MultiChoice South Africa Holdings Proprietary Limited

INTEGRATED ANNUAL REPORT 2017

PHUTHUMA NATHI
SHARE THE FUTURE

INTEGRATED ANNUAL REPORT TO THE SHAREHOLDERS OF PHUTHUMA NATHI INVESTMENTS (RF) LIMITED FOR THE YEAR ENDED 31 MARCH 2017

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PHUTHUMA NATHI
SHARE THE FUTURE

Phuthuma Nathi Investments (RF) Limited

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ABOUT THIS REPORT

REPORTING BOUNDARY

MultiChoice South Africa Holdings Proprietary Limited (MultiChoice) was incorporated in May 2006. The scope of this report includes MultiChoice and its subsidiaries (the group). In addition to financial results, we include corporate information on the two MultiChoice broad-based black economic empowerment (BBBEE) shareholding schemes – Phuthuma Nathi (PN) and Phuthuma Nathi 2 (PN2) (together Phuthuma Nathi). The sole investments of the Phuthuma Nathi schemes are the shares held in MultiChoice.

We present our integrated report for the financial year from 1 April 2016 to 31 March 2017 to illustrate how we create value for our stakeholders.

The content of this report focuses on key developments and material issues in our business environment. We believe integrated and balanced reporting on our strategic objectives, material issues and how we are governed, provides a comprehensive view of our financial and non-financial performance and the sustainability of our business.

DETERMINING MATERIALITY

In determining content to report, we focused on issues that are material to our stakeholders and drive the executive agenda. These issues are discussed by the board and continually addressed.

BASIS OF PREPARATION

The structure of this report has been developed against the framework of the International Integrated Reporting Council (IIRC). Our sustainability reporting is based on the Global Reporting Initiative guidelines (GRI G4). Due consideration has been given to the recommendations of the King Code of Governance Principles and the King Report on Corporate Governance in South Africa (King III).

Our aim is to constantly enhance our reporting and disclosure to improve our stakeholders' understanding of the group. Feedback on the report is welcomed and can be communicated to gri@multichoice.co.za.

ASSURANCE PROVIDERS

Independent assurance has been provided on material information presented in this report.

→ **Financial information:** For the integrated report, summarised financial information for the group and Phuthuma Nathi, extracted from the group's audited consolidated annual financial statements and the Phuthuma Nathi annual financial statements for the year ended 31 March 2017, have been reflected correctly. The full financial statements appear on the MultiChoice and Phuthuma Nathi websites (www.multichoice.co.za) (www.phuthumanathi.co.za) and are available for inspection at our registered offices from the company secretary.

  Financial information in this report was reviewed by the audit committee and approved by the board. Refer to page 73 for the auditor's report on the group's summarised annual consolidated financial statements and to page 87 for the report

ABOUT THIS REPORT (CONTINUED)

on the Phuthuma Nathi summarised annual financial statements.

→ **Non-financial information:** EmpowerLogic has verified all BBBEE information in the report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The audit committee has reviewed and recommended the integrated report for approval. The report was approved by the board on 9 June 2017. The integrated annual report and financial statements fairly reflect, in our opinion, the true financial position of the group at 31 March 2017, and that of its operations during this period as described in the report.

On behalf of the board

Nolo Letele
Executive chair and acting group chief executive

9 June 2017

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FORWARD-LOOKING STATEMENTS

This 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 key 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 whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

OUR BUSINESS

WHO WE ARE

A dynamic, South African-based video-entertainment group providing world-class sports and international content and telling local African stories that enrich the lives of 6,3m customers across our multiple platforms.

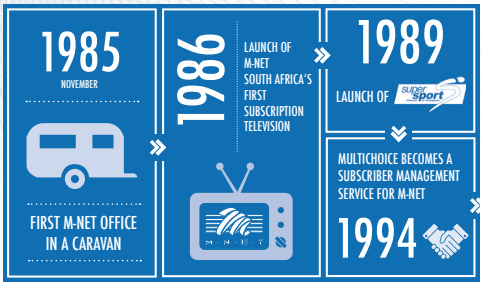
We have proudly shared the success of our business with thousands of South Africans and have achieved a level 1 broad-based black economic empowerment rating.

55,75% of the economic interest in our business is held by black South African individuals via a combination of shareholding in Naspers and our Phuthuma Nathi broad-based share schemes.

WHAT BUSINESS ARE WE BUILDING

South Africa's first-choice and leading video-entertainment destination.

OUR JOURNEY →



OUR BUSINESS (CONTINUED)

OUR MOST POPULAR BRANDS

MultiChoice is home to a variety of well-known brands that deliver exceptional content across a range of platforms. Our brands are constantly evolving to ensure our customers receive the very best in entertainment and services. Household brands in our portfolio include MultiChoice, DStv, DStv Now, BoxOffice, DStv Catch Up, Showmax, M-Net, Mzansi Magic, Africa Magic, Mzansi Wethu, Carte Blanche, kykNET and SuperSport.

MultiChoice, through its DStv services, offers sports, movies, series and general entertainment channels.

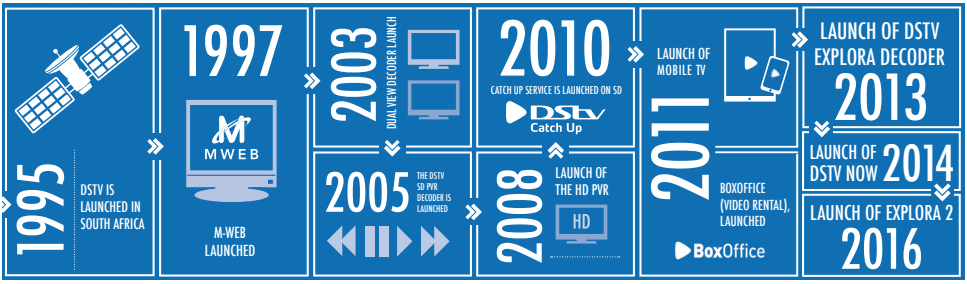
DStv is dedicated to finding new ways of connecting customers to their favourite shows – whenever they want and wherever they are. Content is bundled into packages with a mix of channels.

M-Net delivers premium thematic channels and exclusive content, sourced from international content owners or specifically commissioned (our local productions). This premium entertainment is distributed to DStv customers on selected packages.

SuperSport is the continent's leading aggregator and producer of local and global sport content, showcasing the best on-field action and sport commentary. Available on selected packages.

Showmax is our internet-based subscription video-on-demand service with an extensive catalogue of TV shows and movies. Showmax delivers world-class international content and the best of local content.

DStv Media Sales handles commercial airtime sales and on-air sponsorship across M-Net, SuperSport and most of the DStv international channels.



OUR PERFORMANCE AT A GLANCE

KEY FACTS

Spent on local content

R2,1bn

(2016: R1,7bn)

6,3m

customers

(2016: 5,7m customers)

87%

of our employees are black

(2016: 86%)

Spent on local sports content

R2,0bn

(2016: R1,2bn)

Level 1 BBBEE rating achieved

Total taxes paid

R5,8bn

(Direct R3,3bn and indirect R2,5bn)

(2016: direct R3,5bn and indirect R2,2bn)

Six directors (60%) are from previously disadvantaged groups and three directors (30%) are women

R10,4bn

spent with **BBBEE suppliers** in 2017, including R3,3bn with small and medium enterprises and R1,7bn with suppliers owned by black women (at least 30% black female ownership)

51%

of our employees are black women

(2016: 49%)

OUR PERFORMANCE AT A GLANCE (CONTINUED)

FINANCIAL HIGHLIGHTS

Revenue

14% (2016: R35,7bn) **to R40,5bn**

Trading profit

8% (2016: R9,2bn) **to R10,0bn**

Net profit

14% (2016: R6,0bn) **to R6,8bn**

Dividends paid

R6,5bn (2016: R6,2bn)

OUR PERFORMANCE AT A GLANCE (CONTINUED)

AWARDS ACROSS OUR GROUP

→ **Global Contact Centre Awards**

- **Best analyst: Gold**
- **Best call centre agent: Gold**
- **Best sales agent: Gold**
- **Industry champion: Gold**
- **Best workforce planner: Silver**
- **Best quality assurance agent: Silver**
- **Best team leader: Bronze**

→ Best reputation in media and entertainment in the 2016 Mail&Guardian Top Companies Reputation Index

→ 2016 Oliver Empowerment Awards
- Top company in enterprise and supplier development
- Top empowered company

→ 2017: Oliver Empowerment Awards (Topco)
- Top empowered company in enterprise and supplier development

→ Sunday Times Generation Next Award: 2017 coolest company

115 → Safta nominations (South African Film and Television Awards)

36 → Safta awards

→ Promax Africa awards*

38

7 → Loeries, including main award (Grand Prix) for Channel O

** PromaxBDA awards honour design and marketing work in advertising and promotions broadcast, published or released in their respective markets.*

OUR PERFORMANCE AT A GLANCE (CONTINUED)

AWARDS ACROSS OUR GROUP

DStv PromaxBDA awards

- Gold award: Best design without footage: Elections
- Best lifestyle promo: Gold
- Best sports campaign DStv: Olympics campaign: Gold
- Best weekly wonder: DStv Now Stream The Scream: Gold
- Best radio promotion: BoxOffice: Gold

showmax

- Stuff magazine: Entertainment app of the year award

SuperSport World of Champions

36th SAB Sports Media awards

- Mandla Ntsibande – sports producer of the year

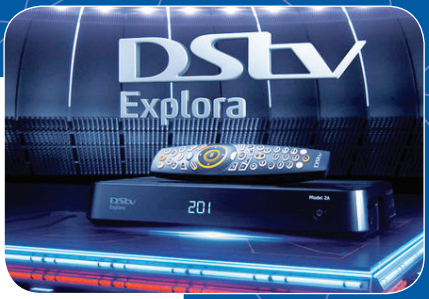
- Kaunda Ntunja – sports commentator of the year

- Mpumelelo Mbangwa – sports presenter of the year

PromaxBDA Africa 2016 awards

8

→ DStv Explora named TV gadget of the year by Stuff magazine



→ We added

625 000

customers during the year

Nolo Letele

COMBINED CHAIR AND CHIEF EXECUTIVE'S REVIEW

Muted economic growth, driven by low commodity prices, drought, political uncertainty and continued currency weakness produced some of the toughest operating conditions in over two decades. Despite this, we continued to grow our business by delivering great content and service to our customers.

