 September 2012. If approved they will be payable to shareholders recorded in the books on Friday 7 September 2012 and paid on Wednesday 12 September 2012. Preference dividends are paid in terms of the respective preference share agreements.
MultiChoice will pay a gross ordinary dividend of R2bn (2011: R1,5bn).
Phuthuma Nathi (PN) will thus receive a dividend of R267m (2011: R200m).
It will pay gross preference dividends of R214m (2011: R160m) and a gross ordinary dividend of R53m (2011: R40m) equating to 118,51849 cents per share. Phuthuma Nathi 2 (PN2) will thus receive a dividend of R133m (2011: R100m). It will pay gross preference dividends of R106m (2011: R80m) and a gross ordinary dividend of R27m (2011: R20m) equating to 118,51858 cents per share.

MultiChoice will also pay a gross special dividend of R3bn (2011: R4,5bn).
The purpose of the special dividend is to redeem a portion of the loan held by MIH Holdings Limited under the preference share agreements of the Phuthuma Nathi schemes. PN and PN2 will thus receive a dividend of R400m (2011: R600m) and R200m (2011: R300m) respectively and in turn pay gross preference dividends of R400m (2011: R600m) and R200m (2011: R300m) respectively.

The boards have taken cognisance of recent amendments to the taxation of dividends in South Africa. The preference shareholder is exempt from DT as it is a resident in South Africa. PN’s issued share capital as at 7 June 2012 is 45,000,000 ordinary shares and the income tax reference number is 9349869157. PN2’s issued share capital as at 7 June 2012 is 22,500,000 ordinary shares and the income tax reference number is 9379963151. In PN the amount per share subject to the 15% dividend tax (DT) is therefore 118,51849 cents per share, DT will amount to 17,77777 cents per share and as a result, shareholders of PN will receive a net dividend of 100,74072 cents per share.

In PN2 the amount per share subject to the 15% dividend tax (DT) is therefore 118,51858 cents per share, DT will amount to 17,77779 cents per share and as a result, shareholders of PN2 will receive a net dividend of 100,74079 cents per share.
Chairman’s report continued

REGULATORY

The broader regulatory environment in South Africa continues to evolve. MultiChoice currently has various pay-television, communication services and network licences which enable it to provide pay-television and online and internet services. These licences are subject to conditions that may change over time as they are reviewed.

The Consumer Protection Act (CPA) came into operation in 2011 and established a National Consumer Commission (NCC) and a National Consumer Tribunal. We continuously review our business practices to ensure we comply with the requirements of the CPA, and issues raised by the NCC are being addressed appropriately.

The pay-television market is moving through a period of significant change in South Africa, including the migration from analogue to digital terrestrial television (DTT). Although this migration is now scheduled to start in 2012, regulations governing DTT are yet to be finalised by the Independent Communications Authority of South Africa (Icasa).
Other notable regulatory activities during the period included:

- An invitation to apply for new subscription broadcasting licences, issued by Icasa.
- Icasa published its review of the broadcasting regulatory framework towards a digitally converged environment.
- An inter-ministerial committee, led by the Minister of Social Development, aims to introduce legislation to severely restrict alcohol-related sponsorship of sports events and alcohol advertising on television.
- The proposal by the International Trade Administration Commission of South Africa to implement import duties on imported set-top boxes.

All of these matters are being monitored and addressed, where appropriate, by management.

**Governance**

Governance and sustainability are essential for our stakeholders. The board conducts the group’s business with integrity, applying appropriate corporate governance policies and practices.

Detailed strategies and business plans are constantly reviewed, spanning the financial and non-financial elements of the MultiChoice business, and performance against targets underpins management’s remuneration.

MultiChoice continually evaluates areas where governance can be strengthened. The impact of the new Companies Act in South Africa, as well as the King III Code on Corporate Governance, remained a focus over the past year. The extent of applying King III in the governance framework is outlined on page 55.
Managing sustainability

The board determines the business strategy and is ultimately responsible for overseeing our group’s performance. Management teams across our businesses provide leadership and implement strategies, guided by the group’s code of ethics and business conduct.

Our sustainable development framework flows from our values and a clear understanding of the key concerns of material stakeholders. These link to our risk management processes, which integrate financial and non-financial risk identification, management and monitoring.

The board is also responsible for the integrity of integrated reporting. The audit committee has been tasked to oversee sustainability issues in the integrated annual report and will assist the board in its review by ensuring the information is reliable and that no conflicts or differences arise when compared to the financial results.

In line with our sustainable development policy, the group contributes to local communities in which we operate and strives to minimise the impact on the environment. Some of the more significant initiatives focus on education, skills development, community outreach activities and environmental sustainability. Most initiatives are implemented in partnership with government, communities and other organisations.

By utilising our expertise and the ability to innovate and adapt in a changing world, we will continue to address challenges such as education, skills development and
environmental sustainability. We hope to improve the living conditions of our employees, their families and the communities in which we operate, ultimately balancing profit, people and planet.

 Directors
In terms of MultiChoice South Africa Holdings (Pty) Ltd’s memorandum of incorporation, one-third of directors retire annually and reappointment is not automatic. Messrs F L N Letele, F G Sampson, J J Volkwyn and T Vosloo who retire by rotation at the annual general meeting, being eligible, offer themselves for re-election. Shareholders will be asked to consider the re-election of these directors at the annual general meeting, notice of which is contained in this report.

Members of the audit committee are Messrs D G Eriksson and F G Sampson and Mrs S Dakile-Hlongwane. The board recommends shareholders reappoint them as audit committee members. In compliance with the new Companies Act, shareholders will be asked to consider their re-election at the annual general meeting. The abridged curricula vitae of all directors appear on pages 70 to 74.

I thank my fellow board members for their continued guidance and support in another successful year. We also appreciate the commitment of our management teams across our businesses.

Nolo Letele
Executive chairman
7 June 2012
Chief executive’s report

**Overview**

MultiChoice continued to deliver a positive contribution to the economy and to society in the various areas where we can make a sustainable difference.

**Sustainable development**

MultiChoice’s involvement in South Africa goes beyond its core business. Through its corporate social investment, the company actively participates in social transformation and through technology, enables individuals and communities to support themselves.

MultiChoice also creates platforms for its subscribers and employees to provide support for community initiatives. SuperSport is the prime funder of sport across Africa. M-Net produces a large component of its content locally, thereby stimulating the local production industry and supporting the local economy. MultiChoice takes its responsibility to the viewer in a serious light, encouraging and facilitating parental control on its content as well as delivering content of a strong educational value, which includes issues that impact the environment.

Our film skills development (screened on DStv, channel 199) fosters growth by boosting skills in the film and production industry and ensures a good pipeline of local content for our channels.

Environmental initiatives cover energy efficiency, waste management, products and...
community outreach programmes. Significant progress has been made in implementing initiatives in all these areas. Community outreach activities to reduce the carbon footprint are also under way.

The board is ultimately responsible for ensuring that sustainable development is integrated into business strategy. It delegates implementation of this policy to management, with oversight vesting in the audit and risk committees. Operationally, sustainable development is incorporated under our risk management processes.

Performance in context
For the year under review MultiChoice recorded a 16% increase in revenues to R20.5bn. Operating profit advanced 23.5% to R5.9bn, while net profit grew 21.5% to R4.2bn. There were no significant acquisitions or divestitures during the reporting period. Our financial performance is analysed in the review on pages 30 to 31.

The past year was the second best ever in terms of net subscriber additions, second only to the 2010 Fifa Soccer World Cup reporting year. The subscriber base grew by 492,000 households to four million, (this includes the entry-level EasyView bouquet). The Compact bouquet delivered most of the growth with 293,000 new additions. Subscriber growth was driven by extensive marketing, decoder subsidies and the appeal of special events such as the Rugby World Cup (RWC).
Cost increases in the business related to the cost of acquiring and servicing these subscribers, coupled with the increased cost for sports rights and local content. Advertising revenue growth remained robust on the back of an overall increase in the television industry’s share of the market.

Ongoing investment in new technologies and services continued during the review period. The launch of BoxOffice, a video-on-demand service for PVR Premium subscribers allowing these subscribers to view the latest blockbuster movies instantaneously, proved popular with more than two million movie rentals in the first six months. MultiChoice has also expanded its high-definition offering and is investing in, and developing, new services that will be rolled out in the new financial year.

The PVR decoder remains popular. The PVR subscriber base increased by 176,500, closing on 656,890 in March 2012.

Mobile continues to undergo rapid technological evolution as is evidenced by the increasing number of smart phones. In Africa the mobile will be the primary device for information and communication for the majority of the population. It is therefore important in the long term that we continue to develop our mobile products and services. DStv Mobile is in its infancy, and will
require significant investment over the long term. However, this know-how is important to develop South Africa’s engineering capability in the global information and communication technology field.

**People**

Attracting talented people is key to our group’s sustainability. We aim to pull and retain the best talent, specifically young engineers. Training is key to our growth. In a diverse group, management skills are equally important and succession plans for key management are in place.

We value the contribution made by our people. Their commitment, and the guidance and support of the board of directors, underpins our sustainability.

**Preparing for growth**

Our aim remains to deliver value to our shareholders over the medium to longer term. Accordingly, we are working closely with regulators and lawmakers to improve the regulatory environment. We focus on developing the full potential of our people and, across the group, we continue to contribute to the communities in which we operate.

_Imtiaz Patel_

*Chief executive*

7 June 2012
Risk management

Risk management remains integral in the day-to-day operations of our businesses. The group is exposed to a wide range of risks that may have serious consequences. Effective management of risk supports the delivery of the group’s objectives, and achievement of sustainable growth.

Risk philosophy

MultiChoice is committed to identifying and managing risk in line with international best corporate governance practice and to applying the relevant rules and regulations.

The board is responsible for the governance of risk and is satisfied with the effectiveness of the risk management process. Risk management plans and processes are presented, discussed and approved at risk committee meetings (page 74). A risk register of significant risks facing the group is discussed, as are management’s actions to control these risks within board-approved ranges of tolerance.

The MultiChoice group is exposed to a wide range of risks, some of which may have material consequences: the regulatory landscape, industry, competition, content, technology, innovation, business and supply chain interruption and compliance. Identifying risks and developing plans to manage these are part of each business unit’s business plan. The board assesses these annually.

Description of material issue

<table>
<thead>
<tr>
<th>Regulatory Environment and Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiChoice’s operations and the media industry in general, are subject to laws and government regulations; changes in the regulatory landscape could have a material impact on the sustainability of the group. Non-compliance could result in fines or financial penalties.</td>
</tr>
<tr>
<td>MultiChoice, as a South African group, is required to comply with the Broad-Based Black Economic Empowerment Act and employment equity legislation. Failure to comply may impact on the group’s ability to operate optimally in the South African context.</td>
</tr>
</tbody>
</table>
**Risk Policy**

The group’s risk profile is based on a formal and planned approach to risk management. Risk identification, management and reporting are embedded in business activities and processes. The policy applies to risks the group faces in executing its strategy, operations, reporting and compliance activities, and is reviewed annually. Risk management support advises on, formulates, oversees and manages the risk management system and monitors the group’s risk profile, ensuring major risks are identified and reported at the appropriate level in the group.

**Risk Framework**

The MultiChoice enterprise-wide risk management (ERM) framework is designed to ensure significant risks and related incidents are identified, documented, managed, monitored and reported on in a consistent and structured manner across the group. It is modelled on the Committee of the Sponsoring Organisations of the Treadway Commission Framework for Enterprise-wide Risk Management (COSO ERM) framework as well as the internationally accepted framework for IT governance, COBIT, for information technology.

**Material Issues and How We Manage These**

Certain material risks are outside our control and other factors, besides those listed, may affect the overall performance of the business. Despite our structured approach to risk identification, some risks may be unknown at present and other risks, currently regarded as immaterial, may become material. Risk and internal audit functions monitor the system of internal control. At present, the following major risks, among a wide range of potential exposures, are evident:

**How We Manage the Issue**

A regulatory and legal compliance programme has been implemented in the group.

We have fully embraced transformation, including implementing one of the most broad-based black economic empowerment shareholder schemes in Phuthuma Nathi. We have also improved our status from a level 4 to a level 3 contributor.
Risk management continued

### DESCRIPTION OF MATERIAL ISSUE

#### STRATEGIC AND OPERATIONAL

- Misaligned governance will result in related risks left unmonitored and carries adverse reputational consequences in the market.
- The MultiChoice group operates in the media and entertainment industry. It is therefore sensitive to global, political and other events that may influence the global economy.
- The group operates in fiercely competitive and sometimes maturing markets. Technology is an integral part of its operations. There is a risk that the company may be caught off-guard by new technology or start-ups, or speed of development.
- Our pay-television services are mostly delivered to subscribers via satellite. Satellites are subject to damage or destruction, which may disrupt the transmission of services.
- Protracted power failures affect revenues.
- MultiChoice faces the risk that unauthorised users may access our programming signals.

#### FINANCIAL AND REPORTING

- The group reports in South African rand, the exchange rate of which may vary relative to other currencies. In addition, MultiChoice sources programming and certain fixed assets internationally and this is cost in foreign currencies. The movements of these currencies could have a negative or positive impact on our income or expenses. Unrealised and realised currency translation gains or losses may distort the group’s financial accounts.

#### HEALTH AND SAFETY

- Implementing a healthy and safe workplace at both administrative and production facilities, in line with legislation and regulations.

#### OUR PEOPLE

- High prevalence of pandemic illnesses (especially HIV/Aids) could result in financial risk and the loss of key personnel.
- We rely on certain key individuals with detailed knowledge of our business and the markets in which we operate. Unanticipated loss of these individuals may disrupt the business.
HOW WE MANAGE THE ISSUE

Regular review of governance documents and processes by the board and its committees to ensure these remain relevant to the group. Risk and internal audit functions monitor compliance and alignment.

Through the business planning cycle, management identifies global and political trends to assist in developing future strategy.

The group devotes significant resources to regular strategy reviews as well as analysing emerging trends in technology and consumer demand, and to developing new products and services.

Procedures to augment the availability of services range from back-up capacity to built-in redundancy.

The cost of these measures is considered against the impact and likelihood of the risk occurring and consequently, in some cases, satellites or other key components remain unprotected or only partially protected.

We have incorporated proper redundancy procedures such as installation of back-up power supplies.

Regularly upgrading conditional access technology.

A number of on-the-ground piracy initiatives, including investigation and prosecution, are in place.

The group has a policy to hedge the majority of its foreign currency positions, at least 12 months into the future. A treasury report is regularly presented to the risk committee for review.

Health and safety procedures are incorporated into operational processes and regular health and safety audits are performed. The risk committee monitors exceptions and progress.

Comprehensive information, awareness, testing, counselling and medical treatment programmes are in place.

Succession plans and talent pipelines are developed by our key businesses and reviewed annually by the remuneration and equity committee.
Balancing profit, people and our planet

We recognise that sustainable development and economic, social and environmental protection are global imperatives that present both opportunities and risks for business. MultiChoice, as a leading multimedia company, is positioning itself to meet these challenges. As we expand our business, we aim to contribute to the communities in which we operate; develop our own people; contribute to general economic prosperity; and minimise our impact on the environment.

In formulating this policy, we analysed areas where the group can make a contribution to sustainable development in the markets in which it operates.

MultiChoice connects people by playing a significant developmental role in the markets in which it operates.

Our involvement goes beyond our core business. Through corporate social investment, the company actively participates in social transformation and, through technology, we enable individuals and communities to support themselves, ultimately leading to economic growth in the country.

MultiChoice’s broad-based black economic empowerment schemes, Phuthuma Nathi and Phuthuma Nathi 2, support the country’s objective of redressing past imbalances.

Through SuperSport, MultiChoice has become the predominant funder of sport across the continent, especially soccer, while promoting associated social and economic goals.