MultiChoice remains committed to its contributions to society through, among others, the Phuthuma Nathi share schemes. Phuthuma Nathi companies have received some R7,8bn in dividends since inception, ultimately empowering and enriching the lives of thousands of South Africans.

OVERVIEW

South Africa's currency remained weak over the past year, having depreciated by close to 30% over the past three years. Profitability was negatively impacted by the continued weakness of the currency since we earn our revenues in South African rand. In addition, the largest part of our cost base is US dollar denominated and coupled with increased competition, which is further driving up the cost of content, there has been an inevitable impact on operating margins. In response, and to mitigate some of the impact, the business continued to focus on cost reduction.

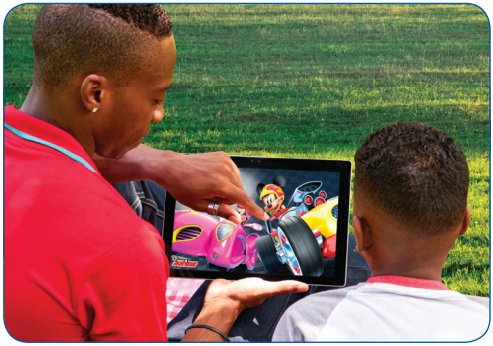
Despite the factors alluded to earlier, the group produced satisfactory financial results and continued to create value for stakeholders. This demonstrates the management teams' continued commitment and focus in meeting the group's objectives and execution of strategies to ensure value creation for all stakeholders. This report illustrates our commitment to sustainability and our objective of enriching the lives of all our stakeholders.

REVIEW OF OPERATIONS

We added 625 000 customers (around 11% growth) across our packages (reaching a high of 6,3m households). This growth was achieved through additional investment in local and international content and the successful renegotiation of key sports rights.

Our flagship decoder, the DStv Explora, maintained its popularity and was named TV gadget of the year by the authoritative technology magazine *Stuff*. We launched the second generation of our flagship decoder, DStv Explora 2, a streamlined version, at increasingly competitive prices that offers customers the same great entertainment on DStv Catch Up and BoxOffice, as well as the ability to connect to the internet to enjoy an extended DStv Catch Up library (DStv Catch Up Plus).

Understanding that the connected world is the future, we continue to improve our technologies to connect our customers to the greatest content anywhere, anytime. We have further enhanced our DStv Catch Up service and continue to focus on helping more customers connect their DStv Exploras to the internet to



COMBINED CHAIR AND CHIEF EXECUTIVE'S REVIEW (CONTINUED)

enjoy even more entertainment. We exceeded our targets for connected Exploras, which give our customers access to an expanded library of the latest content, including the newly launched 1 000 movies on the M-Net Movie Collection. Our popular BoxOffice service has expanded to include up to 30 movies and now features Bollywood movies. Customers on all DStv packages with a personal video recorder (PVR) or Explora decoder can use this movie rental service.

More DStv customers are using the DStv Now on-the-go service that is now available to all Premium customers. We have enhanced DStv Now with more than 60 channels available to stream. The same expanded library of content that is available on DStv Catch Up Plus, is also accessible through the DStv Catch Up section of DStv Now, including the 1 000 movies from the M-Net Movies Collection.

Showmax continues to make progress in the subscription video-on-demand market and we will continue to ensure we have a broad library of great content, available across platforms relevant to our customers.

The group continues to provide content that resonates with customers across our packages. M-Net remains focused on producing and acquiring the most compelling local and international programming. By commissioning local content, we are building an African library that can be used in perpetuity on all group-owned platforms. To reduce the customers' perception of repeats, we have consolidated M-Net general entertainment and movie channels, and stopped airing non-performing channels with high repeats. Investing in local content across all our territories remains a focus.

DStv Catch Up Plus now contains

1 000

movies from the

M MOVIES COLLECTION

COMBINED CHAIR AND CHIEF EXECUTIVE'S REVIEW (CONTINUED)

SuperSport continued to strengthen its position as arguably the best aggregator of sport content globally. Significant investments in local and international content on all platforms ensured customers were entertained in multiple languages across our broadcast territory.

We are also concentrating on customer retention and service as well as general cost control across the group. Various initiatives are in place to drive customer retention, including: promoting DStv Explora sales through the 'Price Lock' campaign, promoting fixed-term contracts and streamlining the payment and collections process to help customers stay connected. We will continue to drive the move to connected Exploras by introducing an improved wi-fi connector, and reducing churn by promoting value-added services and DStv Now.

→ Launched the IS20B satellite providing more transponder capacity to grow content and high-definition offerings.

Pivotal to improving our overall customer service is helping customers to help themselves through self-service platforms and applications, reducing the need to make calls to the call centre. We are also focusing on upskilling our customer-facing employees through the School of DStv to eliminate errors at the service level, and also eliminate system failures.

We want to give our customers uninterrupted viewing. To ensure this happens, we have successfully launched the IS20B satellite, satisfying disaster-recovery requirements and providing increased transponder capacity to grow content and high-definition offerings.

We sold our fibre network operator, SmartVillage, to Mobile Telephone Networks after the transaction was approved by the Competition Commission in November 2016.

Our internet service provider, MWEB Connect, entered into an agreement with Dimension Data to sell the MWEB business to Internet Solutions. The competition authorities have approved the transaction and the sale was effective 31 May 2017.

DIVIDEND

The board considered several factors in recommending a dividend this year: the tough economic environment in South Africa which was compounded by the weak exchange rate, rising costs, investment in new technologies, and the higher cost of local and international content.

In the year ahead, we expect the local trading environment to remain challenging and it could take some time before plans we are implementing to grow the base and optimise our spend, have a material positive impact.

COMBINED CHAIR AND CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Given this context and our positive 2017 financial performance, the MultiChoice board recommends that a dividend of R6,5bn be paid to its ordinary shareholders. This would amount to a dividend of R867m for PN and R433m for PN2 (a total of R1,3bn to PN companies). Dividend tax of 20% per PN share is 385,19 cents. PN shareholders will therefore receive a total net dividend of 1 540,74 cents per share.

All dividends proposed in this report will be paid from reserves and are subject to the approval of shareholders at the annual general meetings (AGMs) on 30 August 2017. If approved, these dividends will be payable to shareholders recorded in the share register on 30 August 2017, and paid on or about 6 September 2017.

ENTERPRISE DEVELOPMENT

We remain committed to supporting emerging entrepreneurs to realise their dreams. We support a broad range of enterprises and community television stations. Our commitment to enterprise development facilitates job creation and economic growth, which ultimately ensures social upliftment in local communities.

MULTICHOICE
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SUSTAINABILITY

Our sustainable development framework links to our risk management processes, which in turn integrate financial and non-financial risk identification, management and monitoring. While the board is responsible for the integrity of integrated reporting, the audit committee has been tasked to oversee sustainability reporting to ensure the information is reliable and aligned with financial results. This report illustrates our commitment to sustainability and focuses on projects that address social and environmental issues. Some of our more significant initiatives focus on education, skills development, community outreach and environmental sustainability. We aim to play a sustainable role in improving the living conditions of our employees, their families and the communities in which we operate, ultimately balancing profit, people and our planet.

GOVERNANCE

The board oversees the strategic direction of the company, with oversight vesting in the audit and risk committees, and is ultimately responsible for the group's performance. The responsibility for implementing strategy is delegated to management. Governance and sustainability are integral to our strategic implementation and essential to the interests of our stakeholders. The group continually evaluates areas where governance can be improved.

COMBINED CHAIR AND CHIEF EXECUTIVE'S REVIEW (CONTINUED)

REGULATORY

Our strategy formulation and implementation are affected by regulatory developments, such as the communications ministry's review of the broadcasting sector and the proposed amendments to copyright legislation and the Film and Publications Act. In addition, the Independent Communications Authority of South Africa (Icasa) is conducting an inquiry into the state of competition in the broadcasting sector. Matters before competition authorities remain a key focus and that, together with regulatory challenges, are placing increasing demands on senior management time.

DIRECTORS

In terms of the MultiChoice memorandum of incorporation, one third of directors retire annually and reappointment is not automatic. Elias Masilela, Khulu Sibiya and Don Eriksson, who retire by rotation at the annual general meeting (AGM), are eligible and offer themselves for re-election. Shareholders will be asked to consider their re-election at the AGM, notice of which is included in this report.

Due to his increased responsibilities as chief executive of the Naspers video-entertainment segment, Imtiaz Patel stepped down as acting group chief executive and a director of MultiChoice on 22 March 2017. As an interim arrangement, the MultiChoice executive chair, Nolo Letele, temporarily assumed the duties of the South African group chief executive in addition to his executive chair duties. In line with internal governance requirements, the lead independent director on the MultiChoice board steps in, in this instance.

Members of the audit committee at 31 March 2017 were Don Eriksson, Elias Masilela and Salukazi Dakile-Hlongwane. The board recommends their re-appointment as audit committee members. Shareholders will be asked to consider their appointments at the AGM as required by the Companies Act of South Africa.

Brief biographical details of all directors appear on pages 61 to 63.

We thank our fellow board members for their continued guidance and support in another challenging year. We also appreciate the commitment of the management teams and employees across our businesses who have driven our strategy to achieve our objectives and realise our full potential.

FOCUSING ON THE FUTURE

We will continue to focus on giving our customers access to a world of entertainment – anywhere, anytime and on any platform. Our direct-to-home growth initiatives will remain focused on meeting our customers' expectations by airing the best in sport and general entertainment content for our various platforms and further investing in local content specific to customers in our markets. We will enhance our offerings by inventing original products, investing in and developing new technologies, while continuing to improve our customer-service initiatives.

Nolo Letele

Executive chair and acting group chief executive

9 June 2017

CREATE ORGANIC GROWTH AND SUSTAIN STAKEHOLDER VALUE

The group remains a sustainable for-profit organisation through the commitment, energy and resourcefulness of its people and stakeholders, contributing to the economy and society.

Value distribution

SALARIES, WAGES AND BENEFITS

2017: R2,69bn	2016: R2,51bn

PROVIDERS OF CAPITAL

Dividends paid 2017: R6,50bn	2016: R6,20bn
Finance costs 2017: R0,67bn	2016: R0,55bn
Total 2017: R7,17bn	2016: R6,75bn

GOVERNMENT

Total tax paid 2017: R3,24bn	2016: R3,50bn
Licence fees 2017: R0,17bn	2016: R0,15bn
Total 2017: R3,41bn	2016: R3,65bn

REINVESTED IN THE GROUP

Capital investments 2017: R1,23bn	2016: R1,12bn
Retained earnings 2017: R0,46bn	2016: (R0,14bn)
Total 2017: R1,69bn	2016: R0,98bn

Value-added statement for the year ended 31 March

The value-added statement illustrates how the group distributed its earnings, and how much was retained for reinvestment.

TOTAL VALUE CREATED

R14,96bn

2016: R13,89bn

OUR STRATEGIC PRIORITIES

The MultiChoice board determines the overall strategy and is ultimately responsible for overseeing the group's performance. Management teams across our businesses implement these strategies, guided by the group's code of business ethics and conduct, and our values. Our strategic priorities, outlined below, enable us to achieve our overall vision.

How we create value for our stakeholders:

INPUTS

1 Content
- Local
- International
- Produced

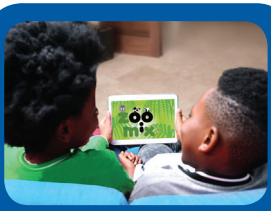
2 Our packages and products
- DStv packages
- Decoders and hardware
- Technology

3 People
- Employees
- Suppliers
- Relationships

4 Internal environment (Culture and governance)

5 External environment (Economic, regulatory and competition)

OUTCOMES



6 Satisfied customers
- Great service and customer experience

7 Doing business in a responsible manner
- Corporate social investment
- Sustainability

1 Content

The 2016 Idols season achieved **83m votes**

Investing in international and local content

GENERAL ENTERTAINMENT

Providing content that resonates with our customers is a key strategic advantage for the group. Fifteen new high-definition (HD) channels were launched over the year across DStv packages, namely M-Net City, M-Net Movies Action, kykNET & Kie, Mzansi Wethu, VUZU, M-Net Family, M-Net Movies All Stars, Crime and Investigation, History, Food Network, BBC First, VIA, Trace Urban, SuperSport Blitz and Channel O.

The general entertainment genre was further enhanced with the addition of Fashion One, Discovery Family, FOX Life, ROK and Spice TV. The movie genre was boosted with M-Net Movies Smile and Zee Bollywood Movies. Music is central to our customers, especially in the youth market, and the music offering across various packages was expanded by launching two African music channels: Sound City and Trace Africa. TBN was added to the religious genre.

3 122 hours of brand new local content commissioned during the year

International series highlights on the M-Net channel during the year included Game of Thrones, Grey's Anatomy, Modern Family, The Big Bang Theory, The Night Of, the 68th Emmy Awards, and Red Carpet: La La Land at the Emmys.

Customers also enjoyed five pop-up channels during the year – M-Net Block Party showcased favourite comedy movies, latest comedy shows and the world's best stand-up comedians. The Harry Potter Festival gave fans an opportunity to watch all eight movies, behind-the-scenes

36 series were broadcast exclusively Express from the US during the year, including:

Game of Thrones	S6
Grey's Anatomy	S13
Suits	S6
Ray Donovan	S4
Westworld	S1
Lethal Weapon	S1
Blue Bloods	S7

Investing in international and local content (continued)

specials as well as director's cut footage. M-Net Inspire and fliekNET (the extremely popular Afrikaans pop-up channel) added to December festivities. The Bond Festival saw the iconic 007 infiltrate subscriber screens with the world's longest-running movie franchise.

Express from the US content has been aligned across all platforms to broadcast at the same time. This content now includes Grey's Anatomy, The Fixer, Blue Bloods, Suits, Chicago Med, The Blacklist, Shades of Blue, American Crime, Vikings, Lucifer, Shameless, Girls, Limitless, Quantico, Vinyl, Billions, Supergirl, House of Cards and Gotham.

→ **Mzansi Magic** is the **2nd** most watched channel on Compact

DStv Catch Up carries content from various sources, including channels like BBC Brit, BBC Earth, BBC First, BBC Lifestyle, BET, CI, Cartoon Network, Cbeebies, Comedy Central, Discovery Channel, Discovery World, Disney Channel, Disney Junior, Disney XD, E!, Ebony Life, EVA, History Channel, ITV Choice, Lifetime, Nickelodeon, Nick Jr, Nick Toons, SABC 1, SABC 2, Sony Entertainment, Studio Universal, TLC Entertainment, Trace Sports, Trace Urban and Universal Channel.

LOCAL CONTENT

The group is particularly focused on building the local-content industry and continues to invest significantly in original productions and local stories.

Mzansi Magic remains the second most-watched channel in the Compact market, with locally scripted content (telenovelas and dramas) and local reality formats delivering the biggest audiences. The Sunday night line-up of drama and reality continues to position the channel as number one on that day.

The channel's flagship soap, Isibaya, and popular reality show, Our Perfect Wedding, are still its top-rated shows and stellar performances continue from Date My Family and Utatakho. Mzansi Magic launched several telenovelas during the year, including Ring of Lies, Greed & Desire and The Queen, generating strong audiences.

Three new reality formats have strengthened channel viewing: Living The Dream with Somizi, giving audiences a glimpse of the highs and lows that make the talented entertainer and

Investing in international and local content (continued)

→ We produce content in **six** local South African languages:

- English
- Afrikaans
- isiZulu
- Sesotho
- isiXhosa
- Tshivenda

businessman tick; The Ranakas which is a spinoff of the highly successful VUZU AMP reality show Dineo's Diary starring Dineo Ranakas; and Papa Penny Ahee! which follows the colourful life of legendary Tsonga disco king Penny Penny as he navigates life as a musician, polygamist, father of 17, community leader and son to his 90-year-old mother.

In April 2017 Mzansi Magic added a new daily, Isithembiso, to South Africa's TV line-up with its youth telenovela that delves into what it means to be a generation Y black person in an era of instant gratification, social media and peer pressure. Isithembiso looks at what happens when the idealistic filter through which young people look at life is removed to reveal that 'all that glitters is not always gold'.

Mzansi Bioskop, M-Net's movie channel showcasing locally produced South African movies, continues to resonate with audiences. This year 56 titles were produced by both new and more established companies.

Local versions of reality shows such as The Voice SA and Idols SA continue to engage customers. The Voice is one of the world's most successful vocal competitions and reality formats – its second season was launched in January 2017 on M-Net channel 101. Idols SA season 12 closed in November with huge audience figures and voting numbers. Carte Blanche, South Africa's longest-running investigative journalism programme, remains the flagship show for M-Net channel 101.

Strong new content was launched and popular series returned to kykNET during the year. These include Die Byl (a crime series inspired by SA super sleuth Piet Byleveld), Boland Moorde (crime-solving forensic drama series based in the Western Cape) and Die Boekklub (a drama about an unexpected trip to the Karoo and an eclectic group of people).

→ **56 new movies** were produced for Mzansi Bioskop

Investing in international and local content (continued)

→ Isibaya won the **most popular soap** award at the South African film and television awards

The channel's soapies – Suidooster, Getroud Met Rugby and Binnelanders – continue to perform well.

kykNET NOU! remains a favourite with Afrikaans music fans and content is being adapted to appeal to the increasingly younger skew of the channel's demographics. fliekNET, the Afrikaans movie pop-up channel, returned in December 2016 with 24 hours of uninterrupted Afrikaans movies in the summer holidays.

In March 2017 M-Net's local content channels were collectively rewarded with 36 Golden Horns, claiming 40% of the South African Film and Television Awards (Saftas). Mzansi Magic's Isibaya won most popular soap, and best feature film went to kykNET's Sink. Nobody's Died Laughing won best documentary feature; Die Boekklub was honoured with best achievement in scriptwriting; and best achievement in directing – feature film went to M-Net 101 for Shepherds and Butchers.

SPORT

In a changing broadcast landscape, SuperSport continued to perform well while innovating to give sports fans what they want on a variety of platforms. The 2016 Olympic Games enjoyed substantial coverage with SuperSport dedicating six channels to the multi-sport event, plus a 24-hour news channel. Every gold-medal event was broadcast live. Weeks later the Paralympic Games were broadcast on two dedicated channels. The European soccer championship was another standout. The biggest such tournament in history, with 24 teams, was available on all packages. Every match was broadcast in HD, with a 24-hour channel reflecting the depth of coverage. The Africa Cup of Nations ensured 2017 started on a high and viewers on all packages enjoyed Cameroon's storming run to the title. As always, SuperSport's broadcasts were underpinned by expert analysis and commentary, supplemental magazine programming, online streaming and DStv Catch Up highlights.

SuperSport runs one of the largest and most-advanced television-broadcast infrastructures, driven by leading technology, and remains the biggest funder of sport in Africa.

Investing in international and local content (continued)

2016 Olympics – by the numbers

306 • MultiChoice was the only broadcaster to show ALL medal events live.

1 425 hours • MultiChoice was the biggest broadcaster on the planet in terms of live hours and dedicated channels.

24 hour • SuperSport had six dedicated 24-hour HD channels. In all, 29 channels were used.

20 • SuperSport sent a 20-man production crew to Rio.

700 • There were 20 hours on DStv Catch Up dedicated to Rio 2016 with over 700 individual pieces of content.

• During the Olympics, both Wayde van Niekerk and Caster Semenya's winning race highlights were the most watched clips on MultiChoice video-on-demand.

100 • Over 100 hours of legacy Olympic Games programming was broadcast in the buildup.

Euro 2016 – by the numbers

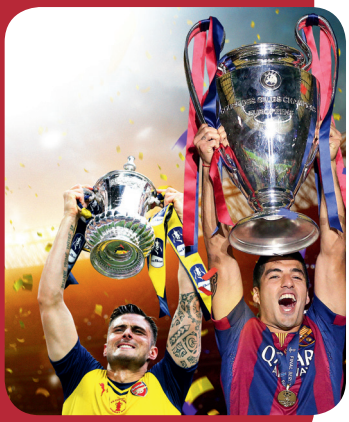
51 • Matches were broadcast live and in HD.

9 • Dedicated channels for the duration of the tournament with SS3 a 24-hour channel.

45 • Matches were live on SS3/3A/3N and six were live on SS4/SS4A.

12 • Select Africa broadcast 12 matches live.

180 • Hours of live broadcasts, including match buildup.