M-Net’s initiatives have stimulated the South African industry by partnering with local film-makers and content producers to assist emerging talent to produce programming with universal appeal for its Africa Magic and Mzansi Magic channels.

We want to contribute to the communities in which we operate, develop our own people, contribute to economic prosperity at national and individual level, and minimise our impact on the environment.
## Value added statement

*for the year ended 31 March 2012*

The value added statement below illustrates how the group distributes its earnings to employees, providers of capital and governments, and how much it retains for reinvestment.

<table>
<thead>
<tr>
<th></th>
<th>31 March 2012</th>
<th>31 March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>20 484</td>
<td>17 651</td>
</tr>
<tr>
<td>Cost of generating revenue</td>
<td>(11 944)</td>
<td>(10 336)</td>
</tr>
<tr>
<td><strong>Value added</strong></td>
<td>8 540</td>
<td>7 315</td>
</tr>
<tr>
<td>Income from investments</td>
<td>149</td>
<td>260</td>
</tr>
<tr>
<td><strong>Wealth created</strong></td>
<td>8 689</td>
<td>7 575</td>
</tr>
</tbody>
</table>

**Value distribution**

<table>
<thead>
<tr>
<th></th>
<th>31 March 2012</th>
<th>31 March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>2 074</td>
<td>1 710</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>2 074</td>
<td>1 710</td>
</tr>
<tr>
<td><strong>Providers of capital</strong></td>
<td>6 153</td>
<td>2 824</td>
</tr>
<tr>
<td>Finance costs</td>
<td>153</td>
<td>124</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>6 000</td>
<td>2 700</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>1 650</td>
<td>1 553</td>
</tr>
<tr>
<td>Total tax paid</td>
<td>1 508</td>
<td>1 436</td>
</tr>
<tr>
<td>Licence fees</td>
<td>142</td>
<td>117</td>
</tr>
<tr>
<td><strong>Reinvested in the group</strong></td>
<td>(1 188)</td>
<td>1 488</td>
</tr>
<tr>
<td>Depreciation, amortisation and capital items</td>
<td>640</td>
<td>749</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(1 828)</td>
<td>739</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8 689</td>
<td>7 575</td>
</tr>
</tbody>
</table>

The value added statement shows an increase of 15% in wealth created in the financial year – R8,7bn compared to 2011 (R7,6bn). Significant distributions were made to shareholders of the company by means of dividends – R6bn compared to 2011 (R2,7bn).
Strategy

**STRATEGIC FOCUS**

*We aim to be South Africa’s first-choice and leading pay-media destination. In the process we create value for shareholders, attract innovative and motivated employees and contribute to the communities we operate in, to ensure a sustainable business for the future.*

**HOW WE DO THIS**

- Sustain organic growth of the business combined with some investments.
- Increase the number of users accessing our internet products and services, and deepen their engagement with our group.
- Expand the pay-television subscriber base – maintain a local approach and deploy innovative technology.
- Evolve on our mobile services.
- Build on our content offering and ensure that we retain key sports rights.
- Enhance our technological advantage.
- Continue working with regulators to address regulatory challenges.
- Attract the best talent – train and develop employees.
- Use our expertise and resources to benefit local communities in which we operate.
Examples of our strategy in action

- Our subscriber base now delivers entertainment to four million households. The Compact bouquet, which targets the emerging market, has grown steadily.
- We launched a transactional video-on-demand service, BoxOffice, in the past year.
- We launched the handheld television mobile device, the Walka, in the past year.
- We added channels to our offering: Disney Junior, Disney XD, Investigation Discovery, TLC, Comedy Central and Studio Universal.
- We successfully broadcast the rugby and cricket world cups, as well as the Africa Cup of Nations.
- We continue to invest in our employees through various management programmes, bursaries and online training.

Looking ahead

Innovation is a core value and we will continue to drive this principle to bring our subscribers new innovative services.

Challenges

MultiChoice operates in a regulated environment in South Africa where the business faces various regulatory challenges. Competition in pay television has increased.

Key challenges include:

- Ability to innovate in a changing technological environment to sustain growth.
- Attracting and retaining the right people.
- Protecting our content from piracy and preserving the commercial rights we have to our content.
Stakeholder Engagement

MultiChoice has a broad range of stakeholders including our customers, regulators, shareholders, suppliers, government and staff. Broadly, the group deals with stakeholders through:

- employee newsletters, surveys, management briefings and intranet sites
- one-on-one meetings with suppliers, business partners and opinion formers
- interaction with subscribers and the community via several touch points including surveys, call centres and the internet
- participation in industry groups to develop shared practices
- engagement with our shareholders
- policy engagement with regulators, and
- engaging with local communities through corporate citizenship activities.
## Key issues pertinent to our business are tabulated below.

<table>
<thead>
<tr>
<th>Stakeholder: Subscribers</th>
<th>Issue and Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiChoice has a number of touch points for engagement and ongoing interaction with its customers. These range from traditional interaction such as service centres to non-traditional ways such as the DStv Forum, Twitter and Facebook. MultiChoice also engages its customers in product development through the email research panel and its panel of field trialists, who assist with decoder software developments.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder: Industry</th>
<th>Issue and Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiChoice continues to play an active and constructive role in its industry. As a member of the National Association of Broadcasters it has succeeded in raising pertinent industry issues with both the ministry of communications and the regulator, Icasa. It participated in the ICT Colloquium hosted by the Department of Communications and engaged in debates that will shape the future of its sector for the 2030 Vision espoused by the ministry of communications. In the new financial year, MultiChoice will be involved in a number of policy formulation processes including the ICT Indaba and amendments to key ICT policy instruments.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder: Employees</th>
<th>Issue and Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiChoice creates a number of opportunities to keep its employees abreast of company developments. These range from print to electronic platforms, as well as face to face, which allows executives to interface with employees on a more personal level. It has a workplace forum, an employee body, which represents employees' interests and continually interacts with the company on mutually beneficial issues.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholder: Regulators</th>
<th>Issue and Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiChoice participates in the many regulatory processes initiated by Icasa. The key output for these interactions is the development of an environment that is conducive to the growth of the ICT sector. MultiChoice is subject to the Broadcasting Complaints Commission of South Africa (BCCSA), which is responsible for certain content regulation, and it works closely with BCCSA to ensure that the regulation of content stays current as it moves from an analogue to a digital environment.</td>
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</tr>
</tbody>
</table>
Performance review

Financial review

This review sets out highlights of our financial performance for the past year. Full details appear in the annual financial statements.

Overview of group results

The group performed well over the past year, increasing consolidated revenues by 16.1% to R20.5bn and net profit by 21.5% to R4.2bn. Significant distributions, by means of dividends, were made to shareholders of the company – R6bn compared to R2.7bn in 2011.

Preparation of results and accounting policies

Our financial results for the year ended 31 March 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act No 71 of 2008, as amended. Except as noted in the summarised annual financial statements and the full annual financial statements, accounting policies are consistent with those applied in the previous period and IFRS. These results have been audited by the company’s auditor, PricewaterhouseCoopers Inc., whose unqualified report is available for inspection at the registered office of the company.
SUMMARISED AND ANNUAL FINANCIAL STATEMENTS

The summarised annual financial statements appear on page 84 of this integrated annual report. The full annual financial statements for the year ended 31 March 2012 are available on our website at www.multichoice.co.za. Printed copies of these financial statements are available from the company’s secretarial department – contact details are on page 83 of this report.
Performance review continued

Operational review

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

MultiChoice ended the year on four million subscribers, a growth of 492 000 households (this includes the entry-level EasyView bouquet). The Compact bouquet delivered most of the growth with 293 000 new additions. Subscriber growth was driven by extensive marketing, decoder subsidies and the appeal of special events such as the Rugby World Cup (RWC). Advertising revenue growth remained robust on the back of an overall increase in the television industry’s share of the market.

The popular personal video recorder (PVR) decoder recorded positive growth of 176 500, to end on 656 890.

Several new channels, improving our viewer’s experience, were added to the DStv bouquets. These include Disney XD, Disney Junior, Discovery TLC, Investigation Discovery, Comedy Central and Studio Universal. M-Net also launched Africa Magic Swahili for viewers in Africa.

In line with the group’s commitment to invest in and promote local content, several milestones were achieved. M-Net launched The Wild, the first soap opera in South Africa that is produced outdoors. A new local
version of *MasterChef* has also been produced for *M-Net*. On *Mzansi Magic* a first-ever South African telenovela, *iNkaba* was commissioned. The format is new for South African audiences and is proving popular. *Mzansi Magic* also commissioned numerous bubblegum movies and increased its local comedy series output.

Ongoing investment in new technologies and services continued during the review period. The launch of *BoxOffice*, a video-on-demand service for *PVR Premium* subscribers that allow these subscribers to view the latest blockbuster movies instantaneously, proved popular with more
than two million movie rentals in the first six months. MultiChoice has also expanded its high-definition offering and is investing in and developing new services that will be rolled out in the new financial year.

*SuperSport* successfully broadcast the rugby and cricket world cup tournaments and Africa Cup of Nations. The following rights were renewed: 2014 Fifa World Cup, South African Premier Soccer League, UEFA Champions League and Spanish La Liga. *SuperSport* also enhanced the *SuperSport Blitz* offering to include live crossing to sports events and high-quality relevant reports in 30-minute blocks.

In conjunction with the South African national departments of education and sport, *SuperSport* launched the broadcast of a schools soccer league for top schools across the country.
DStv-i, launched in the prior year, provides a deeper understanding of viewing behaviour on the DStv platform. This tool is being extensively used by both the advertising industry and internal stakeholders, which enabled DStv Media Sales to introduce guaranteed trading.

Mobile continues to undergo rapid technological evolution as is evidenced by the increasing number of smart phones. In Africa the mobile will be the primary device for information and communication for the majority of the population. It is therefore important in the long term that we continue to develop our mobile products and services. DStv Mobile is in its infancy, and will require significant investment over the long term. However, this know-how is important to develop South Africa’s engineering capability in the global information and communication technology field.

MWEB established an open-peering regime with all other players in the market. It also connected to the Seacom cable during the year, maintaining its leadership in providing more affordable, high-speed internet rates in South Africa. The national backbone network connecting Durban, Cape Town and Johannesburg with 10Gbps became operational in November and is being used to deliver group content and internet to users.
Performance review continued

Non-financial review

**Social review**

*We take our responsibility to the communities in which we operate seriously. We promote the well-being of society, our customers and our employees by contributing to initiatives that improve quality of life in these communities.*

**How we do this**

**Community**

- We respect human rights.
- We support previously disadvantaged businesses by actively seeking such suppliers.
- We contribute to the communities in which we live and work. We support them through community involvement and, in some of the communities in which we operate, we contribute to educational programmes.
- We conduct business fairly, ethically and with integrity. Our code of ethics and business conduct defines our culture.
Our people

- We invest in the continuous development of our people.
- We reward employees fairly.
- We encourage our employees to contribute to sustainability and innovation initiatives.
- We respect the rights of our employees and their diversity.
- We encourage employees to report areas where the group might be failing in its business conduct and values through secure channels.
- We endeavour to comply with local employment laws.

Transformation

Transformation is a strategic imperative for MultiChoice to ensure we comply with local legislation and that our workforces reflect local demographics. Across the group, various initiatives are developing appropriate skills and responsible procurement practices.

MultiChoice has improved its status from a level 4 to a level 3 contributor, further investing in employment equity, skills development and preferential procurement. After its successful empowerment transaction in 2006, some 120 000 new shareholders were introduced. We also score well on employment equity (80.8%) and preferential procurement (93.23%). Going forward, as part of our strategy, we will continue to focus on skills and enterprise development. Our recent initiatives to establish the MultiChoice Enterprise Development Trust and initiating early payments to qualifying enterprise development beneficiaries to facilitate their cash flow, will improve scores for enterprise development.

Direct empowerment

Broad-based black economic empowerment (BBBEE)

Through a combination of shareholding in Naspers and the Phuthuma Nathi share schemes, black South African individuals and groups own 30% of MultiChoice South Africa.
Performance review continued

The Phuthuma Nathi and Phuthuma Nathi 2 share schemes were launched in 2006 and 2007, respectively. To date, these schemes have received over R2bn in dividends, which were used to reduce debt and increase the value of Phuthuma Nathi.

In September 2011 Phuthuma Nathi and Phuthuma Nathi 2 received ordinary and special dividends declared by MultiChoice totalling R1,2bn: the ordinary dividend of R300m was up 25% from the prior year and a special dividend of R900m was used to reduce the funding. Phuthuma Nathi in turn paid an ordinary dividend of 88,89 cents per ordinary share, up 25% from 71,1 cents paid in 2010.

On 8 December 2011 shares in Phuthuma Nathi and Phuthuma Nathi 2 began public trading.

Black economic empowerment partners

MultiChoice musters its buying power in South Africa in a centralised bargaining company, CommerceZone. Suppliers’ BEE performance is evaluated against specific criteria and they are expected to boost their annual BEE rating.

The MultiChoice preferential procurement programme supports the development of small, medium and micro enterprises (SMMEs). In addition, these SMMEs are given opportunities to tackle larger-scale projects, enabling entrepreneurs to develop their skills and capabilities. The last three years have seen a lifting of MultiChoice’s preferential procurement spend – from 47% in 2009 to 67% in 2012 on BEE-
compliant companies. This equates to over R4.88bn spent with BEE-compliant companies.

MultiChoice now has a total of 111 agencies nationally, of which 40 are owned by previously disadvantaged business people. These agencies provide employment for over 200 individuals. In the past financial year MultiChoice invested almost R15m in these businesses.

MultiChoice also has accredited installers located nationally. Currently there are 1200 installers, of which 379 are black owned and 49 are owned by women. In the previous year MultiChoice bought laptops to the value of some R3m for the installers to use when installing and activating subscribers.

In addition to its own empowerment initiatives, MultiChoice buys large numbers of decoders from a local manufacturer. These decoders are also exported to countries outside South Africa. During the reporting period approximately 1,4 million decoders with a value of some R500m were exported. This has created employment opportunities in the areas of manufacturing, logistics and sales.

**Employees**

MultiChoice plays an important role in economic growth in South Africa, contributing directly and indirectly to job creation. Some 531 jobs were directly created in the past 12 months, representing a 10% increase in direct employment. Learnership programmes comprise 27% of employment.
Performance review continued

EMPLOYMENT EQUITY
MultiChoice values diversity in its workforce. MultiChoice has a five-year diversity and employment equity plan, which is monitored for progress. Targets for the 2012 financial year were achieved.

EMPLOYEE BENEFITS
Retirement benefits
The group provides retirement benefits for full-time employees, primarily as monthly contributions to defined-contribution pension and provident funds. Membership is compulsory for all full-time permanent employees. The assets of these funds are generally held in separate trustee-administered funds.

In addition to retirement and withdrawal benefits, the fund also provides members’ dependants with an insured multiple of their final pensionable salary should the member pass away while in the service of MultiChoice. A related benefit offered by the employer is a monthly disability income benefit should the employee be unable to continue his or her normal occupation due to injury or illness.

Medical aid benefits
Our medical aid is a closed scheme. Membership is mandatory for all full-time employees, as well as their eligible dependants, unless they belong to their spouse’s or partner’s medical scheme.

Equity ownership
To retain the skills on which our sustainability depends, the group grants share options/share appreciation rights to employees under share-based incentive plans.
**Employee Relations**

The group complies with labour legislation and MultiChoice submits statutory reports.

The risk of child labour and forced or compulsory labour is low in the group. Where children are used in local productions, strict compliance to their regulated conditions of employment is enforced.

Representative forums protect the interests of employees and have become a valuable platform for joint decision making. The Workplace Forum is there to protect the interests of employees. It provides every one of our employees, no matter what their position, with representation.

The Workplace Forum’s major functions are to:

- promote the interests of all employees
- enhance efficiency in the workplace
- be consulted by the employer to reach consensus, and
- participate in joint decision making and skills development.