2 Packages and products

- MultiChoice launched the IS20B satellite on 24 August 2016.
- The satellite launched from the European Space Agency's Guiana Space Centre.
- The satellite's lifespan is 15 years.
- This provided sufficiently for MultiChoice's DStv roadmap until 2031.
- This ensures we have sufficient backup capacity.

Our packages and products

Our DStv service is available in six packages, designed to suit all budgets and tastes. These range from DStv EasyView to our top-tier DStv Premium package.

Our flagship decoder, the award-winning DStv Explora, is changing the way our customers view their entertainment. The DStv Explora uses intuitive software and gives customers access to an extensive library of content through services like DStv Catch Up and BoxOffice. Connecting this device to the internet gives our customers even more content through DStv Catch Up Plus and enhanced functionality, such as the ability to set recording remotely.

INVESTING IN NEW TECHNOLOGIES AND PLATFORMS

To remain competitive, we focus on developing and enhancing innovative services to deliver great local and international content on multiple platforms.

The advanced functionality of the DStv Explora makes it a significant differentiator for our group. With the introduction of the DStv Explora 2 model, we've enhanced customers' experience even more. The smaller device supports better video-encoding technology and enhances convenience, while still delivering the same entertainment catalogue as the original DStv Explora. Our Showmax service is also available via an internet-connected Explora and customers can add the monthly Showmax subscription to their DStv bill.

The recommended retail price for an uninstalled DStv Explora unit is R1 299, which was reduced to R999 for our December 2016 campaign. We also offer a decoder payment plan that gives customers affordable options.

→ DStv Premium customers using DStv Now can access over

1 500

DStv™ Premium video-on-demand series and movies

The DStv Now service remains one of the best all-round video-viewing environments available to customers on the African continent. The service now supports streaming from 64 linear channels (up from 45), with our long-term goal of increasing channel coverage to 100% well on track. DStv Premium customers using DStv Now can access over 1 500 video-on-demand series and movies (on average, monthly), including arguably the largest online library of top-tier Hollywood movies available to customers in this market through the M-Net Movie Collection.

During the year, the DStv Now service received a significant number of enhancements, notably:

- Relaxation of rules, so that all Premium customers can access DStv Now, even if they do not own a PVR.
- Enabling playback in all browsers without plug-ins, while dramatically increasing the speed of playback and stability of streams. Due to these, we can now ensure that the right series and shows are available faster and more reliable.

Our packages and products (continued)

WE'VE GOT A PACKAGE FOR YOU

DStv

SCAN ME

See the full list of our channels & compare them across packages

		DStv Premium R789 per month	DStv Extra R489 per month	DStv Compact R365 per month	DStv Family R235 per month	DStv Access R99 per month	DStv Easyview R29 per month
Your channels	TV channels	130+ Channels	120+ Channels	95+ Channels	70+ Channels	55+ Channels	30+ Channels
	Audio channels	95+ Channels	95+ Channels	95+ Channels	65+ Channels	65+ Channels	55+ Channels
Watch live TV on the go	DStv Now	Yes	Yes	Yes			
Catch Up on the go	DStv Catch Up	Yes	Yes	Yes			
Stop fighting over the remote control	Xtra View	Yes	Yes	Yes	Yes	Yes	Yes

ADD A DStv EXPLORA FOR THE BEST WAY TO ENJOY DStv

Take control - record, pause live TV & more	DStv Explora	Yes	Yes	Yes	Yes	Yes	Yes
Catch Up on your favourites	DStv Catch Up	On all PVRs	On Explora	On Explora			
Rent the latest blockbuster movies	BoxOffice	On all PVRs	On HD PVRs + Explora	On HD PVRs + Explora	On HD PVRs + Explora	On HD PVRs + Explora	On HD PVRs + Explora
Keep the family happy	Xtra View	Yes	Yes	Yes	Yes	Yes	Yes

CONNECT YOUR EXPLORA TO THE INTERNET FOR EVEN MORE ENTERTAINMENT

Catch Up on more entertainment	DStv Catch Up Plus	Yes					
Set recordings on the go		Yes	Yes	Yes	Yes	Yes	Yes
Binge watch series on Showmax	showmax	+R69 Per Month	+R99 Per Month	+R99 Per Month	+R99 Per Month	+R99 Per Month	+R99 Per Month
		PREMIUM	EXTRA	COMPACT	FAMILY	ACCESS	EASYVIEW

Our packages and products (continued)

- Improved registration flows have enabled customers to get connected quicker.
- An improved navigation and recommendations interface have helped customers find their favourite shows and movies easily.

To increase use, we have launched a successful digital-content and promotional initiative. This includes publishing articles and creating original digital video to highlight product features and draw attention to key content available across our platforms. Most notably, we introduced selected free first episodes of top-tier shows on our digital platforms. These first-episode video-on-demand streams are available to everyone (including non-subscribers) and have featured both local (M-Net) and international productions. Overall, our digital-content initiatives have proven effective at driving DStv Now awareness, use and customer satisfaction.

Our digital video-rental product, BoxOffice, continues to perform well, providing a quality home-video service where customers can access the latest and best premium movies ahead of the pay-TV window. Our research shows that BoxOffice remains a key pillar of overall customer satisfaction with our brand. BoxOffice rental figures continue to grow, despite the economic pressures customers are facing.

SuperSport web and mobi sites regularly serve over

3m

unique visitors monthly

Our SuperSport digital products across web and mobile devices play an important part in the lives of African sports lovers. Our products provide match facts, statistics, insights, quality journalism, and video highlights to all, and live video streams to paying customers. The SuperSport web and mobi sites regularly serve over 3m unique visitors monthly, and our apps are used by well over 1m unique sports lovers every month, thanks to significant usability and interface improvements during the year.

GOtv, our digital terrestrial television platform, offers 12 digital channels for R99 per month as a simple solution for customers wanting to upgrade their analogue service.

12 digital channels for R99 per month from GOtv Live it. Love it.

3 People

→ A total workforce of just over

8 000

Our people

We focus on attracting innovative and motivated employees and developing their full professional potential. We promote the wellbeing of our employees by contributing to initiatives that improve the quality of life for all.

As the group expands its business operations, we aim to:

- attract the best talent
- invest in the continuous development of our people
- reward employees fairly
- encourage our employees to contribute to sustainable development and innovation initiatives, and
- train and develop our people for the benefit of the broader socio-economic environment.

Our employees are central to our business. At 31 March 2017 we had a total workforce, including independent service providers, of just over 8 000 people. We provide great career opportunities in a dynamic and vibrant environment that offers growth and development through international learning opportunities. In addition, being part of the Naspers community means our employees can explore international development and career opportunities within the group.

Given that our strength lies in the diversity of our workforce, we focus on attracting, developing and retaining diverse talent. Differences in age, industry experience, religion, education, performance levels, race, working styles and gender all combine to create a competitive advantage for our business. Through these differences, we are able to create an innovative working environment that encourages alternative views and perspectives, as well as a place to ask questions and find answers.

Our employees help us shape the future as well as the industry and they touch lives through the power of entertainment. They tell stories that open minds, evoke feelings that bring people together and grow in partnerships with the communities in which we operate.

TRAINING AND SKILLS DEVELOPMENT

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

LEADERSHIP DEVELOPMENT

Given our focus on leadership development, 242 leaders across the business attended programmes in their area of expertise internally or externally. Developing talent is a shared responsibility between each employee and his/her manager. Our employees are encouraged

242

leaders attended leadership programmes

Our people (continued)

to take full ownership of their development and career growth. Our approach to learning and development has evolved to focus on developing a high-impact learning culture aligned to strategic objectives. Learning is self-paced and learner-focused. Our programmes offer a blend of delivery methods to suit learning preferences.

The total leadership development investment was R8,3m, of which over R5m was spent on female initiatives. Programmes offered outside the leadership pipeline were tailored based on individual leadership competency assessments, translating into delivering the right skills for the right people at the right time. In addition, 108 leaders benefited from business coaching programmes.

INTERNSHIPS

Our internship programmes provided work experience and mentorship for 122 interns during the past year. The group absorbed 54% of these interns as permanent employees at the end of the programme.

Our graduate programme employed 17 graduates this year. The initiative attracts young talented professionals to add value in various strategic and operational business units. We also offer these young professionals a bursary for the second and third year of study and, where applicable, for their honours degrees. At least 90% of these graduates are offered permanent employment.

In our broadcast technology and outside-broadcasting areas, 20 young engineers were offered opportunities to gain valuable experience and conduct research while completing their qualifications.

BURSARIES

We invested over R11,5m in bursaries in the financial year. A large proportion of this was focused on supporting employees to obtain their first undergraduate degree, and 53% (R6,2m) was allocated to women. While most of the qualifications funded were in business studies, an increase was noted in the fields of communication science and media studies.

→ The total leadership development investment was

R8,3m

of which R5m was spent on female initiatives

Our people (continued)

Online courses accessed

34 631

Number of employees who accessed online courses

3 341

93% of courses were custom developed

SKILLS DEVELOPMENT AND LEARNERSHIPS

Our learnership programmes combine vocational learning with practical and workplace experience to secure qualifications registered on the National Qualifications Framework (NQF). During the year 312 employees and unemployed learners completed learnerships. These have equipped our employees with skills in broadcast engineering, project management, administration, film and television production, paralegal and technical accounting skills. A total of 111 learnerships were offered to unemployed people with disabilities. Learnerships and skills programmes give learners the applied competence to pursue an occupation with appropriate skills sets.

ONLINE LEARNING

We provide opportunities for employees to complete online courses and interact with fellow learners through a cloud-based platform, Siyandiza, that facilitates virtual classrooms, online learning and social collaboration. Siyandiza includes generic learning courses across seven categories and custom-created content (including assessments) to support business imperatives.

During the period 34 631 online courses were accessed by 3 341 employees to support the drive for just-in-time learning. Of the total online courses accessed, over 93% were custom developed by the group's learning technologies team.

In addition to Siyandiza, we have introduced MyAcademy – a Naspers-wide elearning platform that offers a variety of courses to give employees that extra edge.