**Training and Skills Development**

Investing in skills development is a priority for the group, given the strategic importance of technology and intellectual property to our sustainability in a competitive market.

In the review period, MultiChoice spent over R45m on skills development initiatives. These include the New Managers Programme, Management Advancement Programme and Media Management Programme, which cover training from supervisory to executive management levels.
Performance review continued

In total 142 managers attended programmes relevant to their areas of expertise. Some of the programmes were completed as follows:

- 14 employees successfully completed the Stellenbosch University’s Media Management Programme.
- 21 staff members completed the New Managers Programme, and 10 others completed the Management Advancement Programme.
- 10 employees completed the GIBS Leading Women (Imbokobo) Programme.

During the year the group filled learnership and internship positions covering customer care, finance, human resources, broadcast technology and IT. The learnership programmes combine vocational education and training modules towards qualifications registered on the National Qualifications Framework (NQF). These programmes give prospective and new graduates experience in the real world. Some of the programmes implemented in the business were as follows:

- 956 positions at MultiChoice, mainly at customer care
- 73 positions at SuperSport, mainly engineering and technical positions
- 21 positions at M-Net, mainly in production areas, and
- 52 positions ranging from customer care to technical areas at MWEB.
Bursaries valued at R3.4m were awarded during the year. MultiChoice awarded 185 bursaries in 2012, bringing total bursaries awarded since 2008 to 346. Various scholarships and bursaries were also awarded to university students from previously disadvantaged backgrounds.

SuperSport’s partnership with Wits Business School (WBS) has contributed to expanding the administrative skills base in sports bodies in Africa. Since its inception in 2006, about 160 sports administrators have graduated.

MultiChoice has also implemented an e-learning programme, Siyandisa, that includes generic learning courses across seven categories as well as further 42 customised courses to support the business.

To date 69% of employees have completed 5 890 online courses compared to the global utilisation average of 32%. The success has been internationally recognised and presented as a case study at international conferences in Istanbul and Florida.
Performance review continued

**CORPORATE CITIZENSHIP**

In line with the nature of its business, MultiChoice continues to play a key role in its communities. MultiChoice has developed a social investment strategy aligned to its aims. This will contribute to broader South African transformation. The strategy focuses on generating skills critical for MultiChoice’s industry and consolidates its social programmes into a single vehicle, *DStv Be More*.

SuperSport’s flagship CSI project, *Let’s Play*, is aimed at ensuring that a sustainable and aggressive approach to participation in sport will ultimately make a significant difference to the well-being of our youth and generations to follow. *Let’s Play* is entrenched in schools, suburbs and communities across the country. Its continued success is due to a number of factors, not least the support of donors and sponsors, endorsements from the government and a vibrant working relationship with Unicef and sports bodies.

**THE GROUP HAS IMPLEMENTED NUMEROUS INITIATIVES, SUMMARISED BELOW:**

<table>
<thead>
<tr>
<th>Project</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMUNITY DEVELOPMENT INITIATIVES</strong></td>
<td>Invested over R26m in free airtime to charity and non-profit organisations.</td>
</tr>
<tr>
<td><strong>APEX AWARDS</strong></td>
<td>DStv Media Sales and M-Net recognise and reward effective advertising communications, with the proceeds used for bursaries that give previously disadvantaged students access to the advertising industry.</td>
</tr>
<tr>
<td>Project</td>
<td>Beneficiaries</td>
</tr>
<tr>
<td>---------</td>
<td>---------------</td>
</tr>
</tbody>
</table>
| **Industry Skills Development** | - New Directions is targeted at directors and scriptwriters and designed to stimulate the growth of African film-makers – longest running film-making initiative in Africa with 50 films produced to date.  
- TAG awards – Televisions Awards for Good project is targeted at film-makers, advertisers and film students to produce pro-bono public service announcements for important charities and social causes. Four young professionals attended the Cannes Young Lions workshop in Cannes and five bursaries were awarded to previously disadvantaged students at film and advertising schools. |
| **Naledi – Community-based Education** | Teaching Grade 3 children to read and write:  
1 000 children in four provinces (Free State, Gauteng, Western Cape, KwaZulu-Natal) and 11 schools benefited in 2011. |
| **Breast Cancer Awareness** | Financial support for trucks providing education and testing for breast cancer in rural areas:  
- 3 492 women received mammography tests  
- 24 695 clinical breast examinations performed  
- 32 611 individuals received breast cancer education. |
| **Mzansi Magic Market Day** | Community-based youth entrepreneurship project with over 800 schools participating:  
766 beneficiaries involved in 473 stalls and 293 talent performances. |
| **Let’s Play** | Let’s Play offers sustainable youth activity in regional schools and districts in South Africa and, more recently, in Nigeria. The programme aims to get young people involved in, and uplift them through sport. Some notable achievements include:  
- Let’s Play has raised over R7,8m and distributed 235 000 soccer balls throughout the country  
- Winner of the 2010 Virgin Active Sports Industry Awards: Social Responsibility in Sport Award  
- Let’s Play launched successfully in Lagos, Nigeria in August 2011. |
## Performance review continued

### Project | Beneficiaries
---|---
**The Executive Management Programme in association with Wits Business School** | Endorsed by the Minister of Sport and Recreation, the programme is aimed at sport executives and administrators with the objective of raising the standards of administrative and business acumen in sports management. In 2011, 27 sport administrators completed the New Managers Programme and 24 administrators completed the Certificate Programme in Management Development in Nigeria.

**SuperSport United/ Tottenham Hotspur Youth Academy** | The academy aims to establish itself as the leading youth soccer development programme in Africa and to educate and further develop local football talent. Six youth academy players played in the 2011 SuperSport United senior PSL squad.

**The Sports Trust** | SuperSport has been on the board of trustees for 14 years, assisting The Sports Trust financially. SuperSport provides a media platform to promote The Sports Trust and shares its values, which are to “build active communities through sport”.

**SuperSport Wheelchair Basketball Series** | The series is the only televised wheelchair basketball competition in the world. Television coverage has provided the recognition of a minority sport representing the flagship for sport for people with disabilities.

**Internet cafés and computer training centres in townships** | SuperSport donated R350 000 to Silulo Ulothu Technologies to assist in opening more internet cafés and computer training centres in townships. A new centre offers connectivity services to the under-serviced area of Khayelitsha. Donated R181 305 to Mitchells Plain Education Forum providing internet connectivity and internet cafés.

**Customer community support** | Through the DStv Care More customer initiative, subscribers were given the chance to nominate community projects of their choice to receive support from MultiChoice. South African Guide Dogs Association as well as Girls and Boys Town are examples of some of the projects that benefited from this initiative.
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>BENEFICIARIES</th>
</tr>
</thead>
</table>
| **DStv Film Industry Support Initiative** | • The DStv Film Skills Development Programme annually delivers intensive, accelerated, hands-on training for film-makers from previously disadvantaged communities. To date 90 film-makers have benefited from this initiative.  
• DStv introduced a nationwide short-film competition for all new and seasoned film-makers. This initiative uncovers and showcases SA’s film-making talent and it enables film-makers to access additional funds in the form of cash prizes. |
| **Employee Volunteering** | Every year, MultiChoice’s *Be More Care More* programme provides employees with funds and time to volunteer at community projects of their choice. To date over 3 000 community members have benefited from this programme. |
| **Environmental Sustainability Community Projects** | • Pump installations and food garden rollouts at various under-resourced schools in four provinces – giving over 8 000 children much-needed access to water and proper nutrition.  
• 5 000 trees were distributed to households and schools in needy communities. The distribution was coupled with environmental workshops improving awareness about the importance of caring for the environment in these communities. |
| **The MultiChoice Enterprise Development Trust** | The trust was registered in March 2012 and will be the vehicle from which our investments in growing the local media and production industry will take place. The trust will also be utilised in sponsoring the development of improved production and business processes in the marketing, finance, human resources, production, planning and execution arenas. We have already identified potential enterprise development beneficiaries in our supply chain to which contributions from the trust would assist in their development, sustainability and ultimate financial and operational independence. Support for women is a major focus and will be a priority in the group’s future project and development plans. |
Performance review continued

**Health and safety**

- We aim to have an injury-free workplace.
- We perform health and safety risk assessments at our facilities, supported by training.
- We monitor management’s actions through operational, internal and external auditing and reporting processes.
- A healthy workforce contributes to business success. Several of our businesses provide medical aid and wellness programmes for their staff.

**The workplace**

Implementing a healthy, safe workplace at both administrative and production facilities is a priority to achieve the lowest possible harm rate on duty. Where required, and in line with legislation, health and safety committees (comprising responsible, trained individuals) ensure regulatory compliance. Appropriate medical emergency and disaster-recovery plans have been devised.

**Monitoring**

MultiChoice conducts annual occupational health, safety and environmental compliance risk-control audits or reviews as well as building scans. Improvements are implemented as required. Significant matters are reported to and monitored by the risk committee. Injuries on duty are stringently monitored.
**Wellness**

Several wellness programmes reflect a preventative approach to employee health. These range from programmes to stop smoking to HIV/AIDS tests. Professional and independent psychosocial support is provided for staff.

MultiChoice offers a range of wellness and balanced lifestyle services to all employees on site. This includes having a qualified nurse on site in April every year to administer flu vaccines, and quarterly visits from an optometrist who conducts voluntary eye tests. At head office, a wellness centre is accessible to all employees, providing a cost-effective, convenient and confidential service and there is a Montessori nursery school for employees’ children.

During the year MultiChoice launched a unique lifestyle programme for employees, *M-Life*. This programme provides employees with a 24-hour virtual assistant that assists with a large variety of services including a homework helpline for employees’ children, a 24/7 emergency service and free legal or financial advice.

**HIV/AIDS**

We are acutely aware of the HIV/AIDS pandemic, and its social and economic implications. Comprehensive programmes comprise:

- information and awareness campaigns
- voluntary free testing
- free counselling, and
- comprehensive medical treatment programmes.
Performance review continued

ENVIRONMENT

Through improvement and sustainable technological innovation, MultiChoice strives to create solutions that minimise its impact on the environment.

HOW WE DO THIS

- We perform regular risk assessments.
- We try, using advanced technologies, to reduce the impact on the environment.
- We measure and report on our carbon footprint.
- We use environmentally sustainable resources to meet our operational needs, and conserve non-renewable natural resources.
- Where possible, we use environmentally responsible energy sources, invest in improving energy efficiency and design energy-efficient facilities.
- We aim to influence our suppliers to adopt a similar approach in supplying materials and services.
- We reduce waste where possible.

MultiChoice measured its gross carbon footprint from scope 1 and 2 emissions for the third year in accordance with the Greenhouse Gas Protocol (GHG Protocol). The gross carbon footprint (scope 1 and 2)
is 36 645 (2011: 35 583) tonnes of CO₂e. Main causes for the increased tonnage are: additional head count and two additional buildings.

The largest contributor to direct emissions remains electricity accounting for 100% of scope 2 emissions (93% of total emissions).

Continuous supply of good quality electricity is vital to the continuity of our operations. The group installed generators to ensure continuous supply of electricity, hence mitigating the risk of disruptions.

Approximately 120 tonnes of waste was recycled, resulting in an estimated carbon footprint reduction of 194.9 tonnes CO₂e. Approximately 44% of total waste was recycled.

**Greenhouse gases**

A number of green initiatives have been implemented to reduce our carbon footprint and support the sustainability campaign.

**Energy-efficiency initiatives include:**
- movement-activated lights
- energy-efficient air conditioners
- consolidating data centres
- power factor correction and load balancing, and
- automatic hibernation of PCs.

**Waste management initiatives include:**
- reducing paper consumption through double-sided printing, and
- recycling office waste.
Performance review continued

Community outreach initiatives:

- installing solar-powered traffic lights around the MultiChoice campus in Randburg, and
- installing e-waste bins for customers and employees to safely dispose of obsolete electronic devices such as decoders, remote controls and PCs.

FINES

Because MultiChoice operates in a highly regulated environment, compliance is important. The company participates in the regulatory process affecting the communications industry through various public forums and debates, giving inputs on formulating standards and strategies for this industry. MultiChoice and M-Net received some fines from the self-regulatory body, the Broadcasting Complaints Commission of South Africa. These relate to incorrect scheduling of content and the incorrect parental guidance rating being attributed to certain content or in the electronic programme guide. Most of these problems are attributable to human error. Steps are being taken to correct this both by M-Net and third-party suppliers of channels.

In the past year there were no environmental accidents, nor did any government impose any environment-related fines. The group will continue to refine its processes for managing its impact on the environment.
Awards

Prestigious awards received by the group during the year included:

<table>
<thead>
<tr>
<th>Business</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>DStv Media Sales</td>
<td>Most (Media Owner Sales Team) for the best media owner in the country across all categories</td>
</tr>
<tr>
<td>M Web</td>
<td>Runner-Up My Broadband ISP of the Year award for 2011</td>
</tr>
<tr>
<td></td>
<td>Top ADSL ISP – My Broadband March 2012</td>
</tr>
<tr>
<td></td>
<td>Best Gaming ISP – My Broadband March 2012</td>
</tr>
<tr>
<td>Mnet</td>
<td>GoldGrade Status by the Department of Social Development for its CSI initiatives in their Community Contributor Status Grading Programme – which indicates a contribution in excess of legislative and other obligations.</td>
</tr>
</tbody>
</table>
Corporate governance

INTRODUCTION
The board of directors conducts the group’s business with integrity by applying appropriate corporate governance policies and practices in the group.

MultiChoice is a major subsidiary of Naspers Limited, a company listed on the JSE and the London Stock Exchange. It therefore aims to comply, where appropriate, with guidelines in the King Report on Corporate Governance for South Africa 2009 (King III).

MultiChoice has an independent board of directors, which has established its own governance practices and committees that comply in the main with the applicable governance and regulatory requirements. The board’s audit, risk and remuneration and equity committees fulfil key roles in ensuring good corporate governance in the group. The group uses independent external advisors to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the board on matters of corporate governance.

STATUS: NEW COMPANIES ACT
The impact of the new Companies Act No 71 of 2008 was a focus over the past year. To comply with this Act, shareholders appointed the members of the audit committee and passed special resolutions on the provision of loans and other financial assistance at the annual general meeting held on 1 September 2011. Shareholders will be asked at the upcoming annual general meeting to approve a memorandum of incorporation.

The new Companies Act stipulates that companies establish a social and ethics committee. However, subsidiaries are exempt from forming a social and ethics committee provided the holding company performs the duties required by the Act.
Naspers has established a committee to carry out the functions of the social and ethics committee in respect of the company and its South African subsidiaries, including MultiChoice.

**APPLICATION OF AND APPROACH TO KING III**

The board and its committees are responsible for ensuring the appropriate principles and practices contained in King III are applied and embedded in the governance practices of the group. The composition of board committees was reviewed and, where required, amended. Details of the enterprise-wide risk management framework appear on page 20 of this integrated annual report.

In accordance with the overriding principle in King III of apply or explain, the board, to the best of its knowledge, believes the group has applied or is embedding processes in support of the relevant principles of King III.

King III provides that directors should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business. The company does not interpret these provisions to mean that the board should have legal expertise in all spheres in which the company operates or be familiar with all laws applicable to the company and its various businesses.

However, the board does ensure adequate structures and systems are in place and populated with people of sufficient competence for compliance with the relevant laws. The board further manages corporate governance via its audit and risk committees, which monitor the proper operation of such structures and systems and report to the board.

The board believes the current non-executive directors’ fee structure of a single annual fee is more appropriate for the board and its committees and better reflects member contribution.
Corporate governance continued

**BUSINESS ETHICS STATEMENT**

The code of ethics and business conduct was revised during the year, and is available on www.multichoice.co.za.

This code applies to all directors and employees in the group. Ensuring group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process. Management focuses on policies and procedures that address key ethical risks, such as conflicts of interest, accepting inappropriate gifts and acceptable business conduct.

The remuneration and equity committee acts as the overall custodian of business ethics. The disciplinary codes and procedures of the various companies are used to ensure compliance with policies and practices that underpin the overall code of ethics and business conduct. Unethical behaviour in business by senior staff members is reported to this committee as well as the manner in which the company’s disciplinary code was applied in such instances.

MultiChoice is committed to conducting its business on the basis of complying with the law, with integrity and with proper regard for ethical business practices. It expects all directors and employees to comply with these principles and, in particular, to avoid conflicts of interest, illegal anti-competitive activities, bribery and corruption.

Whistle-blowing facilities are in place enabling employees to anonymously report unethical business conduct in the workplace.

**COMPLIANCE FRAMEWORK**

MultiChoice has a legal compliance programme which involves preparing and maintaining inventories of material laws and regulations applicable to each business unit, implementing policies and procedures based on these laws and regulations,
establishing processes to control and supervise compliance and mitigate risks, monitoring compliance, implementing effective training and awareness programmes, and reporting to the board and management on the effectiveness of compliance efforts.

The compliance programme is under the control of legal counsel, Khululwe Ntshangase, acting in this instance as compliance officer together with a compliance committee. The compliance committee reports on its compliance efforts to the compliance officer who, in turn, reports to the risk committee.

THE BOARD

COMPOSITION

Details of directors at 31 March 2012 are set out on pages 70 to 73 of this integrated annual report.

MultiChoice has a unitary board, which fulfils oversight and controlling functions. The board has a charter evidencing a clear division of responsibilities. The majority of board members are non-executive directors and independent of management. To ensure that no one individual has unfettered powers of decision making and authority, the roles of chair and chief executive are separate.

Mr Khulu Sibiya, an independent non-executive director, fulfils the role of lead director in all matters not dealt with by the executive chair, including managing conflicts of interests.

At 31 March 2012 the board comprised five independent non-executive directors, four non-executive directors and two executive directors. Six directors (55%) are from previously disadvantaged groups and two directors (18%) are female.

THE CHAIR

The chair is an executive director. He guides the board as a whole and ensures the board is efficient, focused and operates as a unit. The responsibilities of the chair include:

- Provide overall leadership to the board without limiting the principle of collective responsibility for board decisions, while being aware of individual duties of board members.
- In conjunction with the chief executive, represent the board in communication with shareholders, other stakeholders and, indirectly, the general public.
Corporate governance continued

- Assisted by the board and its committees ensure the integrity and effectiveness of the governance process.
- Maintain regular dialogue with the group’s chief executive on operational matters and consult with other board members on any matter of concern.
- In consultation with the company’s chief executive and secretary, ensure appropriate content and order of the agendas of board meetings and that members of the board receive documentation promptly.
- Ensure board members are properly informed about issues arising from board meetings and that relevant information is submitted.
- Act as facilitator at board meetings to ensure a sound flow of opinions. The chair ensures that adequate time is scheduled for discussions and that they lead to conclusions.
- Monitor how the board works together as a whole and how individual directors interact at meetings.

The chief executive
The chief executive reports to the board and is responsible for the day-to-day business of the group and implementation of policies and strategies approved by the board. Board authority conferred on management is delegated through the chief executive, in accordance with approved authority levels. The functions and responsibilities of the chief executive include:
- Develop the company’s strategy for consideration and approval by the board.
- Develop and recommend to the board an annual business plan and budget that support the company’s long-term strategy.
Monitor and report to the board on the performance of the company.

Establish an organisational structure for the company, which is necessary to execute its strategic planning.

Recommend and appoint the executive team, and ensure proper succession planning and performance appraisals take place.

Ensure the company complies with relevant laws, corporate governance principles, business ethics and appropriate best practice and, if not, that failure to do so is justifiably explained.

**Orientation and Development**

An induction programme is held for new members of the board and key committees, specifically tailored to the needs of individual appointees. This involves industry and company-specific orientation, such as meetings with senior management, to facilitate an understanding of operations. The company secretary assists the chair with the induction and orientation of directors, including arranging specific training if required.

The company will continue director development to build on expertise and develop an understanding of the businesses and environment in which the group operates.

**Conflicts of Interest**

Potential conflicts are appropriately managed to ensure that candidate and existing directors have no conflicting interests between their obligations to the company and their personal interests. Any interest in contracts with the company must be formally disclosed and documented. Directors must also adhere to a policy on trading securities of its ultimate holding company, Naspers.

**Independent Advice**

Individual directors may, after consulting with the chair or chief executive, seek independent professional advice at the expense of the company, on any matter connected with discharging their responsibilities as directors.
Role and function of the board

The board has adopted a charter setting out the following responsibilities:

- Determine the company’s purpose and key objectives.
- Determine the group’s values and incorporate them into the code of ethics and business conduct; ensure compliance with this code is integrated in the operations of the group.
- Provide strategic direction to the company and take responsibility for the adoption of strategic plans.
- Monitor the company’s social, environmental and financial performance.
- Monitor compliance with key laws, rules, codes and standards.
- Identify material stakeholders and monitor management’s process of engagement with those stakeholders.
- Approve the annual business plan and budget compiled by management, taking cognisance of sustainability aspects.
- Retain effective control of the company and monitor management on implementation of the approved annual budget and business plan.
- Oversee preparation of and approve the company’s financial statements (for adoption by shareholders) and integrated annual report (as reviewed by the audit committee) and ensure their integrity and fair presentation.
- Consider and, if appropriate, declare the payment of dividends to shareholders.
- Evaluate the viability of the company and the group as a going concern and properly record this evaluation.
- Determine the selection and orientation of directors.
- Appoint the chief executive, who reports to the board and ensures succession is planned.
Establish board committees, as appropriate, with clear terms of reference and responsibilities.

Appoint the chair of the board and the board’s committees.

Evaluate annually, performance and effectiveness of directors, the board as a whole and its committees.

Ensure the company governs risk adequately through risk management systems and processes, which allow the board to set tolerance levels.

Ensure there is effective risk-based internal audit, which allows it to report on the effectiveness of the company’s system of internal controls in its integrated annual report.

Define levels of delegation for specific matters, with appropriate authority delegated to board committees and management.

Determine the company’s communication policy.

Ensure processes are in place to resolve disputes. Alternative dispute resolution will be considered where appropriate.

Review annually the charters of the committees of the board.

**Board meetings and attendance**

The board meets at least four times a year, and also when specific circumstances require it. The board held four meetings during the past financial year.

The company secretary acts as secretary of the board and its committees and attends all meetings. Details of attendance at meetings are provided on page 74.

**Evaluation**

The remuneration and equity committee carries out the annual evaluation process. The performance of the board and its committees, as well as the chair of the board, with reference to their respective mandates in terms of the board charter and the charters of board committees is appraised. The board’s committees perform self-evaluations against their charters for consideration by the board.
Corporate governance continued

In addition the performance of each director is evaluated by the other board members using an evaluation questionnaire. The chair of the remuneration and equity committee discusses the results of the evaluation with each director and agrees on any training needs or areas requiring attention by the particular director. Where a director’s performance is not considered satisfactory, the board will not recommend his/her re-election.

A consolidated summary of the evaluation is reported to and discussed by the board, including any actions required. The chair of the remuneration and equity committee leads the discussion on the performance of the chair of the board, with reference to the results of the evaluation questionnaire, and then provides feedback to the board.

The annual board effectiveness-evaluation process revealed that the board and its committees had functioned well and had discharged their duties in accordance with the mandates contained in the respective charters. Furthermore, the independence of each director was evaluated. It was determined that they all demonstrated that they were independent in character and judgement and there were no relationships or circumstances that were likely to affect or could appear to affect their independence.

Board committees
While the whole board remains accountable for the performance and affairs of the company, it delegates certain functions to board committees and management to assist it in discharging its duties. Appropriate structures for those delegations are in place accompanied by monitoring and reporting systems.

Each committee acts within agreed, written terms of reference. The chair of each committee reports at each scheduled board meeting. The chair of each committee is a non-executive director and is required to attend annual general meetings to answer questions. The established board committees are detailed as follows.
AUDIT COMMITTEE

This committee comprises only non-executive independent directors. All members are financially literate and have business and financial acumen.

The committee held four meetings during the past financial year. Details of attendance are provided on page 74. The chief executive and chief financial officer attend committee meetings by invitation.

Both the internal and external auditors have unrestricted access to the committee through the chair. The internal and external auditors also report their findings to the committee with members of executive management not in attendance.

The chair of the board may not be a member of the audit committee, but may attend meetings by invitation.

This committee’s main responsibilities, in addition to its statutory responsibilities in terms of the Companies Act, are to:

- Review and approve for presentation the company’s integrated annual report, including the annual financial statements, to the board for approval.
- Review the viability of the company and the group on a going-concern basis, making relevant recommendations.
- Receive all the external auditor’s reports directly from the external auditor.
- Review annually, and report on the quality and effectiveness of the audit process, including assessing the external auditor’s independence, whether the audit has been performed as planned and establishing the reasons for any changes, obtaining feedback about the conduct of the audit from key members of the company’s management.
- Evaluate the lead partner of the external auditor, who will be subject to rotation as required by regulations.
- Present the committee’s conclusions on the external auditor to the board, preceding the annual request to shareholders to approve the appointment of the external auditor.
Corporate governance continued

- Approve the external auditor’s terms of engagement and remuneration.
- Evaluate and provide commentary on the external auditor’s audit plans, scope of findings, identified issues and reports.
- Develop a policy for the board to approve non-audit services performed by the external auditor. Approve non-audit services provided by the external auditor in accordance with this policy.
- Receive notice of reportable irregularities (as defined in the Auditing Profession Act) that have been reported by the external auditor to the Independent Regulatory Board for Auditors.
- Evaluate the effectiveness of internal audit, including its purpose, activities, scope, adequacy and costs, and approve the annual internal audit plan and any material changes.
- Satisfy itself it has appropriately addressed:
  - financial reporting risks
  - internal financial controls
  - fraud risks as these relate to financial reporting, and
  - IT risks as these relate to financial reporting.
- Evaluate the nature and extent of the formal documented review of internal financial controls to be performed annually by internal audit on behalf of the board. Weaknesses in internal financial controls that are considered material (individually or in combination with other weaknesses) and that resulted in actual material financial loss, fraud or material errors, to be reported to the board and in the integrated annual report.
- Approve for recommendation to the board the internal audit charter, which must be reviewed annually.
Confirm the appointment or dismissal of the head of the group’s internal audit function and periodically review his/her performance. Ensure the internal audit function is subject to an independent quality review from time to time.

Review internal audit’s and the risk committee’s reports to the audit committee.

Review procedures to ensure compliance with the requirements of the relevant stock exchanges, as appropriate for subsidiaries of Naspers.

Review procedures in light of the King Code on Corporate Governance.

Monitor compliance with board-approved group levels of authority.

Evaluate:

- legal matters that may affect the financial statements
- matters of significance reported by the internal and external auditors, and any other parties, including implied potential risks to the group and recommendations on appropriate improvements
- major unresolved accounting or auditing issues, and
- progress on completion of all unfinished matters reported by the internal and external auditors.

Establish procedures for the receipt, retention and treatment of complaints received by the company on accounting, internal control, auditing matters, risk management and management of other fraudulent activities, including procedures for confidential, anonymous reporting by employees on questionable matters.

Evaluate annually, the performance and appropriateness of the expertise and experience of the chief financial officer and the finance function, and disclose the results of this review in the integrated annual report.

Ensure a combined assurance model is applied to provide a coordinated approach to all assurance activities, monitoring the relationship between external providers and the company. Coordination between internal and external auditors must be evaluated.
Corporate governance continued

- Report to shareholders at the annual general meeting how it has fulfilled its duties in terms of the Companies Act during the financial year.
- Review annually, and assess its charter and if appropriate, recommend required amendments for approval by the board.
- Perform an annual self-assessment of its effectiveness and report these findings to the board.

**Remuneration and equity committee**
The main objective of the remuneration and equity committee is to fulfil the board’s responsibility for the strategic compensation issues of the group, particularly the appointment, remuneration, evaluation, compensation and succession of senior executives.

The committee comprises a minimum of three non-executive directors, of which at least one will be independent non-executive. The responsibilities of the remuneration and equity committee are outlined in the remuneration report contained on page 75 of this integrated annual report.

**Risk committee**
The committee comprises a minimum of three independent non-executive directors, as well as the chief executive and chief financial officer.

The chair of the board may not serve as chair of this committee.

Members of the committee, taken as a whole, comprise individuals with risk management skills and experience.
The committee’s responsibilities include:

- Review and approve for recommendation to the board a risk management policy and plan developed by management. The risk policy and plan are reviewed annually.
- Monitor implementation of the risk policy and plan, ensuring an appropriate enterprise-wide risk management system and process is in place with adequate and effective risk management processes that include strategy, ethics, operations, reporting, compliance, IT and sustainability.
- Make recommendations to the board on risk indicators, levels of risk tolerance and appetite.
- Monitor that risks are reviewed by management, and that management implements responses to identified risks, so that they are managed within board-approved levels of risk tolerance.
- Ensure risk management assessments are performed regularly by management.
- Issue a formal opinion to the board on the effectiveness of the system and process of risk management.
- Review reporting on risk management that is to be included in the integrated annual report.
- Perform an annual self-assessment of the effectiveness of the committee, reporting these findings to the board.

**Internal Control Systems**

MultiChoice has a system of internal controls, based on the group’s policies and guidelines. Internal auditors monitor the functioning of internal control systems and make recommendations to management and to the audit and risk committees. The external auditor considers elements of internal control systems as part of its audit and communicates deficiencies when identified.
Corporate governance continued

All internal control systems have shortcomings, including the possibility of human error or flouting of control measures. Even the best system may provide only partial assurance. The group’s internal controls and systems are designed to provide reasonable, and not absolute, assurance on the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement, while complying with regulations.

The board reviewed the effectiveness of controls for the year ending 31 March 2012 principally through a process of management self-assessment, including formal confirmation per representation letters by executive management. Consideration was given to input, including reports from internal audit and the external auditor, from compliance and the risk management process. Where necessary, programmes for corrective actions have been initiated.

Nothing has come to the attention of the board of directors or internal auditors to indicate any material breakdown in the functioning of internal controls and systems occurred during the year under review.

**INTERNAL AUDIT**

MultiChoice has outsourced its internal audit function to MIH Internal Audit. This is an independent appraisal mechanism that examines and evaluates the group’s procedures and systems, including internal controls, disclosure procedures and information systems, ensuring that these are functioning effectively. The head of internal audit reports to the chair of the audit committee, with administrative reporting to the chief financial officer.
**Non-audit services**

The group’s revised policy on services provided by the auditor provides guidelines on dealing with audit, audit-related, tax and other non-audit services that may be provided by the independent auditor. It also sets out services that may not be performed by the independent auditor.

The audit committee preapproves audit and non-audit services to ensure these do not impair the auditor’s independence, and comply with relevant legislation. Three guiding principles govern this approval namely, that the independent auditor’s independence will be deemed impaired if it provides a service where it:

- functions in the role of management of the company
- is in the position of auditing its own work, and
- serves in an advocacy role for the company.

**IT Governance**

IT governance is integrated in the operations of the MultiChoice businesses. Management of each subsidiary/business unit is responsible for ensuring effective processes on IT governance are in place. Internal audit will provide assurance to management and the audit committee on the effectiveness of IT governance.

**Company Secretary**

The company secretary is responsible for providing the board with guidance on discharging its responsibilities in terms of legislation and regulatory requirements.