COMMITMENT TO TRAINING AND SKILLS DEVELOPMENT

In 2016 we introduced a host of new products and implemented an improved billing and

Our people (continued)

customer management system. These improvements resulted in our customer-care employees receiving over 340 000 hours of internal training during the prior year, which is the main reason for total training hours reducing in the current year. Total training received by employees in the year is shown below:

→ Total training hours* for 2017

415 132

(2016: 475 895)

**Includes total leadership training hours*

SUPPLIERS AND TRANSFORMATION

Focus on socio-economic transformation

Transformation

Entities in the MultiChoice group are subject to the information and communication technology (ICT) sector codes, which underwent significant amendments in the past financial year to align with the Department of Trade and Industry's revised generic codes of good practice on BBBEE.

These revisions have introduced stricter ratings criteria for companies in the ICT industry. Despite the challenges presented by having to realign several of our transformation programmes to the new ICT codes, we are proud to have achieved a level 1 BBBEE rating. We remain dedicated to our transformation programmes and playing a key role in transforming our industry.

Our transformation initiatives are outlined below:

- **Ownership – a catalyst for equity**: We recognise the key role that owning economic assets plays in reducing wealth and income inequality. Through our Phuthuma Nathi broad-based share schemes, we have shared the success of our business with thousands of South Africans. Via a combination of shareholding in Naspers and the Phuthuma Nathi share schemes, black South African individuals and groups have a 55,75% economic interest in the group.
- **Preferential procurement:** Our preferential procurement programme supports the development of small, medium and micro-enterprises (SMMEs). The group consolidates its buying power in South Africa in a centralised bargaining company, CommerceZone (our eprocurement solutions company). Suppliers' BBBEE performance is evaluated against specific criteria and they are expected to boost their annual BEE

Our people (continued)

ratings. The group's preferential procurement spend was R10,4bn in the period, equating to 90% local procurement with BBBEE-compliant suppliers. Some 31% of this was directed at SMMEs (2016: 25%) and 16% went to suppliers with at least 30% black female ownership.

- **MultiChoice** has a network of 1 156 accredited installers across South Africa, employing 3 321 trained technicians. In addition, we have 123 independent agencies contracted to the group to manage face-to-face customer care. Spread across the country, they manage everything from processing payments to decoder sales. We provide continuous support through access to our systems and training so that they can provide the highest levels of service.
- **Enterprise development:** We remain committed to development and sustainability in our sector. We recognise that SMMEs face different challenges; our enterprise and supplier development programme offers various forms of support, including improving the cash flow of these beneficiaries by paying them early, providing business development support as well as legal and accounting assistance, granting funding for startups and access to the DStv platform as a marketing tool. Recognising the impact small businesses have on their communities, in 2017 we approved funding for 16 businesses, nine of which were startups.

→ MultiChoice has a network of

1 156

accredited installers

- **The MultiChoice Enterprise Development Trust:** The trust was established in 2012 as our investment vehicle for growing the local media and production industry. It works in tandem with the group to identify, support and develop small enterprises. The trust has committed over R100m in loans, grants and business development expenses to assist beneficiaries in acquiring skills, assets and equipment. The trust also offered skills development opportunities to over 100 entrepreneurs.

4 Internal environment

Our values exemplify who we are and what we do. We live by our values of 'care', 'connect' and 'create'.

CARE

BE CONSIDERATE
SHOW CHARACTER
CONTRIBUTE

Means doing what is best for our customers, colleagues and the community by:

- considering them in everything we do
- doing the right thing, with no exceptions
- delivering with passion and excellence.

CONNECT

COMMUNICATE
COLLABORATE
FIND CLARITY

Means building lasting relationships with our customers, colleagues and the community by:

- getting to know them and what they need
- collaborating with them to produce solutions
- sharing information and staying in touch.

CREATE

SHOW COMMITMENT
BE CURIOUS
HAVE COURAGE

Means shaping the desired future for our customers, our community and ourselves by:

- always being curious
- taking risks and embracing change
- getting things done.

Internal environment: Culture and governance

THE MULTICHOICE GROUP LEADERSHIP CHARTER

LEADING WITH CHARACTER

C — CUSTOMER FOCUSED
We put our customers first and are fanatical about building a great customer and viewer experience.

H — HUMBLE
We show vulnerability. We ask for help, invite others in, and pay attention to their knowledge, expertise and wisdom.

A — AUTHENTIC
We value transparency and endeavour to build trust in relationships. We put all the issues on the table.

R — RESPECTFUL
We treat everyone in the organisation with dignity and respect.

A — AGILE
We seize new opportunities quickly and act decisively while remaining focused on our strategy. We allow room for instinct in decisionmaking.

C — COURAGEOUS
We confront difficult issues, make tought decisions and have honest conversations about people and performance. We challenge mediocrity.

T — TEAM PLAYERS
We collaborate to co-create solutions that will move the group forward, putting company goals before our own.

E — ENERGETIC
We are tuned in and passionate. We remain composed and confident in the face of crises and uncertainty.

R — RESULTS DRIVEN
We are accountable and hold others accountable too. Delivery and execution are key – we put our bodies on the line to get things done.

We give employees with disabilities specialised equipment (or adapt existing equipment), we reorganise workstations, adjust work schedules and adapt training and assessment materials to accommodate all employees, as required.

As a multicultural organisation, we respect and embrace diversity as demonstrated by our multicultural employee complement and rolling five-year diversity and employment equity plan.

Internal environment: Culture and governance (continued)

A CULTURE OF RESPECT, EQUALITY AND DIVERSITY

We have an ingrained culture of celebrating our individual differences and skills and we are committed to improving the lives of our employees (including those with disabilities). All employees are treated equally and respectfully, and every effort is made to support them in doing their jobs effectively. This includes appropriate access to information and technology.

The group aims to foster a dynamic and innovative culture:

- we respect the rights of our employees and their diversity
- we comply with relevant employment legislation
- we perform health and safety risk assessments at our facilities, supported by training
- we monitor management's actions through operational and risk management processes, and contract specialists to evaluate our health and safety performance and internal reporting, and
- a healthy workforce contributes to business success. We provide medical aid and wellness programmes to our staff.

Just as important is inclusion. That means in our day-to-day interactions, we treat each other fairly and respectfully. Everybody has equal access to opportunities and resources, and everyone is encouraged to contribute to MultiChoice's success.

We drive a culture of high performance while challenging and empowering each other to consistently deliver excellence. Our diversity, collaboration and teamwork bring out the best in us in an informal, dynamic, passionate and entrepreneurial environment.

THE WORKPLACE

Our priority is to implement a healthy and safe workplace for all our employees, and to achieve the lowest possible injury 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 are in place.

WELLNESS

Through our wellness programmes, we take a preventative approach to employee health. Our Randburg offices have a comprehensive onsite wellness centre accessible to all employees, offering cost-effective, convenient and confidential medical care. In addition to an onsite nurse and doctor, employees have access to a beautician, physiotherapist, dietician and optometrist. Our Cape Town, Durban and Umhlanga offices also have onsite clinics to care for our employees' health needs. MultiChoice City houses a cost-effective gym available to all employees.

MultiChoice operates a Montessori nursery school for employees' children. An early

Internal environment: Culture and governance (continued)

→ MultiChoice offers a unique lifestyle programme to employees with access to a

24-hour

virtual assistant

childhood development subsidy is available for employees' children aged between three months and six years. MultiChoice also offers a unique lifestyle programme to employees, with access to a 24-hour virtual assistant that provides a variety of services, including a 24/7 emergency service and free legal and financial advice.

Saving for retirement is very important to us and membership of our retirement fund is mandatory for all employees, to ensure they plan and save for their retirement. Awareness and education sessions help prepare staff for life's eventualities, including retirement, death, disability, dreaded diseases and more.

Video-conferencing facilities have been installed in boardrooms at MultiChoice City and other buildings on the Randburg campus. These facilities contribute to employee wellness by improving their work-life balance, given that excessive travel places strain on employees and can lead to burnout. By using these facilities, meetings happen when scheduled and personal stress from travel-related issues is reduced.

GOVERNANCE

Our approach to governance

The group is focused on sound corporate governance and effective leadership. The board of directors conducts the group's business with integrity by applying appropriate corporate governance policies and practices. For a complete review of our approach to governance, refer to the governance section of the report on pages 56 to 64.

5 External environment

External environment: Economic, regulatory and competition

ECONOMIC ENVIRONMENT

Changes in the economy, such as exchange rates, inflation, interest rates and/or unemployment levels can influence our ability to create value. While outside our direct control, we can mitigate some of the potential impact of market movements through our hedging strategies.

Uncertainty over economic policy continued to affect growth during 2016 and ultimately led to Fitch Ratings downgrading South Africa's sovereign rating from investment grade to junk on 7 April 2017, following a similar move by S&P Global Ratings on 3 April 2017.

The outlook for the South African economy further deteriorated on the back of lower commodity prices, higher borrowing costs and diminished confidence. Currency weakness is putting upward pressure on inflation and the agriculture sector is suffering the effects of a severe drought.

With the economy under significant pressure from various sources, our customers' ability and propensity to spend is strained. The impact on the group is exacerbated by the significant deterioration in the South African rand exchange rate against the US dollar and euro, the base currencies for our content.

REGULATORY

The highly regulated video-entertainment industry in South Africa has become more complex with several policy reviews under way and an inquiry by the sector regulator. Our strategy formulation and implementation are affected by regulatory developments, including the communications ministry's review of the broadcasting sector, proposed amendments to copyright legislation and the Film and Publications Act. In addition, the Independent Communications Authority of South Africa (Icasa) is conducting an inquiry into the state of competition in the broadcasting sector. Matters before competition authority remain a key focus and they, together with regulatory complexities, are placing increased demands on senior management time.

Risk management is integrated into operations and focuses on achieving objectives underpinning our strategy. The control framework to manage evaluated risks operates effectively.

COMPETITION

The video-entertainment environment is becoming increasingly crowded and our competitive landscape continues to shift, both in the traditional TV market and the over-the-top (OTT) environment (ie online video-on-demand). This year saw further launches of OTT players in the South African market, notably Amazon Prime in addition to Netflix. Local network owners have launched their own on-demand services, to boost the use of data on their networks.

Key challenges include:

- Increased disruption of the traditional direct-to-home (DTH) market by competitors offering both existing and new content platforms.
- Sport rights are increasingly sought after and becoming more expensive.
- Aggressive competition for top international content rights.

6 Satisfied customers

Customer service initiatives

- #CustomerFirst strategy engrains customer experience into our organisational fabric.
- Prioritise payments, self-service and customer relationship management.
- Launched #99 programme to embed customer-first approach.
- Regular infield research to further understand our customers' needs.