Directors have unlimited access to the advice and services of the company secretary. The company secretary plays a role in the company’s corporate governance and ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered and she is the delegated information officer. The company secretary attends all board and committee meetings.
Directorate

**Nolo Letele** (62)
Nolo holds an honours degree in electronics from the University of Southampton (UK) and joined M-Net in 1990. He has held a number of senior positions within the MIH group, his most recent being that of group chief executive of MultiChoice South Africa. Prior to joining the group he was chief engineer at the Lesotho National Broadcasting Service. His directorships include BuiltAfrica (Pty) Ltd amongst others. In 2001 he was named Media Man of the Year by the Star Business Report; Media Owner of the Year in 2003 by the Financial Mail Ad Focus; and in 2004 he received the coveted Phil Weber award from Naspers. Nolo also sits on the council of Business Leadership South Africa (BLSA). Nolo is currently the executive chair of the MultiChoice group.

**Kgomotso Moroka** (58)
Kgomotso is a practising advocate and member of the Johannesburg Society of Advocates. She obtained her LLB in 1981 and serves on a number of boards, including South African Breweries, Standard Bank of South Africa and Network Healthcare Holdings Limited (Netcare). She is the chairperson of Royal Bafokeng Platinum Limited and Gobodo Forensic Investigative Accounting (Pty) Ltd. She is a trustee of the Nelson Mandela Children’s Fund, Tshwaranang Legal Advocacy Centre (TLAC) and Project Literacy. Kgomotso is an executive member of the General Council of the Bar (GCB) and former chairperson (2010) of Advocates for Transformation Gauteng South.

**Koos Bekker** (59)
Koos led the founding team of M-Net in 1985. He was also a founding director of MTN. He was CEO of the MIH group from inception until 1997, when he became chief executive of Naspers. He serves on the boards of companies in the wider group and of various other bodies. His academic qualifications include BAHons (Stellenbosch), LLB (Wits), MBA (Columbia) and an honorary doctorate.
Salukazi Dakile-Hlongwane (61)
Salukazi is the deputy chairperson of Nozala Investments (Pty) Ltd, a broad-based women-owned and -led investment company, representing over half a million direct/indirect women beneficiaries, that she cofounded in 1996. She holds a BA degree (Economics and Statistics) from the National University of Lesotho (NUL) and a master’s degree (Development Economics) from Williams College – Massachusetts (USA). Her career was spent at various companies including the Lesotho National Development Corporation lecturing for the Mature Students Programme, African Development Bank and the Development Bank of Southern Africa. Salukazi is a director of a number of Nozala-related companies that include: Eqstra Holdings Limited, Exxaro Resources Limited, EnviroServ Holdings and Afripack (Pty) Ltd. She is also a trustee of Nozala Trust and Chancellor House Trust.

Don Eriksson (66)
Don is a chartered accountant (SA) and an honorary life member of the Institute of Directors (IOD). He became a partner of Coopers & Lybrand (now PricewaterhouseCoopers Inc.) in 1976 and was a member of its council and executive. In 1992 he joined Commercial Union as chief financial officer and executive director to CGU Insurance Company (SA) Limited, Commercial Union Life Insurance Company Limited and Sentrasure Limited. Don is currently chair of General Accident Insurance Company (SA) Limited, Insurance Outsourcing Managers Holdings Limited, Renasa Insurance Company, Summerfield Retirement Village and the audit and risk committees of Discovery Health Medical Scheme as well as serving as an independent non-executive director to other companies. He served on the council of the IOD for a number of years and is an active member of its audit committee forum.

Steve Pacak (57)
Steve is a chartered accountant (SA). He is a director of Media24, MIH Holdings, MultiChoice South Africa Holdings and other companies within the wider Naspers group. Steve was appointed an executive director of Naspers Limited in 1998.
**Directorate continued**

**Khulu Sibiya** (64)
Khulu worked as a senior reporter for the Detroit News in Michigan where he also obtained a diploma in journalism and management. Khulu is chairman of SuperSport United Football Club and a council member of the University of Johannesburg. He was Editor-in-Chief of *City Press* newspaper, senior general manager (consultant) Media24, former chairman of M-Net and SuperSport International Holdings and director of MIH Holdings. He sits on the board of a number of listed and unlisted companies.

**Jim Volkwyn** (54)
Jim began his career with Naspers in 1991 as finance manager of M-Net. From 1996 to 1997 he was chief operating officer of MultiChoice Africa. Subsequently he served as chief executive of MultiChoice South Africa for three years, and remains on the board of directors. From 2000 to 2009 he was chief executive of MIH’s television operations. He holds a BCom from the University of Cape Town and qualified as a CA(SA).

**Ton Vosloo** (74)
Ton became managing director of Naspers Limited in 1984, serving as executive chairman from 1992 to 1997. He worked as a journalist from 1956 to 1983 and as editor of *Beeld* from 1977 to 1983. Ton is a director of Media24 and MultiChoice South Africa Holdings and chairman of MIH Holdings and non-executive chairman of the board of Naspers, a position he has held since 1997. He is a former chairman of Sanlam, M-Net, the WWF (South Africa) and of the Cape Philharmonic Orchestra. Ton was awarded the Nieman Fellowship from Harvard University in 1970. He has been awarded three honorary doctorates.
**Fergus Sampson** (44)
Fergus holds a Bachelor of Science from The Ohio State University (USA) and a Master of Business Management and Administration from Stellenbosch University’s Graduate School of Business. Fergus is chief executive of Media24’s newspaper division. He is a founding member of the *Daily Sun* newspaper. Fergus manages *Daily Sun, Sunday Sun, Son, Son op Sondag*, *City Press*, *Soccer Laduuuuuma!* and the Media24 Journalism Academy. He serves on the boards of Print Media South Africa (PMSA), CT Media, Natal Witness, Daily Sun (Pty) Ltd, and the International Newspaper Marketing Association (INMA).

**Imtiaz Patel** (48)
Imtiaz is the group chief executive of MultiChoice South Africa and holds an HDipEd from the University of the Witwatersrand. His previous position was the chief executive of SuperSport International. In January 1998 Imtiaz was appointed as director of professional cricket for the United Cricket Board of South Africa, after having served seven years in charge of the cricket development programme in Gauteng. In August 2009 Imtiaz was awarded the Phil Weber award, the highest accolade to an employee in the Naspers group. Imtiaz has completed many executive programmes, inter alia, the PMD at the UCT Business School and the Senior Executive Programme at the Harvard Business School. He is a member of the Fifa strategic committee.
## Directorate

<table>
<thead>
<tr>
<th>Name</th>
<th>Date first appointed in current position</th>
<th>Date last appointed</th>
<th>Four board meetings held during the year: Attendance</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>J P Bekker</td>
<td>8 March 2007</td>
<td>1 September 2011</td>
<td>4</td>
<td>Non-executive</td>
</tr>
<tr>
<td>D G Eriksson</td>
<td>8 March 2007</td>
<td>20 September 2010</td>
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<td>Independent non-executive</td>
</tr>
<tr>
<td>F L N Letele</td>
<td>14 September 2006</td>
<td>20 September 2010</td>
<td>4</td>
<td>Executive</td>
</tr>
<tr>
<td>K D Moroka</td>
<td>8 March 2007</td>
<td>1 September 2011</td>
<td>3</td>
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</tr>
<tr>
<td>S J Z Pacak</td>
<td>14 September 2006</td>
<td>1 September 2011</td>
<td>4</td>
<td>Non-executive</td>
</tr>
<tr>
<td>M I Patel</td>
<td>1 October 2010</td>
<td>1 October 2010</td>
<td>4</td>
<td>Executive</td>
</tr>
<tr>
<td>F G Sampson</td>
<td>8 March 2007</td>
<td>20 September 2010</td>
<td>4</td>
<td>Independent non-executive</td>
</tr>
<tr>
<td>K B Sibiya</td>
<td>8 March 2007</td>
<td>1 September 2011</td>
<td>3</td>
<td>Independent non-executive</td>
</tr>
<tr>
<td>J J Volkwyn</td>
<td>8 March 2007</td>
<td>21 September 2009</td>
<td>4</td>
<td>Non-executive</td>
</tr>
<tr>
<td>T Vosloo</td>
<td>8 March 2007</td>
<td>21 September 2009</td>
<td>4</td>
<td>Non-executive</td>
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### Committees

<table>
<thead>
<tr>
<th>Name</th>
<th>Audit committee</th>
<th>Risk committee</th>
<th>Remuneration and equity committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>J P Bekker</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>S Dakile-Hlongwane</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<tr>
<td>T Dippenaar</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>D G Eriksson</td>
<td>✔</td>
<td>✔</td>
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<td>M I Patel</td>
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</tr>
<tr>
<td>F G Sampson</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>T Vosloo</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*Directorate continued*
Remuneration report
for the year ended 31 March 2012

Remuneration and equity committee and its role
The remuneration and equity committee comprises only non-executive directors. Executive directors and certain members of management attend meetings by invitation as appropriate. This committee met four times during the financial year.

The main responsibilities of the remuneration and equity committee are to:

- Determine and approve general policy on strategic compensation issues, which must be tabled at each annual general meeting for a non-binding advisory vote by shareholders.
- Prepare an annual remuneration report for inclusion in the company’s integrated annual report.
- Review and approve annually the remuneration packages of the most senior executives, including incentive schemes and increases, ensuring they are appropriate and in line with the remuneration policy.
- Annually appraise the performance of the chief executive.
- Review the remuneration of non-executive directors of the board and its committees annually.
- Fulfil delegated responsibilities on share-based incentive plans, eg appointment of trustees and compliance officers.
- Review incidents of unethical behaviour by senior managers and the chief executive.
- Review annually the company’s code of ethics and business conduct.
- Review annually the committee’s charter and, if appropriate, recommend required amendments for approval by the board.
- Perform an annual self-assessment of the effectiveness of the committee, reporting these findings to the board of directors.

The committee fulfilled its remit during the year.

Remuneration strategy and policy
MultiChoice’s remuneration strategy aims to attract, motivate and retain competent leaders in its drive to create sustainable shareholder value. We aim to attract entrepreneurs and the best creative engineers to grow the value of the group and to recognise top performance.
Our policy and practices align the remuneration and incentives of executives and employees to the group’s long-term business strategy.

Primary objectives include the need to promote superior performance; direct employees’ energies towards key business goals; achieve the most effective returns for employee spend; address diverse needs across differing cultures; and have a credible remuneration policy.

MultiChoice has an integrated approach to reward strategy, encompassing a balanced design, in which reward components are aligned to the strategic direction and business-specific value drivers of MultiChoice.

**Overview of remuneration**

Non-executive directors of MultiChoice South Africa (Pty) Ltd receive annual remuneration as opposed to a fee per meeting. This recognises the ongoing responsibility of directors for the efficient control of the company. This remuneration is augmented by compensation for services on the committees of the board and boards of subsidiaries. A premium is payable to the chair of the board, as well as to the chairs of the committees.

Remuneration is reviewed annually, with reference to competitors and companies of similar size to MultiChoice. Independent advice is acquired to review directors’ remuneration. This remuneration is not linked to the company’s performance. Non-executive directors do not qualify for shares in terms of the group’s incentive schemes. No remuneration is paid to directors of MultiChoice South Africa Holdings (Pty) Ltd. The board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

In remunerating executives, the group aims to attract, motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. We aim to recognise top performance and attract entrepreneurs and the best creative engineers to grow the value of the group. The remuneration policy strives to meet this objective. Accordingly, the focus is not primarily on the guaranteed annual remuneration package, but on individual incentive plans linked to creating shareholder value.

MultiChoice usually structures packages on a total cost-to-company basis (which incorporates base pay, car allowance, pension, medical aid and other optional benefits). In addition, most executives qualify for
individual and/or team performance incentives. At senior level we avoid standardised packages and aim to tailor compensation structure to the needs of the specific business. Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are sensible. In some cases independent consultants provide benchmarks.

**Annual bonus**

Most executives have an annual cash bonus scheme that may comprise a variable component based on surpassing financial and operational objectives, as well as fixed amounts for achieving specific discrete objectives. The incentive for each executive is agreed annually in advance. Incentives are based on targets that are verifiable and aligned to the business plan, risk management policy and strategy. If targets are not met, no bonus is paid.

**Long-term incentives**

Long-term incentives are generally share-based incentive schemes. These awards normally vest over a period of five years and must be exercised within five to 10 years from the date of grant. The shares/appreciation rights are not free. The employee is offered the share/appreciation right at market value on the day of the award. Employees benefit only if they, together with colleagues in that unit, can create additional value above the value on the date of issue.

The remuneration and equity committee annually review share awards. In addition, if the company employs people during the year, the committee may decide to make awards to those individuals. No awards of shares/appreciation rights are made during a closed period for trading, backdating of awards is prohibited, there is no repricing and automatic regranting of underwater shares/appreciation rights.

There is no automatic entitlement to bonuses or early vesting of share-based incentives should an executive leave the employ of the company. There is a maximum number of shares/appreciation rights that may be awarded in aggregate and to any individual for each share-based incentive scheme.

**Service contracts**

Executives’ contracts are subject to standard terms and conditions of employment. Executive and non-executive directors’ contracts do not contain golden parachute clauses. None are linked to any restraint payment paid by the company.
Non-executive directors are subject to the regulations on appointment and rotation in terms of the company’s memorandum of incorporation and the South African Companies Act.

No executive director has a notice period of more than one year. No executive director’s service contract includes predetermined compensation as a result of termination that would exceed one year’s salary and benefits.

**SHARE-BASED INCENTIVE PLANS**

Details of the group’s share-based incentive schemes are contained in the annual financial statements, which can be found on www.multichoice.co.za. There is no dilution as these are share appreciation rights.

**KEY MANAGEMENT’S REMUNERATION**

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 remuneration.

<table>
<thead>
<tr>
<th></th>
<th>2012 R'000</th>
<th>2011 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key management remuneration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term employee benefits</td>
<td>49 580</td>
<td>51 015</td>
</tr>
<tr>
<td>Other long-term benefits</td>
<td>2 484</td>
<td>2 253</td>
</tr>
<tr>
<td>Share-based payment charge</td>
<td>14 417</td>
<td>17 794</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>66 481</td>
<td>71 062</td>
</tr>
</tbody>
</table>

| **Non-executive directors**    |            |            |
| Directors’ fees                | 3 268      | 3 154      |

*All of these amounts are paid by companies in the group other than MultiChoice South Africa Holdings.*

The board believes the current non-executive directors’ fee structure of a single annual fee is more appropriate for the board and its committees and would better reflect member contribution.
Non-executive directors’ terms of appointment

Appointments to the board

The board has adopted a policy on procedures for the appointment and orientation of directors. The remuneration and equity committee periodically assesses the skills represented on the board by non-executive directors and determines whether these skills meet the company's needs. Annual self-evaluations conducted by the board and its subcommittees assist in this regard. Directors are invited to give their input in identifying potential candidates. The members of the remuneration and equity committee propose suitable candidates for consideration by the board. A fit and proper evaluation is performed for each candidate identified.

Retirement and re-election of directors

One-third of directors retire annually but are available for re-election. Brief biographical details are included on pages 70 to 73 of this integrated annual report. The reappointment of directors is not automatic.

Discharge of responsibilities

The committee determined that during the financial year under review it had discharged its responsibilities as outlined in terms of its charter, details of which are included on page 66 of this integrated annual report. The board concurred with this assessment.

T Vosloo
Chairman: Remuneration and equity committee
7 June 2012
Report of the audit committee
for the year ended 31 March 2012

The audit committee submits this report, as required by section 94 of the Companies Act No 71 of 2008 ("the Act").

FUNCTIONS OF THE AUDIT COMMITTEE

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

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements and internal financial controls, and
  - reviewed legal matters that could have a significant impact on the organisation’s financial statements.

- Reviewed external audit reports on the annual financial statements.
- Approved the internal audit charter for recommendation to the board.
- Approved the internal audit plan and budget.
- Reviewed the internal audit and risk management reports and, where relevant, recommendations being made to the board.
- Evaluated the effectiveness of risk management, controls and governance processes.
- Verified the independence of the external auditor and nominated PricewaterhouseCoopers Inc. as auditor for 2012 and noted the appointment of Mr K J Dikana as the designated auditor.
- Approved audit fees and engagement terms of the external auditor.
- Determined the nature and extent of allowable non-audit services and approved contract terms for provision of non-audit services by the external auditor.
MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed below and meets at least three times per annum in accordance with the charter. All members act independently as described in section 94 of the Act. During the year under review four meetings were held. Details of attendance can be found on page 74 of the integrated annual report. All committee members served on the committee for the full financial year.

<table>
<thead>
<tr>
<th>Name of committee member</th>
<th>Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>D G Eriksson</td>
<td>Chartered Accountant(SA)</td>
</tr>
<tr>
<td>F G Sampson</td>
<td>Bachelor of Science, Bachelor of Business Management and Administration with Honours, Master of Business Management and Administration</td>
</tr>
<tr>
<td>S Dakile-Hlongwane</td>
<td>Bachelor of Economics and Statistics, Master’s degree of Development Economics</td>
</tr>
</tbody>
</table>

INTERNAL AUDIT

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

ATTENDANCE

The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The risk management function was also represented. Executive directors and relevant senior managers attended meetings by invitation.
CONFIDENTIAL MEETINGS
Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors.

INDEPENDENCE OF EXTERNAL AUDITOR
During the year under review the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

EXPERTISE AND EXPERIENCE OF FINANCE FUNCTION
The committee satisfied itself that the composition, experience and skills set of the finance function met the group’s requirements.

DISCHARGE OF RESPONSIBILITIES
The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included on page 63 of this integrated annual report. The board concurred with this assessment.

D G Eriksson
Chair: Audit committee
7 June 2012
Administration and corporate information

**Registration number**
2006/015293/07

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

**Secretary**
Sameera Khan
251 Oak Avenue
Randburg
2194
(PO Box 1502, Randburg 2125)

**Attorneys and tax advisors**
Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg
2196
(PO Box 61771, Marshalltown 2107)

**Independent auditor**
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill
2157
(Private Bag X36, Sunninghill 2157)

www.multichoice.co.za
Report of the independent auditor on the summarised group financial statements

The summarised consolidated financial statements, which comprise the summarised consolidated statement of financial position as at 31 March 2012, and the summarised consolidated statements of profit or loss and changes in equity and cash flows for the year then ended, and related notes, as set out on pages 85 to 87, are derived from the audited consolidated annual financial statements of MultiChoice South Africa Holdings (Pty) Ltd for the year ended 31 March 2012. We expressed an unmodified audit opinion on those consolidated annual financial statements in our report dated 7 June 2012.

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated annual financial statements of MultiChoice South Africa Holdings (Pty) Ltd.

DIRECTORS’ RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
The company’s directors are responsible for the preparation of a summarised version of the audited group annual financial statements on the basis described in the summarised notes to the annual financial statements.

AUDITOR’S RESPONSIBILITY
Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements.”

OPINION
In our opinion, the summarised consolidated financial statements derived from the audited consolidated annual financial statements of MultiChoice South Africa Holdings (Pty) Ltd for the year ended 31 March 2012 are consistent, in all material respects with those group annual financial statements, on the basis described in the summarised notes to the annual financial statements.

PricewaterhouseCoopers Inc.
Director: K J Dikana
Registered auditor

Johannesburg
7 June 2012
Summarised statements of financial position

as at 31 March 2012

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 R’000</td>
<td>2011 R’000</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>7 139 513</td>
<td>6 810 417</td>
</tr>
<tr>
<td>Current assets</td>
<td>5 442 559</td>
<td>6 745 195</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>12 582 072</td>
<td>13 555 612</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>7 092 780</td>
<td>8 489 936</td>
</tr>
<tr>
<td>Attributable to equity holders of the group</td>
<td>7 104 765</td>
<td>8 496 160</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(11 985)</td>
<td>(6 224)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>5 489 292</td>
<td>5 065 676</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>246 155</td>
<td>267 636</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>5 243 137</td>
<td>4 798 040</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>12 582 072</td>
<td>13 555 612</td>
</tr>
</tbody>
</table>

Summarised statements of profit or loss

for the year ended 31 March 2012

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 R’000</td>
<td>2011 R’000</td>
</tr>
<tr>
<td>Revenue</td>
<td>20 483 623</td>
<td>17 651 052</td>
</tr>
<tr>
<td>Expenses</td>
<td>(14 598 833)</td>
<td>(12 883 169)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>5 884 790</td>
<td>4 767 884</td>
</tr>
<tr>
<td>Finance costs, net</td>
<td>(82 332)</td>
<td>3 195</td>
</tr>
<tr>
<td>Dividend received</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of net profit/(loss) of associates</td>
<td>(1 387)</td>
<td>95</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>5 801 071</td>
<td>4 771 174</td>
</tr>
<tr>
<td>Taxation</td>
<td>(1 639 195)</td>
<td>(1 340 825)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>4 161 876</td>
<td>3 430 349</td>
</tr>
<tr>
<td>Minority interest</td>
<td>5 807</td>
<td>8 834</td>
</tr>
<tr>
<td><strong>Net profit attributable to equity holders of the group</strong></td>
<td>4 167 683</td>
<td>3 439 183</td>
</tr>
</tbody>
</table>
Summarised statements of cash flows  
_for the year ended 31 March 2012_

<table>
<thead>
<tr>
<th></th>
<th>Group 2012 R'000</th>
<th>Group 2011 R'000</th>
<th>Company 2012 R'000</th>
<th>Company 2011 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>5 025 593</td>
<td>3 551 750</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(858 188)</td>
<td>(868 712)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>(6 178 186)</td>
<td>(2 873 497)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Change in cash and cash equivalents for the year</td>
<td>(2 010 781)</td>
<td>(190 459)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>3 255 551</td>
<td>3 464 037</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Foreign exchange adjustments to cash and cash equivalents</td>
<td>5 953</td>
<td>(18 027)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>1 250 723</td>
<td>3 255 551</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The principal non-cash transactions are the acquisition of equipment using finance leases and equity-settled share-based payment transactions.
Summarised notes to the annual financial statements
for the year ended 31 March 2012

Basis of preparation
The summarised company and group annual financial statements for the year ended 31 March 2012 have been prepared using the guidance supplied by IAS 34 as recommended by King III, International Financial Reporting Standards and the Companies Act of South Africa. The summarised annual 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 summarised annual financial statements 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 profit or loss for the year. Although estimates are based on management’s best knowledge and judgement of current facts as at the reporting date, the actual outcome may differ from these estimates, possibly significantly.

The full annual financial statements for the year ended 31 March 2012 are available on our website at www.multichoice.co.za or, should you wish to obtain a printed copy of these financial statements, they are available from the company secretary at our registered office.
I, Sameera Khan, being the company secretary of Phuthuma Nathi Investments (RF) Limited, certify that the company has, for the year ended 31 March 2012, lodged all returns required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

S Khan
Company secretary
27 June 2012
Directors’ statement of responsibility
for the year ended 31 March 2012

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of Phuthuma Nathi Investments (RF) Limited. The annual financial statements presented on pages 93 to 101 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 annual financial statements fairly present the results of operations for the year and the financial position of the company at year-end in accordance with IFRS.

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

The company operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

The annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was 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 auditor during his audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Inc. is presented on page 91.

The annual financial statements were approved by the board of directors on 27 June 2012 and are signed on its behalf by:

M Langa
Director

P O Goldhawk
Director
As the company’s only asset is an investment in MultiChoice South Africa Holdings (Pty) Ltd, the board deems it appropriate that all its members be appointed to the audit committee.

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act No 71 of 2008 (“the Act”).

**FUNCTIONS OF THE AUDIT COMMITTEE**
The audit committee has discharged the functions ascribed to it in terms of 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 annual 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 annual financial statements.

- Reviewed external audit reports on the annual financial statements.

- Verified the independence of the external auditor and nominated PricewaterhouseCoopers Inc. as the auditor for 2012 and noted the appointment of Mr K J Dikana as the designated auditor.

- Approved audit fees and engagement terms of the external auditor.

- Determined the nature and extent of allowable non-audit services and approved contract terms for provision of non-audit services by the external auditor.

**MEMBERS OF THE AUDIT COMMITTEE**
The audit committee consists of the non-executive directors of the company. All members act independently as described in section 94 of the Act.

<table>
<thead>
<tr>
<th>Name of committee member</th>
<th>Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>P O Goldhawk</td>
<td>Chartered Accountant(SA)</td>
</tr>
<tr>
<td>M Langa</td>
<td>Diploma in Offset Litho Printing</td>
</tr>
<tr>
<td></td>
<td>Certificate in Periodical Journalism</td>
</tr>
<tr>
<td>C P Mack</td>
<td>LLB (University of Cape Town)</td>
</tr>
</tbody>
</table>

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

**CONFIDENTIAL MEETINGS**
Audit committee agendas provide for confidential meetings between the committee members and the external auditor.

**INDEPENDENCE OF EXTERNAL AUDITOR**
During the year under review, the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

**EXPERTISE AND EXPERIENCE OF FINANCE FUNCTION**
The committee satisfied itself that the composition, experience and skills set of the finance function met the company’s requirements.

**DISCHARGE OF RESPONSIBILITIES**
The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of the Act. The board concurred with this assessment.

**P O Goldhawk**
*On behalf of the audit committee of the board*
27 June 2012
To the members of Phuthuma Nathi Investments (RF) Limited

We have audited the group annual financial statements and the annual financial statements of Phuthuma Nathi Investments (RF) Limited, which comprise the directors’ report, the consolidated and separate statements of financial position as at 31 March 2012, 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 96 to 101.

Directors’ responsibility for the financial statements

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

Auditor’s responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Phuthuma Nathi Investments (RF) Limited as at 31 March 2012, 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.
Director: K J Dikana
Registered auditor
Johannesburg
27 June 2012
Directors’ report
for the year ended 31 March 2012

Nature of operations
Phuthuma Nathi Investments (RF) Limited was incorporated on 19 May 2006 under the laws of the Republic of South Africa. The principal activities of Phuthuma Nathi Investments (RF) Limited are to:

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

b) receive and distribute dividends and other distributions in terms of its holding in MultiChoice South Africa Holdings (Pty) Ltd.

Phuthuma Nathi shares started trading on 8 December 2011. This brought to an end the five-year lock-up period for the scheme and enables existing black shareholders to trade their shares as well as opening the scheme to new qualifying shareholders.

Operating and financial review
Since trading has started, Phuthuma Nathi is now reflecting revenue and related expenses arising from the trading platform. The financial results of the company are set out on pages 93 to 101.

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

Dividends
The board recommends that dividends of 118,518.49 cents per ordinary share and 118,518.49 cents per preference share be declared (2011: 88,89.89 cents per ordinary share and per preference share), as well as a special dividend of 222,222.17 cents per preference share (2011: 333.33 cents per preference share). Approximately R516m of this special dividend will be used to reduce the preference share liability from R1,32bn to R804m.

Directors, secretary and auditor
The directors of the company are listed below and the company secretary is Mrs S Khan. The registered address and postal address for the secretary is the same as those of the company as detailed on page 103.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date last appointed</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>C P Mack</td>
<td>20 September 2010</td>
<td>Independent non-executive</td>
</tr>
<tr>
<td>M Langa</td>
<td>27 August 2008</td>
<td>Independent non-executive</td>
</tr>
<tr>
<td>P O Goldhawk</td>
<td>1 September 2011</td>
<td>Independent non-executive</td>
</tr>
</tbody>
</table>

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

Subsequent events
No other events have occurred subsequent to 31 March 2012 that have required the group to disclose or adjust the results as presented in these annual financial statements.

Signed on behalf of the board

M Langa
Chairman
27 June 2012
### Statements of financial position

**as at 31 March 2012**

#### Statements of financial position

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>2 857 130</td>
<td>2 250 000</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>2 857 130</td>
<td>2 250 000</td>
</tr>
<tr>
<td>Current assets</td>
<td>17 637</td>
<td>17 637</td>
</tr>
<tr>
<td>Other receivables</td>
<td>343</td>
<td>343</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>17 294</td>
<td>17 294</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2 874 767</td>
<td>2 267 637</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>1 478 749</td>
<td>871 619</td>
</tr>
<tr>
<td>Share capital and premium</td>
<td>450 000</td>
<td>450 000</td>
</tr>
<tr>
<td>Other reserves</td>
<td>355 438</td>
<td>296 648</td>
</tr>
<tr>
<td>Accumulated profit/(loss)</td>
<td>673 311</td>
<td>421 619</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>830 650</td>
<td>830 650</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>830 650</td>
<td>830 650</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>565 368</td>
<td>565 368</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>539 554</td>
<td>539 554</td>
</tr>
<tr>
<td>Other payables</td>
<td>25 814</td>
<td>25 814</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>2 874 767</td>
<td>2 267 637</td>
</tr>
</tbody>
</table>

#### Statements of profit or loss

**for the year ended 31 March 2012**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4 945</td>
<td>(2 781)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2 164</td>
<td>(117)</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>(117 279)</td>
<td>(156 292)</td>
</tr>
<tr>
<td>Share of net profit of associate/dividends received</td>
<td>556 691</td>
<td>488 588</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>440 576</td>
<td>302 149</td>
</tr>
<tr>
<td>Taxation</td>
<td>(10 206)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>430 370</td>
<td>302 149</td>
</tr>
</tbody>
</table>

#### Statements of comprehensive income

**for the year ended 31 March 2012**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>430 370</td>
<td>674 679</td>
</tr>
<tr>
<td>Share of changes in associate’s other equity items</td>
<td>58 790</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>489 160</td>
<td>674 679</td>
</tr>
</tbody>
</table>
## Statements of changes in equity

*for the year ended 31 March 2012*

<table>
<thead>
<tr>
<th></th>
<th>Share capital and premium R’000</th>
<th>Other reserves* R’000</th>
<th>Accumulated profit/(loss) R’000</th>
<th>Total R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROUP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 April 2010</td>
<td>450 000</td>
<td>286 564</td>
<td>12 782</td>
<td>749 346</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>10 084</td>
<td>302 149</td>
<td>312 233</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>–</td>
<td>–</td>
<td>(31 990)</td>
<td>(31 990)</td>
</tr>
<tr>
<td>Balance at 31 March 2011</td>
<td>450 000</td>
<td>296 648</td>
<td>282 941</td>
<td>1 029 589</td>
</tr>
<tr>
<td><strong>Balance at 1 April 2011</strong></td>
<td>450 000</td>
<td>296 648</td>
<td>282 941</td>
<td>1 029 589</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>58 790</td>
<td>430 370</td>
<td>489 160</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>–</td>
<td>–</td>
<td>(40 000)</td>
<td>(40 000)</td>
</tr>
<tr>
<td>Balance at 31 March 2012</td>
<td>450 000</td>
<td>355 438</td>
<td>673 311</td>
<td>1 478 749</td>
</tr>
<tr>
<td><strong>COMPANY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 April 2010</td>
<td>450 000</td>
<td>–</td>
<td>(384 661)</td>
<td>65 339</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>203 591</td>
<td>203 591</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>–</td>
<td>–</td>
<td>(31 990)</td>
<td>(31 990)</td>
</tr>
<tr>
<td>Balance at 31 March 2011</td>
<td>450 000</td>
<td>–</td>
<td>(213 060)</td>
<td>236 940</td>
</tr>
<tr>
<td><strong>Balance at 1 April 2011</strong></td>
<td>450 000</td>
<td>–</td>
<td>(213 060)</td>
<td>236 940</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>674 679</td>
<td>674 679</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>–</td>
<td>–</td>
<td>(40 000)</td>
<td>(40 000)</td>
</tr>
<tr>
<td>Balance at 31 March 2012</td>
<td>450 000</td>
<td>–</td>
<td>421 619</td>
<td>871 619</td>
</tr>
</tbody>
</table>

*Other reserves consist of the group’s share of its associate’s existing control business combination reserve, fair value reserve, foreign currency translation reserve, hedging reserve and share-based payment reserve.*
## Statements of cash flows

*for the year ended 31 March 2012*

<table>
<thead>
<tr>
<th></th>
<th><strong>Group</strong></th>
<th></th>
<th><strong>Company</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>13 955</td>
<td>2 401</td>
<td>13 955</td>
<td>2 401</td>
</tr>
<tr>
<td>Cash utilised by operations</td>
<td>11 725</td>
<td>(117)</td>
<td>11 725</td>
<td>(117)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>800 000</td>
<td>360 000</td>
<td>800 000</td>
<td>360 000</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(797 770)</td>
<td>(357 482)</td>
<td>(797 770)</td>
<td>(357 482)</td>
</tr>
<tr>
<td>Change in cash for the year</td>
<td>13 955</td>
<td>2 401</td>
<td>13 955</td>
<td>2 401</td>
</tr>
<tr>
<td>Cash at the beginning of the year</td>
<td>3 339</td>
<td>938</td>
<td>3 339</td>
<td>938</td>
</tr>
<tr>
<td>Cash at the end of the year</td>
<td>17 294</td>
<td>3 339</td>
<td>17 294</td>
<td>3 339</td>
</tr>
</tbody>
</table>
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1.1 Investments in associate

Investments in associated companies are accounted for under the equity method. Associated companies are those companies in which the group generally has between 20% and 50% of the voting rights, or over which the group exercises significant influence, but which it does not control. The group’s 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 results net of taxation and minority interests in the associate. The group’s share of post-acquisition movements in other reserves is accounted for in the other reserves of the group. The group’s interest in the associate is carried 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.