Focusing on our customers

CUSTOMER CARE

In 2016 MultiChoice won several awards at the Global Contact Center Awards held in Las Vegas. We entered six categories, and received awards in all categories we entered.

We achieved gold for Best Analyst, Best Call Centre Agent, and Best Sales Agent. We achieved silver for Best Workforce Planner and Best Quality Assurance Agent, and we also achieved bronze for Best Team Leader. We also received gold for Industry Champion, which was awarded to MultiChoice in recognition of the changes we have brought to the international competition standards at the Global Contact Center Awards.

We remain committed to delivering an exceptional customer experience at every touch point. Honest and open communication with our customers at their touch point of preference is a crucial part of our customer service strategy, as is ensuring a consistent customer experience across those touch points.

Our focus on improving our self-service platforms has yielded great rewards in allowing our customers to resolve basic issues themselves without the need to spend time and money phoning our call centre. This will remain our focus in the year ahead. Our service levels (how quickly we answer calls and whether queries are resolved first time) have exceeded our targets and were, as at 31 March 2017, above 85%, and the call centre has also achieved our customer satisfaction targets.

Our service centres and agencies have also exceeded all customer satisfaction targets this year. Our focus on transforming our customer experience even further continues by simplifying complex business processes, reducing customer effort, and optimising self-service by using artificial intelligence to augment our people's knowledge, and bots to simplify executing certain processes and functions. Self-service for certain basic information requests will also land on our social platforms, to allow us to have more meaningful social conversations with our customers.

We plan to increase our live chat engagements with our customers, and to improve our quality of service and levels of engagement across this crucial platform.

SOCIAL MEDIA

Social media has changed the way businesses operate. These platforms mean we can offer our customers another (and easier) way to contact us, while followers can stay abreast of news, events and schedules. We also use these channels to tell brand stories, educate our customers about products and services, and bolster our search-engine optimisation (which helps when people search for us on Google). Social media also creates increased transparency and accountability. DStv and each of our other brands have dedicated social media platforms to engage with our customers.

Our social media team manages our engagement with customers exceptionally well, with response times above benchmarks and targets. Monthly interactions on social platforms now average above 65 000. Social media is increasingly becoming our customers' preferred medium of interaction, and we're committed to continue to provide exceptional service.

Focusing on our customers (continued)

Social media statistics

Across the Facebook, Twitter, Instagram and YouTube platforms our top five brands (DStv, SuperSport, M-Net, Mzansi Magic and kykNET) have a social footprint of

9 193 927

total followers

DStv

553 969
unique Facebook likes
(17,5% growth year on year)

208 618
unique Twitter followers
(10% growth year on year)

6 336
Instagram followers

20 926
YouTube subscribers

Total DStv social media followers:

789 849

The DStv Facebook page reaches

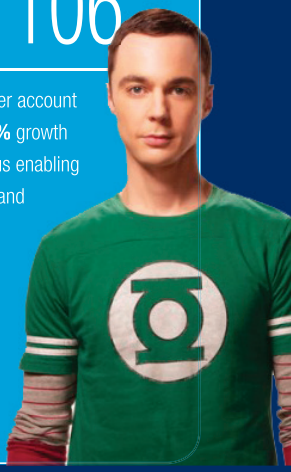
1,4m unique social media users on average per month and is a great source of insight, which helps us to improve on our offerings.

Focusing on our customers (continued)

Total M-Net social media followers:

445 106

The M-Net Twitter account experienced **33%** growth year on year, thus enabling M-Net to reach and engage with even more fans.



331 219
unique Facebook likes

110 630
unique Twitter followers
(33% growth year on year)

2 908
Instagram followers

349
YouTube subscribers

Total SuperSport social media followers:

7 031 003

In the year in review, SuperSport's total social media audience grew to over **15,4m** fans (including other SuperSport-related pages eg @SuperSportFootball). SuperSport remains at the top of the Africa Brand Index as the most successful brand on social media in Africa. The SuperSport Football Facebook page is the second largest page in South Africa, while the brand page is the fifth largest in South Africa.

4 728 888
unique Facebook likes
(8,9% growth year on year)

1 769 009
unique Twitter followers
(21% growth year on year)

465 000
Instagram followers

68 106
YouTube subscribers

7 Doing business in a responsible manner

We do business in a responsible manner

MultiChoice is a proud contributor to South Africa. We see beyond business priorities and deliver value to stakeholders by adding economic value, enhancing our employees' lives, delivering real benefits to communities in which we operate and with which we interact, while being mindful of our planet's sustainability.

The nature of our operations means we connect with people from all walks of life and our involvement goes beyond our core business. Our sustainable development policy is focused on economic, environmental and social issues, the community, our people, health and safety.

How we do this

- We use our expertise and resources to benefit communities that our operations touch through corporate social initiatives.
- We contribute to general economic prosperity.
- We minimise our impact on the environment.
- We measure and report on our carbon footprint to understand and manage our direct impact on the environment.
- We reduce waste where possible.
- We comply with relevant environmental legislation.

CORPORATE SOCIAL INVESTMENT

We believe in building a sustainable business and playing our part in the growth and development of our country. Through our corporate social investment (CSI) initiatives, we reinvest in communities and people. By doing so, we share our success and nurture undiscovered talent.

Our flagship CSI initiatives are summarised below:

MultiChoice Diski Challenge

A multifaceted programme aimed at developing football and broadcasting through:

- a football competition (for reserve teams of the Premier Soccer League or PSL)
- an internship programme where apprentices produce live matches in the competition for SuperSport
- leadership and life skills training courses for players, coaches and interns, and
- broadcasting Diski competitions – for free – on community television channels on DStv.

Highlights of the first three seasons:

- **309 matches played in the football competition with over 500 players from PSL reserve teams participating in each season**
- 36 broadcast interns produced the MultiChoice Diski Challenge
- 21 interns have been absorbed as SuperSport freelancers
- **over 100 players have been promoted to their first teams**
- **108 matches were broadcast live on SuperSport by broadcast interns under the guidance of experienced professionals, and**
- community television stations also received free broadcast rights for the competition, allowing them to increase their broadcast capacity and content.

We do business in a responsible manner (continued)

The current season of the football competition was won by Mamelodi Sundowns, who went on to win the first MultiChoice International Challenge held as part of their football tour to the Netherlands. The competition included hosts Excelsior, KAA Gent from Belgium, and Ichifuna from Japan. Notably, 20 of 21 players who qualified for South Africa in the U20 World Cup in South Korea were regular participants in the Diski Challenge.

SuperSport Let's Play

Let's Play is SuperSport's key social investment initiative. The programme is positioned as an implementation partner of school sport for the Department of Basic Education and is now active in thousands of schools nationwide, reaching over 1m children annually.

SuperSport, in partnership with the Department of Basic Education, Sport and Recreation South Africa, the Physical Education Institute of South Africa and Unicef SA, launched the biggest school sport initiative of its kind – the Let's Play Schools Physical Education Challenge – to celebrate reaching its ten-year milestone in 2016.

The primary objective of this challenge is to reinforce the instruction of curriculum-oriented physical education and promote physical activity in all schools. This is a national event targeted at grade 4s from South Africa's 18 000 primary schools. In 2016, with headline sponsor Steers, the challenge had 650 schools competing and 601 000 learners engaged in physical education.

Let's Play assists the Department of Basic Education with its school infrastructure project, together with partners Hitachi Construction Machinery and Builders. Eighteen fields have been built to date with another four to be built at beneficiary schools in 2017.

→ In 2016 the Let's Play challenge had 650 schools competing and

601 000

learners engaged in physical education

M-Net Magic in Motion

M-Net's CSI initiative comprises the Magic in Motion (MiM) Film and TV Academy and Career Expo. M-Net has always supported the creation of local content, both through its commissioning processes and via learning opportunities for young producers. Through MiM, our CSI projects include an extensive internship programme in filmmaking, where young film producers work with industry experts for hands-on experience.

Launched in 2014, the Magic in Motion Film and TV Academy is designed to bridge the gap between theoretical knowledge and practical implementation and focuses on delivering highly employable professionals into a rapid-growing industry. M-Net's MiM academy interns have

We do business in a responsible manner (continued)

produced and directed eight Mzansi Magic (DStv channel 161) original films, which featured among the top ten on the channel in the month of broadcast.

In its third year, the academy has given dynamic young South African graduates the opportunity to immerse themselves in a 12-month work-readiness programme. They work on local productions such as Mzansi Magic's soap Isibaya, The Voice SA on M-Net and M-Net-sponsored events such as Miss South Africa and the Cape Town Carnival, making every opportunity a learning experience and equipping the learners to be employable after their internship year.

Other productions on which they have worked, include: The Queen, Idols, Shark Tank, Carte Blanche, Getroud met Rugby, M-Net's 30th birthday, MultiChoice LIVE mall activations and Mandela Day (MultiChoice Make a Difference initiative).

The M-Net interns graduate with a certificate in management and production from Big Fish School of Digital Filmmaking. This programme gives them a holistic perspective on the industry, across pre-production, production and post-production. Skills covered in the curriculum include networking, collaboration, business acumen, production finance, resource management, social media engagement, problem solving, personal effectiveness and emotional intelligence.

The MiM Career Expo was launched in August 2014. M-Net partnered with tertiary and financial institutions, as well as production companies, to give learners a complete view of the industry. Attendees were also made aware of the variety of jobs available in the industry, such as presenting, acting, camerawork and directing, giving them valuable insights from industry experts and practical exposure to several disciplines.

At the MiM Career Expo in February 2017, nearly 3 000 learners from 50 schools across Gauteng were invited to participate. The expo is targeted at grade 9 learners, as the subjects they choose at the end of that school year will influence their future study choices and career paths. The expo highlights exciting professions in the industry and helps learners explore film and television job prospects.