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/associate at the date of acquisition. Goodwill on acquisitions of associates is included in “investments in associates” and is tested for impairment as part of the overall balance on an annual basis and when events and circumstances indicate that the carrying amount may not be recoverable. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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 the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable willing parties, or its value in use. Value in use is the present value of estimated future 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.
1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

1.3 **Share capital**
   Ordinary shares are classified as equity.

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

   **Equity instruments**
   An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

   **Compound instruments**
   The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument’s maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

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

   The normal South African company tax rate used at the reporting date is 28%. Deferred tax liabilities at 31 March 2012 have been calculated using this rate, being the rate that the entity expects to apply to the periods when the liabilities are settled.

   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 entity’s 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 nor taxable profit or loss. Currently enacted, or where appropriate, substantially enacted tax rates are used to determine deferred income tax.

1.6 **Revenue recognition**
   Dividend income is recognised when the right to receive payment is established.

   Revenue from rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue and associated costs incurred, or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies have been resolved.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

1.9 New standards and interpretations
The company has adopted the following new and amended IFRS standard as of 1 April 2011:
- IAS 24 (revised), ‘Related party transactions’ (effective on or after 1 January 2011)
  This has had no financial impact on the company.

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

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company
- Proposed amendments to IAS 1, ‘Presentation of Financial Statements’ (effective 1 April 2012)
- IFRS 9, ‘Financial Instruments’ (effective 1 April 2015)
- IFRS 10, ‘Consolidated financial statements’ (effective 1 April 2013)
- IFRS 11, ‘Joint arrangements’ (effective 1 April 2013)
- IFRS 12, ‘Disclosures of interests in other entities’ (effective 1 April 2013)
- IFRS 13, ‘Fair value measurement’ (effective 1 April 2013)
- IAS 27 (revised 2011), ‘Separate financial statements’ (effective 1 April 2013)
- IAS 28 (revised 2011), ‘Associates and joint ventures’ (effective 1 April 2013)

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

2. CRITICAL ACCOUNTING ESTIMATES
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group applies judgement when assessing the impairment of goodwill included in its investment in associate’s carrying amount (refer to note 3).
3. INVESTMENT IN ASSOCIATE
The group has a 13.3% interest in MultiChoice South Africa Holdings (Pty) Ltd, a company incorporated in South Africa. This is an unlisted investment.

<table>
<thead>
<tr>
<th>Movement in carrying amount</th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the beginning of the year</td>
<td>3 042 649</td>
<td>2 934 007</td>
<td>2 250 000</td>
<td>2 250 000</td>
</tr>
<tr>
<td>Share of net profit</td>
<td>555 691</td>
<td>458 558</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of changes in other reserves</td>
<td>58 790</td>
<td>10 084</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(800 000)</td>
<td>(360 000)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>2 857 130</td>
<td>3 042 649</td>
<td>2 250 000</td>
<td>2 250 000</td>
</tr>
</tbody>
</table>

Analysis of carrying amount

<table>
<thead>
<tr>
<th>Cost</th>
<th>2 250 000</th>
<th>2 250 000</th>
<th>2 250 000</th>
<th>2 250 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of post-acquisition reserves</td>
<td>607 130</td>
<td>792 649</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>2 857 130</td>
<td>3 042 649</td>
<td>2 250 000</td>
<td>2 250 000</td>
</tr>
</tbody>
</table>

The cost of the investment in associate includes goodwill of R2bn.

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.

Summarised financial information of unlisted associate as per its annual financial statements

<table>
<thead>
<tr>
<th>Total assets</th>
<th>12 582 072</th>
<th>13 555 612</th>
<th>12 582 072</th>
<th>13 555 612</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>5 489 292</td>
<td>5 065 676</td>
<td>5 489 292</td>
<td>5 065 676</td>
</tr>
<tr>
<td>Revenue</td>
<td>20 483 623</td>
<td>17 651 052</td>
<td>20 483 623</td>
<td>17 651 052</td>
</tr>
<tr>
<td>Net profit</td>
<td>4 161 876</td>
<td>3 430 349</td>
<td>4 161 876</td>
<td>3 430 349</td>
</tr>
</tbody>
</table>

4. SHARE CAPITAL AND PREMIUM

Authorised
90 000 000 ordinary shares of R0,0000001 each

Issued (and fully paid up)
45 000 000 ordinary shares of R0,0000001 each

Share premium

<table>
<thead>
<tr>
<th>Authorised</th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued (and fully paid up)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td>450 000</td>
<td>450 000</td>
<td>450 000</td>
<td>450 000</td>
</tr>
</tbody>
</table>

* Amount less than R1 000.

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.
Notes to the annual financial statements continued
for the year ended 31 March 2012

<table>
<thead>
<tr>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 R'000</td>
</tr>
<tr>
<td>5. LONG-TERM LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>180 000 000 variable rate, cumulative redeemable preference shares of R0,001 each</td>
<td>1 370 204</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>(539 554)</td>
</tr>
<tr>
<td></td>
<td>830 650</td>
</tr>
</tbody>
</table>

These preference shares bear interest at 75% of the prime rate, compounded annually. There are no fixed terms of payment of interest. Interest payments will be made upon approval by the directors. The preferences shares are held by MIH Holdings Limited. The carrying amount approximates the fair value of these instruments. These preference shares are redeemable on any of the following preference redemption dates:
- compulsorily after 10 years or such extended period as permitted by the preference shareholders
- after a trigger event as defined in the preference shareholders’ agreement at the option of the preference shareholders, or
- compulsorily after three years out of sufficient cash resources.

6. OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>STT and VAT</td>
<td>1 125</td>
<td>–</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>47</td>
<td>–</td>
</tr>
<tr>
<td>Amount due to related party</td>
<td>11 402</td>
<td>–</td>
</tr>
<tr>
<td>Other payables</td>
<td>7 336</td>
<td>–</td>
</tr>
<tr>
<td>Ordinary shareholders for dividends</td>
<td>5 904</td>
<td>3 672</td>
</tr>
<tr>
<td></td>
<td>25 814</td>
<td>3 672</td>
</tr>
</tbody>
</table>

7. FINANCE COSTS

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on preference shares</td>
<td>117 476</td>
<td>156 292</td>
</tr>
<tr>
<td>Interest paid</td>
<td>15</td>
<td>–</td>
</tr>
<tr>
<td>Interest received – bank</td>
<td>(212)</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>117 279</td>
<td>156 292</td>
</tr>
</tbody>
</table>

8. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>47</td>
<td>2 444</td>
</tr>
<tr>
<td>Administration costs</td>
<td>42</td>
<td>–</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2 781</td>
<td>2 781</td>
</tr>
</tbody>
</table>
9. TAXATION

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>South African normal taxation</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>STC – current year</td>
<td>3 984</td>
<td>–</td>
<td>3 984</td>
<td>–</td>
</tr>
<tr>
<td>STC – prior years</td>
<td>6 222</td>
<td>–</td>
<td>6 222</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>10 206</td>
<td>–</td>
<td>10 206</td>
<td>–</td>
</tr>
</tbody>
</table>

**Tax rate reconciliation**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory tax rate</td>
<td>28,0%</td>
<td>28,0%</td>
</tr>
<tr>
<td>Non-taxable income</td>
<td>(35,6%)</td>
<td>(42,5%)</td>
</tr>
<tr>
<td>Non-deductible expenditure</td>
<td>7,5%</td>
<td>14,5%</td>
</tr>
<tr>
<td>Secondary tax on companies</td>
<td>2,3%</td>
<td>0,0%</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>2,2%</td>
<td>0,0%</td>
</tr>
</tbody>
</table>

10. CASH UTILISED BY OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>440 576</td>
<td>302 149</td>
<td>684 885</td>
<td>203 591</td>
</tr>
<tr>
<td>Adjusted for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Share of net profit of associate</td>
<td>(555 691)</td>
<td>(458 558)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Dividends received</td>
<td>–</td>
<td>–</td>
<td>(800 000)</td>
<td>(360 000)</td>
</tr>
<tr>
<td>– Finance costs</td>
<td>117 476</td>
<td>156 292</td>
<td>117 476</td>
<td>156 292</td>
</tr>
<tr>
<td></td>
<td>2 361</td>
<td>(117)</td>
<td>2 361</td>
<td>(117)</td>
</tr>
</tbody>
</table>

**Loss before changes in working capital**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Other receivables</td>
<td>(343)</td>
<td>–</td>
</tr>
<tr>
<td>– Payables</td>
<td>9 707</td>
<td>–</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>11 725</td>
<td>(117)</td>
</tr>
</tbody>
</table>

11. RELATED PARTIES

The directors hold in aggregate 10 684 (2011: 10 684) ordinary shares in the company. No directors’ fees or remuneration has been paid to the directors of the company.

12. FINANCIAL RISK MANAGEMENT

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

The group’s interest rate risk arises from its long-term borrowings issued at a variable interest rate. Based on simulations performed, the impact on profit or loss of a 100 basis-point increase in the prime interest rate would be a decrease of R13.4m (2011: R16.4m).
Mandla Langa (62)
Mandla Langa was chairperson of MultiChoice South Africa for the period 2007 to 2010 and was chairperson of Icasa for the period 1999 to 2005. Mandla has participated in various arts programmes and conferences throughout Africa. In 1980 he won the DRUM story contest. In 1991 he was awarded the Arts Council of Great Britain Bursary for creative writing. In 2007 he received South Africa’s National Order of Ikhamanga (silver) for literary, journalistic and cultural achievements, and in 2009 a Living Legends Award from the eThekwini municipality. A number of his works have been published. He has been editor-at-large of Leadership magazine, programme director for television at the SABC and his fourth novel, The Lost Colours of the Chameleon, has won the 2009 Commonwealth Writer’s Prize – Africa region. His directorships include Business and Arts South Africa (BASA), the Foundation for Global Dialogue (FGD), the Institute for the Advancement of Journalism (IAJ), the Rhodes University School for Economic Journalism, Koketso Holdings (Pty) Ltd, Nation’s Trust, Phuthuma Nathi Investments (RF) Limited, Phuthuma Nathi Investments 2 (RF) Limited and South African Screenwriters’ Laboratory (Scrawl).

Clarissa Mack (44)
Clarissa Mack, MIH’s group executive for regulatory and policy affairs, has an LLB from the University of Cape Town, a master’s degree in law at Georgetown University in Washington, DC and recently completed a postgraduate diploma in Economics for Competition Law at Kings College, London. After completing her legal articles at Cheadle, Thompson & Haysom attorneys, she joined M-Net, thereafter moved to MultiChoice before taking up her current position at MIH. She is a director of M-Net, SuperSport and other companies in the wider MultiChoice group. She was intimately involved in the launch of the current Phuthuma Nathi schemes.

Peter Goldhawk (65)
Peter Goldhawk is a chartered accountant and a retired partner of PricewaterhouseCoopers Inc. (PwC). Prior to his retirement in April 2004 he was the leader of the corporate finance valuation division of PwC, having previously established the corporate finance division and the forensic accounting divisions of the predecessor firm Coopers & Lybrand. He is now a director of Goldhawk Corporate Advisory. He was responsible for the development and management of the Phuthuma and Phuthuma Futhi BEE schemes implemented in M-Net and SuperSport in the late 1990s and has been integrally involved in the launch of the current Naspers BEE schemes through Phuthuma Nathi and Welkom Yizani. He is a member of the South African Institute of Chartered Accountants, the JSE Listings Advisory Committee and an alternate director of the Directorate of Market Abuse of the Financial Services Board.
Administration and corporate information

**Registration number**
2006/015187/06

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

**Company secretary**
Sameera Khan
251 Oak Avenue
Randburg
2194
(PO Box 1502, Randburg 2125)

**Trading helpdesk**
Singular Systems (Pty) Ltd
(Registration number 2002/001492/07)
t/a Equity Express
28 Fort Street
Birnam
2196
(PO Box 1266, Bramley 2018)

**Transfer secretaries**
Link Market Services South Africa (Pty) Ltd
(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein
2001
(PO Box 4844, Johannesburg 2000)

**Independent auditor**
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill
2157
(Private Bag X36, Sunninghill 2157)

Call centre helpline: 0860 116 226
www.phuthumanathi.co.za
Notice is hereby given in terms of the Companies Act No 71 of 2008, as amended ("the Act") that the sixth annual general meeting of MultiChoice South Africa Holdings (Pty) Ltd ("the company" or "MCSA") will be held at the Walter Sisulu Auditorium, corner Malibongwe and Hans Schoeman drives, Malanshof, Randburg on Wednesday 5 September 2012 at 11:00.

Please note that the registration counter for purposes of registration to vote at this meeting on Wednesday 5 September 2012 will close at 10:45 on this day.

**Record date, attendance and voting**

The record date for the meeting is 4 August 2012, being the date on which a person must be registered as a shareholder of the company for purposes of being entitled to receive notice of the annual general meeting.

Subject to the proxies given by Phuthuma Nathi Investments (RF) Limited ("Phuthuma Nathi") and Phuthuma Nathi Investments 2 (RF) Limited ("Phuthuma Nathi 2") to their respective members to vote at the annual general meeting of the company in their stead, the ordinary shareholders of the company are entitled to attend, speak and vote at the annual general meeting (with each ordinary share in the company entitling its holder to one vote).

Votes at the annual general meeting will be taken by way of a poll and not on a show of hands. Each ordinary shareholder present or represented by proxy will be entitled to that number of votes equal to the number of ordinary shares held by such ordinary shareholder or its proxies.

Proxy forms must be deposited at the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 or PO Box 4844, Johannesburg 2000 not less than forty-eight (48) hours before the annual general meeting (Saturdays, Sundays and public holidays shall not be taken into account). A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company.

Pursuant to the provisions of the memorandum of incorporation of the company, each member of Phuthuma Nathi has been irrevocably appointed as a proxy for Phuthuma Nathi and is entitled, at the annual general meeting of the company, to exercise one vote for each share that the relevant member holds in Phuthuma Nathi.
Pursuant to the provisions of the memorandum of incorporation of the company, each member of Phuthuma Nathi 2 has been irrevocably appointed as a proxy for Phuthuma Nathi 2 and is entitled, at the annual general meeting of the company, to exercise one vote for each share that member holds in Phuthuma Nathi 2.