We do business in a responsible manner (continued)

Other projects in the review period include:

Sponsor	Project	Beneficiaries
	Community development initiatives	Charities and non-profit organisations received R17,7m in free airtime.
	Community TV studio equipment donation	The partnership with community TV stations started in 2014 with a donation of state-of-the-art equipment to Bay TV. In the current year MultiChoice revamped two community TV stations, 1KZN and Tshwane TV, by providing broadcasting equipment, technical training and support. Upgrades have introduced automated systems and improved processes to enable the stations to produce high-quality content.
	The Sports Trust	In line with their shared goal of building active communities through sport, SuperSport has been on the board of trustees for the past 20 years, assisting the trust financially and providing a media platform to promote its work.
	CNN MultiChoice African journalist awards	These prestigious awards reinforce the importance of journalism in Africa as a tool that contributes to development. They aim to remunerate, recognise and encourage journalistic excellence across all media disciplines. The 2016 awards in Johannesburg comprised a four-day programme of workshops, media forums and networking. A record 1 637 entries across 38 countries were received for this 21st edition of the awards.
	M-Net Africa Magic filmmaking grants	M-Net has funded the production of over 100 local feature films.
	Africa Magic Viewers' Choice Awards	The creation of the Africa Magic Viewers' Choice Awards, and ongoing training of African film crews and production staff, has helped promote and profile our talent on a pan-African level. The awards recognise and reward African filmmakers for their innovation and brilliance. Through MultiChoice's M-Net channels, the company has invested extensively in developing original African programming.

We do business in a responsible manner (continued)

Sponsor	Project	Beneficiaries
	DStv Eutelsat Star Awards	In 2010 MultiChoice Africa and Eutelsat initiated an annual pan-African student competition, the DStv Eutelsat Star Awards. These awards encourage 14- to 19-year-old students to write an essay or design a poster on a satellite-related topic. Country winners across Africa then compete in the overall awards for a trip to the Eutelsat facilities in Paris, with the essay winner travelling on to witness a live rocket launch. Runners-up win a trip to South Africa as guests of MultiChoice Africa and the South African National Space Agency at Hartebeesthoek. Overall winners' schools also receive a DStv installation, including dish, television, state-of-the-art PVR decoder and free access to the DStv education bouquet. National winners receive prizes such as computers or tablets. This programme is aimed at helping young learners understand Africa's challenges and to promote the understanding that satellite technology can change the course of development on a continent. To date, the awards have attracted the interest of over 5 000 students across the continent and the programme has thus more than met its goal to invigorate a passion for science and technology in secondary school learners.
	MultiChoice: Make a Difference employee volunteering programme	The programme is aimed at positioning MultiChoice as a caring company. Employees are given an opportunity to give back to communities of their choice through Mandela Day and the MultiChoice Make a Difference initiative. During 2016 employees across the group in 29 teams chose community organisations such as the Randburg Trauma Centre, Smile Foundation and Society for the Prevention of Cruelty to Animals (SPCA) to benefit. Each team received a stipend to redecorate facilities, cook meals, initiate book drives and plant vegetable gardens. Over 500 employees actively participated in the programme, which benefited 29 community organisations.

We do business in a responsible manner (continued)

Sponsor	Project	Beneficiaries
	SuperSport United Academy	The academy is a leading youth soccer development programme in Africa, which aims to educate young players and develop local football talent. Partnering with the Royal Dutch Football Association as its technical partner, the academy now focuses on developing football coaches as well, to further the development of football in South Africa. The SuperSport United Soccer Schools gives individuals the chance to develop the skills to become professional football players. With 25 franchises nationwide, this serves as a feeder system to identify, integrate and develop young players into the academy. The SuperSport United Youth Academy houses 32 full-time players and attends to their education, sports science (physical development), media and life skills training, medical needs and all coaching needs.
	SuperSport Wheelchair Basketball Series	SuperSport has been a proud sponsor of this series for the past 21 years. This is the only televised, domestic wheelchair basketball competition in the world. Television coverage has provided recognition of a minority sport representing the flagship for disability. It also creates opportunity for Wheelchair Basketball South Africa and its franchised clubs to source additional funding from sponsors, financially securing wheelchair basketball's future. The SuperSport series offers a high-performance technical development programme as the top 120 national athletes, ten national coaches and managers, 36 referees, commissioners, table officials, statisticians and classifiers perform at top-level basketball games. As a result, Wheelchair Basketball SA has four international world referees and three zonal referees, two International Wheelchair Basketball Federation (IWBF) commissioners, three IWBF classifiers and representation at IWBF world and Paralympic competitions (U25 and senior women, U23 and senior men) in its ranks.
	Ahmed Kathrada Foundation	A grant of R100 000 was made to the foundation the past year.

We do business in a responsible manner (continued)

OUR PLANET

Through continual improvement and sustainable technological innovation, we strive to create solutions that minimise our impact on the environment.

Carbon footprint

The group measures its gross carbon footprint from scope 1 and 2 emissions in line with the Greenhouse Gas Protocol. The 2017 gross carbon footprint (scope 1 and 2) increased to 58 165 tonnes of CO_2e (2016: 52 991 tonnes).

The largest contributor to direct emissions remains electricity, accounting for 100% of scope 2 emissions (98% of total emissions). The group has generators installed to ensure a continuous supply of electricity and mitigate the risk of disruptions.

MultiChoice City and the Samrand backup facility are the main contributors to the overall increase in the gross carbon footprint.

Green star-rated building

The MultiChoice City building has a 5-star green rating from the Green Building Council of South Africa.

This was achieved by following the Green Building Council's matrix, with key points scored for:

- **management –** building tuning, environmental management and waste management
- **indoor environment quality –** ventilation rates, air-change effectiveness and volatile organic compounds
- **energy –** greenhouse gas emissions, energy sub-metering, lighting power density, lighting zoning and peak energy-demand reduction
- **water –** occupant amenity water, water meters, landscape irrigation and heat-rejection water, and
- **materials –** use of environmentally friendly material.

Points were also scored for transport, land use and ecology, emissions and innovations.

Video-conferencing facilities

The key benefit of these facilities is reduced air travel. This benefits the environment by lowering associated carbon emissions.

RISK MANAGEMENT REVIEW

Risk management enables MultiChoice to actively anticipate and respond to potential risks that may affect our achievement of strategic objectives. In evaluating risks, we perform process reviews and data analytics, identify and monitor key risk indicators, evaluate market information and loss data, plan scenarios, analyse portfolios and obtain feedback from managers on how evaluated risks will be remediated.

Risks are proactively managed and reported, together with risk responses and controls. Risk management is implemented from the top down, aligned to strategy and objectives, but integrated into business processes to achieve departmental objectives. Results of risk evaluations throughout the business inform risk discussions at executive and board level.

The chief executive officer is responsible to the board for the enterprise-wide management of risk. The risk and audit committees have oversight of risk management processes on behalf of the board, which remains accountable for delivering against the strategy, and therefore managing risks that may jeopardise strategic objectives. The risk committee reviews and evaluates key risks and the appropriateness of mitigating actions. The risk management framework and policy, plan and budget are reviewed annually and risk reporting is provided at each meeting of the committee. Management is supported by the group risk function to fulfil its responsibility for the day-to-day management of risk, and to ensure risk management processes are continually improved.

A detailed risk register, with risk definitions, potential impacts, risk tolerance statements and mitigating actions, as well as a heat map demonstrating the relative positioning and movement of risks facing the group, are reviewed and commented on by the risk committee twice a year, and then recommended to the board for approval.

RISK PROFILE

The risk profile of the group is based on its risk-bearing capacity and risk tolerance, which is managed within certain risk parameters to ensure compliance with the board's direction. Results from the enterprise-wide risk management process are integrated into the business's strategic, operational, reporting and compliance activities, and form part of ongoing management responsibilities.

OUR STAKEHOLDERS

Our stakeholders have a significant influence on how we manage our business and how we manage risks.

The group has a range of stakeholders whose concerns influence our material issues.

CUSTOMERS

The group has several points for customer engagement, including:

- contact centre
- email
- SMS, and
- social media platforms (DStv Forum, Twitter and Facebook).

RISK MANAGEMENT REVIEW (CONTINUED)

SHAREHOLDERS AND INVESTORS

Management meets at least annually with shareholders and investors to discuss strategy, performance and material issues. Annual and interim results announcements and the integrated report are additional channels of communications.

REGULATORS

The group participates in all regulatory processes initiated by Icasa to develop an environment conducive to the growth of the ICT sector. We also engage with opinion leaders and regulators to assist with policy development. The group is subject to regulation by the Broadcasting Complaints Commission of South Africa.

EMPLOYEES AND COMMUNITIES

We use multiple media platforms to interact with our employees, and we have a workplace forum that represents employees' interests. We communicate with local communities through our corporate citizenship activities.

INDUSTRY AND BUSINESS PARTNERS

The group plays an active and constructive role in the broadcast industry. It is a member of the National Association of Broadcasters and is represented on the ICT policy review panel that assists the minister in reviewing all related legislation. We engage regularly with suppliers and business partners.

Material issue	Description	Mitigation	Stakeholder impacted	Strategic objective impacted
Compliance and regulatory	***Strategic and operational*** Regulatory changes and regulatory body investigations	→ A team of experts including local and international lawyers and economists is assisting in the defence processes → Submissions are made timeously and as requested by the competition authorities → A regulatory compliance policy applies throughout the group → Implementation and update of compliance processes → Strong in-house legal and regulatory compliance team → Regular contact with authorities and public industry bodies → Active education of management, governmental agencies and regulators → Participation in public processes on new regulations.	→ Regulators → Shareholders → Customers	Ensure compliance with legislation and governance frameworks

RISK MANAGEMENT REVIEW (CONTINUED)

Material issue	Description	Mitigation	Stakeholder impacted	Strategic objective impacted
Content rights	***Strategic*** Failure to secure/ renew critical sports rights and increase in related costs	→ We regularly review sports rights and assess their economic value to ensure continued viability of the offering → Continuously invest and build local sport and remain a major funder of sport development → Improve the quality of viewing with technology enhancement	→ Customers → Shareholders	Renewal of key sport rights and increased hours of produced local content
	Strategic Profitability, availability and optimal packaging of local and international content	→ Strong long-term relationships with studios → Negotiations for new content and renewals focus on economics and potential customer attraction → Significant investments in local productions with improved oversight and regular internal audit reviews	→ Customers → Shareholders → Suppliers	Renewal of key content rights and increased hours of produced local content
Market factors	***Strategic*** Increase of economic pressure on SA customers affecting retention and growth	→ Ongoing focus on costs and efficiencies	→ Shareholders → Customers	Growth in customer numbers
	Operational Currency volatility against our major trading partners continues to impact the cost base	→ Implementation, compliance with and monitoring of the group's hedging policy	→ Shareholders → Customers	Ensure compliance with legislation and governance frameworks
	Compliance Tax complexities and pressure on SARS to increase collections, present an increasing risk to the business	→ Deal with tax enquiries timeously and appropriately → Internal tax resources expanded	→ Shareholders → Regulators	Ensure compliance with legislation and governance frameworks