**IDENTIFICATION OF MEETING PARTICIPANTS**

Before any person may attend or participate in a shareholders’ meeting that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. Forms of identification include valid identity documents, drivers’ licences and passports.

**PURPOSE OF MEETING**

The purpose of the meeting is (i) to present the directors’ report and the audited annual financial statements of the company for the immediately preceding financial year and an audit committee report and (ii) to consider and, if approved, to adopt with or without amendment, the resolutions set out below and (iii) to consider any matters raised by the shareholders of the company, with or without advance notice to the company.

**ELECTRONIC PARTICIPATION**

Shareholders entitled to attend and vote at the meeting or proxies of such shareholders shall be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder wish to participate in the meeting by electronic communication, the shareholder concerned should advise the company thereof by no later than 09:00 on Friday 24 August 2012 by submitting via registered mail addressed to the company (for the attention of Mrs Sameera Khan) relevant contact details as well as full details of the shareholder’s title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and written confirmation from the transfer secretary confirming the shareholder’s title to the shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.
Ordinary resolutions

Each of the following ordinary resolutions requires the support of a majority (more than 50%) of the votes exercised by shareholders present or represented by proxy at this meeting in order to be adopted.

1. The annual financial statements of the company and the group for the twelve (12) months ended 31 March 2012 and the reports of the directors, the auditor and the audit committee to be considered and accepted.

The summarised form of the annual financial statements is included on pages 85 to 87 of the integrated annual report.

A copy of the complete annual financial statements of the company for the preceding financial year can be obtained at www.multichoice.co.za.

2. After the board applied the solvency and liquidity test contemplated in the Act, in terms of which it has concluded that MCSA will satisfy such test immediately after completing the proposed distribution, the following dividends are declared:

(a) a dividend of 593 cents per ordinary share, and
(b) a special dividend of 889 cents per ordinary share.

3. To reappoint, on the recommendation of the company’s audit committee, the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr K J Dikana is the individual registered auditor of that firm who will undertake the audit) for the period until the next annual general meeting of the company.

4. To appoint the audit committee members as required in terms of the Act and recommended by the King Code of Governance for South Africa 2009 (King III) (chapter 3).

The board and the remuneration and equity committee are satisfied that the company’s audit committee members are suitably skilled and experienced independent non-executive directors. Collectively they have sufficient qualifications and experience to fulfil their duties, as contemplated in regulation 42 of the Companies Regulations 2011. They have a comprehensive understanding of
financial reporting, internal financial controls, risk management and governance processes within the company, as well as International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other regulations and guidelines applicable to the company. They keep up to date with developments affecting their required skills set.

The board and the remuneration and equity committee therefore unanimously recommend Messrs D G Eriksson and F G Sampson and Mrs S Dakile-Hlongwane for election to the audit committee. Their summarised curricula vitae appear on pages 70 to 73 of the integrated annual report.

The appointment of the members of the audit committee will be conducted by way of a separate vote in respect of each individual.

5. To endorse the company’s remuneration policy, as set out in the remuneration report on pages 75 to 79 of the integrated annual report, by way of a non-binding advisory vote.

6. To elect Messrs F L N Letele, F G Sampson, J J Volkwyn and T Vosloo, who retire by rotation and, being eligible, offer themselves for re-election as directors of the company. Their summarised curricula vitae appear on pages 70 to 73 of the integrated annual report.

The board unanimously recommends that the re-election of directors in terms of resolution 6 be approved by the shareholders of the company. The re-election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, and in each vote to fill a vacancy, each voting right entitled to be exercised may be exercised once.

7. To place the authorised but unissued share capital of the company under the control of the directors and to grant, until the conclusion of the next annual general meeting of the company, an unconditional general authority to the directors to allot and issue at their discretion (but subject to the provisions of the Act and the company’s memorandum of incorporation), the unissued shares of the company on such terms and conditions and to such persons, whether they be shareholders or not, as the directors at their discretion deem fit.
Notice of annual general meeting continued

Special resolutions

Each of the below resolutions requires the support of at least 75% of the votes exercised by shareholders present or represented by proxy at this meeting in order to be adopted.

1. That the company or any of its subsidiaries be and are hereby authorised to acquire ordinary shares issued by the company from any person whosoever (including any director or prescribed officer of the company or any person related to any director or prescribed officer of the company), in terms of and subject to the Act.

The reason for and effect of special resolution number 1 is to grant the company the authority in terms of the Act for the acquisition by the company, or a subsidiary of the company, of the company’s ordinary shares.

2. That the company, as authorised by the board, may generally provide, in terms of and subject to the requirements of sections 44 and 45 of the Act, any direct or indirect financial assistance to a related or inter-related company or corporation, or to a member of a related or inter-related corporation pursuant to the authority hereby conferred upon the board for these purposes.

The reason for and effect of special resolution number 2 is to approve generally the provision of financial assistance to the potential recipients as set out in the resolution.

3. That pursuant to and in terms of section 16(1) of the Act, the memorandum and articles of association of the company be and are hereby substituted, in their entirety, by the adoption of a new memorandum of incorporation (“MOI”), a copy of which has been tabled at the annual general meeting and initialled by the chair for purposes of identification.

Any shareholder who wishes to acquire a copy of the MOI may do so during the fifteen (15) business day period prior to and on the date of the annual general meeting at the company’s registered office 251 Oak Avenue, Randburg (contact person Sameera Khan).

The reason for and effect of special resolution number 3 is that the company will adopt the new MOI in the place of its current memorandum and articles of association, which will be in line with the provisions of the Act.
An MOI (previously referred to as a company’s memorandum and articles of association) is the document which sets out the rights, duties and responsibilities of the shareholders, directors and others within and in relation to a company and by which the company is structured and governed. The MOI contains provisions regarding the company and its objects and powers, the share capital of the company and the mechanisms prescribed for disposing of shares, shareholder meetings and voting, directors, their election and meetings and powers, rights attaching to different classes of shares of the company, and administrative matters concerning the company. An MOI of a company may (i) include any provision dealing with a matter that the Act does not address, (ii) alter the effect of any alterable provision of the Act, or (iii) impose on the company a higher standard, greater restriction, longer period of time or any similarly more onerous requirement than would otherwise apply to a company in terms of an unalterable provision of the Act. The Act requires that a company’s pre-existing memorandum and articles of association be amended to be brought in line with the provisions of the Act by 30 April 2013, failing which, any provision of the company’s MOI which contravenes or is inconsistent with the Act, shall be void after the aforementioned date.

Ordinary resolution
8. Each of the directors of the company is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary and special resolutions adopted at this annual general meeting.

Other business
To transact such other business as may be transacted at an annual general meeting.

By order of the board

S Khan
Company secretary
3 August 2012
Notice of annual general meeting

Notice is hereby given in terms of the Companies Act No 71 of 2008 as amended (“the Act”) that the sixth annual general meeting of Phuthuma Nathi Investments (RF) Limited (“the company” or “PN”) will be held at the Walter Sisulu auditorium, corner Malibongwe and Hans Schoeman drives, Malanshof, Randburg, on Wednesday 5 September 2012 at 11:00, immediately after the conclusion of the MultiChoice South Africa Holdings (Pty) Ltd annual general meeting, which is scheduled to be held at 11:00 on this day.

Please note that the registration counter for purposes of registration to vote at this meeting on Wednesday 5 September 2012 will close at 10:45 on this day.

Record date, attendance and voting

The record date for the meeting is 4 August 2012, being the date on which a person must be registered as a shareholder of the company for purposes of being entitled to receive notice of the annual general meeting.

A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more person(s) as proxy or proxies to attend, speak and vote at the annual general meeting in their stead.

Votes at the annual general meeting will be taken by way of poll and not on a show of hands. Each ordinary shareholder present or represented by proxy will be entitled to that number of votes equal to the number of ordinary shares held by such ordinary shareholder or its proxies.

Proxy forms must be deposited at the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 or PO Box 4844, Johannesburg 2000 not less than forty-eight (48) hours before the annual general meeting (Saturdays, Sundays and public holidays shall not be taken into account).
IDENTIFICATION OF MEETING PARTICIPANTS
Before any person may attend or participate in a shareholders’ meeting that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. Forms of identification include valid identity documents, drivers’ licences and passports.

PURPOSE OF MEETING
The purpose of the meeting is (i) to present the directors’ report and the audited annual financial statements of the company for the immediately preceding financial year and an audit committee report and (ii) to consider and, if approved, to adopt with or without amendment, the resolutions set out below and (iii) to consider any matters raised by the shareholders of the company, with or without advance notice to the company.

ELECTRONIC PARTICIPATION
Shareholders entitled to attend and vote at the meeting or proxies of such shareholders shall be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder wish to participate in the meeting by electronic communication, the shareholder concerned should advise the company thereof by no later than 09:00 on Friday 24 August 2012 by submitting via registered mail addressed to the company (for the attention of Mrs Sameera Khan) relevant contact details as well as full details of the shareholder’s title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and written confirmation from the transfer secretary confirming the shareholder’s title to the shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.
Ordinary resolutions
Each of the following ordinary resolutions requires the support of a majority (more than 50%) of the votes exercised by shareholders present or represented by proxy at this meeting in order to be adopted.

1. The consideration and acceptance of the annual financial statements of the company and the group for the twelve (12) months ended 31 March 2012 as well as the reports of the directors, the auditor and the audit committee.

The annual financial statements which will be presented, appear on pages 93 to 101 of the integrated annual report.

2. After the board applied the solvency and liquidity test contemplated in the Act, in terms of which it has concluded that Phuthuma Nathi will satisfy such test immediately after completing the proposed distribution, the following dividends are declared:
   (a) 118,518,49 cents per ordinary share,
   (b) 118,518,49 cents per preference share, and
   (c) a special dividend of 222,222,17 cents per preference share.

3. To reappoint, on the recommendation of the company’s audit committee, PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr K J Dikana is the individual registered auditor of that firm who will undertake the audit) for the period until the next annual general meeting of the company.
4. To appoint the audit committee members as required in terms of the Act and recommended by the King Code of Governance for South Africa 2009 (King III) (chapter 3).

The board is satisfied that the company’s audit committee members are suitably skilled and experienced independent non-executive directors. Collectively they have sufficient qualifications and experience to fulfil their duties. They have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes within the company, as well as International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other regulations and guidelines applicable to the company. They keep up to date with developments affecting their required skills set.

The board therefore unanimously recommends Messrs M Langa and P Goldhawk and Ms C P Mack for election to the audit committee. Their summarised curricula vitae appear on page 102 of the integrated annual report.

5. To elect Mr M Langa, who retires by rotation and, being eligible, offers himself for re-election as a director of the company. His summarised curriculum vitae appears on page 102 of the integrated annual report.

The board unanimously recommends that the re-election of the director in terms of resolution 5 be approved by the shareholders of the company.

6. To place the authorised but unissued share capital of the company under the control of the directors and to grant, until the conclusion of the next annual general meeting of the company, an unconditional general authority to the directors to allot and issue at their discretion (but subject to the provisions of the memorandum of incorporation and the Act), the unissued shares of the company on such terms and conditions and to such persons, whether they be shareholders or not, as the directors at their discretion deem fit.
Notice of annual general meeting continued

7. Each of the directors of the company is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary resolutions adopted at this annual general meeting.

OTHER BUSINESS
To transact such other business as may be transacted at an annual general meeting.

By order of the board

S Khan
Company secretary

3 August 2012
Randburg
Form of proxy

MULTICHOICE SOUTH AFRICA HOLDINGS (PTY) LTD
(Incorporated in the Republic of South Africa)
(Registration number: 2006/015293/07)
(“the company”)

For use by members at the annual general meeting to be held on Wednesday 5 September 2012 at the Walter Sisulu Auditorium.

I/We

(Name in block letters)

Of

(Address) being the holder(s) of ordinary shares in the company, hereby appoint (see note 1)

1. or failing him/her
2. or failing him/her
3. the chairman of the company, or failing him, the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held on Wednesday 5 September 2012 at the Walter Sisulu Auditorium, or at any adjournment thereof.

I/We desire to vote as follows (see note 8):

| Ordinary resolution 1: | Approval of annual financial statements |
| Ordinary resolution 2: | Confirmation of and approval of payment of dividends |
| Ordinary resolution 3: | Reappointment of PricewaterhouseCoopers Inc. as auditor |
| Ordinary resolution 4: | Appointment of the following audit committee members: |
| Ordinary resolution 5: | To endorse the company’s remuneration policy |
| Ordinary resolution 6: | Appointment of directors retiring by rotation: |
| Ordinary resolution 7: | Approval of general authority to place unissued shares under the control of the directors |
| Special resolution 1: | General authority for the company or any of its subsidiaries to acquire its own shares |
| Special resolution 2: | Approve generally the provision of financial assistance |
| Special resolution 3: | Approval of new memorandum of incorporation |
| Ordinary resolution 8: | Authorisation to implement all resolutions adopted at annual general meeting |

and generally to act as my/our proxy at the said annual general meeting.

Signed at on this day of 2012

Signature Assisted (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company).

Please see notes overleaf
Notes to form of proxy

The following provisions shall apply in relation to proxies:

1. A shareholder of the company may appoint any individual (including an individual who is not a shareholder of the company) as a proxy to participate in, and speak and vote at, the annual general meeting of the company. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the member’s choice in the space provided, with or without deleting “the chairman of the company, or failing him, the chairman of the annual general meeting”. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.

3. A proxy instrument must be in writing, dated and signed by the shareholder.

4. A proxy may delegate his/her authority to act on behalf of the shareholder to another person subject to any restrictions set out in the instrument appointing the proxy.

5. A copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at the annual general meeting.

6. Irrespective of the form of instrument used to appoint the proxy (i) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (ii) the appointment is revocable unless the proxy appointment expressly states otherwise and (iii) if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and the company.

7. The proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction except to the extent that the memorandum of incorporation of the company, or the instrument appointing the proxy, provides otherwise.

8. A shareholder’s instructions to the proxy must be indicated by the insertion of an ‘X’ in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he/she deems fit, in respect of the member’s total holding.

9. Every member present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll, every member shall have one vote for every ordinary share held.

10. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the annual general meeting.

11. Forms of proxy must be lodged with the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001, or PO Box 4844, Johannesburg 2000, not less than forty-eight (48) hours (Saturdays, Sundays and public holidays not taken into consideration) before the annual general meeting.
Form of proxy

PHUTHUMA NATHI INVESTMENTS (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2006/015187/06)
(“the company”)

For use by members at the annual general meeting to be held on Wednesday 5 September 2012, immediately after the conclusion of the MultiChoice South Africa Holdings (Pty) Ltd annual general meeting, which is scheduled to be held at 11:00 on that day.

I/We

(Name in block letters)

Of

(Address)

being the holder(s) of

ordinary shares

in the company, hereby appoint (see note 1)

1. or failing him/her

2. or failing him/her

3. the chairman of the company, or failing him/her, the chairman of the annual general meeting

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held on Wednesday 5 September 2012, at the Walter Sisulu Auditorium, immediately after the conclusion of the MultiChoice South Africa Holdings (Pty) Ltd annual general meeting, or at any adjournment thereof.

I/We desire to vote as follows (see note 8):

<table>
<thead>
<tr>
<th>Ordinary resolution</th>
<th>Description</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Approval of annual financial statements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Confirmation of and approval of payment of dividends</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– ordinary and preference share dividends</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>– special preference share dividend</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Reappointment of PricewaterhouseCoopers Inc. as auditor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Appointment of the following audit committee members:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>M Langa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P O Goldhawk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C P Mack</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Re-election of M Langa as a director</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Approval of general authority to place unissued shares under the control of the directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Authorisation to implement all resolutions adopted at annual general meeting</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

and generally to act as my/our proxy at the said annual general meeting.

Signed at on this day of 2012

Signature

Assisted (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company).

Please see notes overleaf
Notes to form of proxy

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