RISK MANAGEMENT REVIEW (CONTINUED)

Material issue	Description	Mitigation	Stakeholder impacted	Strategic objective impacted
Disruption and competition	***Strategic and operational*** → Technological advances continue to disrupt the traditional content consumption market by increasing consumption platforms → Disruption is enabling increased competition → Ongoing proliferation of competitors – local, continental and international via internet-delivered services	→ Increased strategic focus on technological developments and capabilities → Emphasis on DStv's fresh, exclusive content, BoxOffice, Catch Up and DStv Now → Cooperation and integration with Showmax	→ Industry → Customers → Shareholders	Growth in customer numbers
Business continuity	***Strategic and operational***/ Broadcast and customer service interruptions	→ Offsite disaster-recovery site for broadcasting and key IT systems in place → External assurance over resilience of fibre networks → IT governance compliance monitored	→ Customers → Shareholders	Growth in customer numbers Ensure compliance with legislation and governance frameworks
Technology	***Operational*** Technology failures in key strategic services may affect customer acquisition and retention	→ Specific focus on assessing key systems that support strategic services to proactively identify potential points of failure	→ Customers → Shareholders	Growth in customer numbers Ensure compliance with legislation and governance frameworks
Cyber	***Strategic and operational*** Exposure of the group's information assets through cyber breach may cause financial and reputational damage	→ Significant focus on continually improving cyber security	→ Content providers → Customers → Shareholders	Ensure compliance with legislation and governance frameworks

OUR APPROACH TO GOVERNANCE

The group is focused on sound corporate governance and effective leadership. The board of directors conducts the group's business with integrity by applying appropriate corporate governance policies and practices.

MultiChoice is a subsidiary of Naspers Limited, which is listed on the JSE Limited's stock exchange (JSE) and London Stock Exchange (LSE). MultiChoice complies with the JSE Listings Requirements, as well as legislation for public companies in South Africa (where applicable to a subsidiary of a company listed on the JSE) and the guidelines of the King Code of Governance Principles and the King Report on Corporate Governance in South Africa (King III). Compliance with the applicable JSE and LSE listings requirements is monitored jointly by the risk and audit committees of the board.

MultiChoice has an independent board of directors, which has its own governance practices and committees that comply with 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. We use independent external advisers to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the board on matters of corporate governance.

APPLICATION OF AND APPROACH TO KING III

A disciplined reporting structure ensures the MultiChoice board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities are required to subscribe to the relevant principles of King III. Business and governance structures have clear approval frameworks. Compliance and progress are monitored jointly by the MultiChoice risk and audit committees and reported to the MultiChoice board. For a review of MultiChoice's application of King III, click here. In the 2017/2018 financial year we will effect system and process changes to enable implementation of recommended or alternative practices to demonstrate application of King IV's principles.

BUSINESS ETHICS STATEMENT

The code of business ethics and conduct is available on our website under the corporate governance tab in the About us section.

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 potential conflicts of interest, accepting and giving inappropriate gifts (including entertainment) and unethical business conduct.

OUR APPROACH TO GOVERNANCE (CONTINUED)

The remuneration and equity committee is 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 business ethics and conduct.

Unethical business behaviour by senior staff members, as well as the manner in which the company's disciplinary code was applied in such instances, is reported to this committee. The group is committed to conducting its business in compliance with the law, with integrity and with proper regard for ethical business practices. Whistleblowing facilities enable employees to anonymously report unethical business conduct.

COMPLIANCE FRAMEWORK

The group's legal compliance programme involves preparing and maintaining inventories of material laws and regulations applicable to each business unit, implementing appropriate policies and procedures, establishing processes to supervise compliance and mitigate risks, monitoring compliance, implementing effective training and awareness programmes, and reporting to the board and management on the effectiveness of these initiatives.

The compliance programme is under the control of legal counsel Chimane Lelaka, acting as compliance officer, and a compliance committee. This committee reports on its activities to the compliance officer who, in turn, reports to the risk committee.

OUR BOARD

COMPOSITION

Details of directors at 31 March 2017 are on pages 61 to 63. MultiChoice has a unitary board that fulfils oversight and control functions. The board charter shows a clear division of responsibilities. The majority of board members are non-executive directors. To ensure no one individual has unfettered powers of decision-making and authority, the roles of chair and chief executive are separate.

At 31 March 2017 the board comprised four independent non-executive directors, four non-executive directors and two executive directors. Six directors (60%) were from previously disadvantaged groups and three (30%) were female.

THE CHAIR

The chair, Nolo Letele, is an executive director. Khulu Sibiya, an independent non-executive director, fulfils the role of lead independent director in all matters not dealt with by the executive chair, including managing potential conflicts of interest.

THE CHIEF EXECUTIVE

The chief executive reports to the board. He is responsible for the day-to-day business of the group, and implementing policies and strategies approved by the board. Board authority conferred on management is delegated through the chief executive, in line with approved authority levels.

Due to his increased responsibilities as chief executive of the Naspers video-entertainment segment, Imtiaz Patel stepped down as acting group chief executive and a director of MultiChoice South Africa Holdings on 22 March 2017. As an interim arrangement, the MultiChoice South Africa Holdings executive chair, Nolo Letele, assumed the duties of the South African group chief executive in addition to his executive chair duties. In line with internal governance requirements, the lead independent director on the MultiChoice South Africa Holdings board steps in, in this instance.

ORIENTATION AND DEVELOPMENT

An induction programme for new members of the board and key committees is specifically tailored to the needs of individuals. The company secretary assists the chair with the induction and orientation of directors, and arranges specific training if required.

CONFLICTS OF INTEREST

Potential conflicts are appropriately managed to ensure that candidates 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 and employees must also adhere to a policy on trading securities of MultiChoice's ultimate holding company, Naspers Limited.

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.

OUR BOARD

BOARD MEETINGS AND ATTENDANCE

The board meets at least four times a year and when specific circumstances require. Non-executive directors meet at least once annually without the chief executive, chief financial officer and chair present, to discuss the performance of these individuals. Details of attendance at board and committee meetings are provided on page 64.

EVALUATION

The remuneration and equity committee conducts an annual evaluation process. The performance of the board and its committees, as well as the chair, is appraised against mandates in their respective charters. Committees perform self-evaluations against their charters for consideration by the board. In addition, the performance of each director is evaluated by other board members using a questionnaire.

The chair of the remuneration and equity committee discusses the results of the evaluation with each director. A consolidated summary of the evaluation is discussed by the board. The chair of the remuneration and equity committee leads the discussion on the performance of the chair of the board.

The annual board-effectiveness evaluation process showed that the board and its committees had functioned well and discharged their duties in line with their mandates. In addition, the independence of each director was evaluated. The board determined that although some directors had served as members for nine years or longer, they all demonstrated that they were independent in character and judgement and there were no relationships or circumstances that were likely to affect their independence.

BOARD COMMITTEES

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

Each committee acts within agreed, written charters. The chairs of each committee, all independent non-executive directors, report at each scheduled board meeting. The chair of each committee is required to attend the annual general meeting (AGM) to answer shareholders' questions. The board is satisfied that the committees properly discharged their responsibilities over the past year.

INTERNAL CONTROL SYSTEMS

MultiChoice has mature systems of internal controls based on policies and guidelines. As part of overall risk management, internal control measures aim to prevent significant risks from materialising and to detect these expediently if they arise to mitigate potential adverse consequences. Internal audit reviews systems of internal control and reports identified concerns to management and the audit and risk committees. The external auditor considers elements of internal control systems as they relate to financial reporting as part of its audit and communicates deficiencies where identified.

The possibility of human error or deliberately bypassing control measures always exists. The group's system of internal controls is designed to provide reasonable assurance on the integrity and reliability of internal controls; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement while complying with regulations.

OUR BOARD (CONTINUED)

The board reviewed the effectiveness of the system of internal control for the year ended 31 March 2017 by confirming the board-approved combined assurance model. This confirmation is based on the annual management self-assessment in the form of a formal confirmation per representation letters by executive management. Consideration was also given to input from internal audit, external audit, compliance, risk management and other assurance providers. Where necessary, programmes for corrective actions have been initiated. Nothing has come to the attention of the board to indicate that any material breakdown in the functioning of internal controls occurred during the year.

INTERNAL AUDIT

An internal audit function is in place throughout the group. The head of internal audit reports to the chair of the MultiChoice audit committee, with administrative reporting to the MultiChoice group chief financial officer.

NON-AUDIT SERVICES

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

IT GOVERNANCE

Information technology (IT) governance is integrated in the operations and risk-management processes of the MultiChoice businesses. Management of each subsidiary/business unit is responsible for ensuring effective processes for IT governance are in place. Internal audit provides assurance to management and the audit committee on the adequacy and/or effectiveness of IT governance processes.

COMPANY SECRETARY

The company secretary is responsible for guiding the board 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 pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered. She is also the company's delegated information officer and attends all board and committee meetings.

Lurica Klink stepped down as the MultiChoice group company secretary, with effect from close of business on 9 June 2017, in order to pursue her career in Media24 Holdings Proprietary Limited. Carmen Koopman was appointed as the group company secretary for MultiChoice with effect from close of business on 9 June 2017. The board has reviewed the qualifications, experience and arm's length relationship of the company secretary and is satisfied therewith.

OUR BOARD (CONTINUED)

DIRECTORS

Nolo Letele (67)

Joined M-Net in 1990 and pioneered MultiChoice's expansion outside South Africa. In 1999 he was appointed chief executive of MultiChoice South Africa, and later served as MultiChoice group chief executive until 2010, when he was appointed executive chair of the MultiChoice South Africa Holdings board. Nolo has won several awards, including Media Man of the Year in 2001 (Saturday Star Business Report); Media Owner of the Year in 2003 (Financial Mail Adfocus); and the lifetime achievement prize for media development in Africa (Millennium Excellence Foundation). He holds an honours degree in electronic engineering (UK).

Don Eriksson (72)

Is a chartered accountant (SA) and honorary life member of the Institute of Directors of Southern Africa (IoDSA). He is currently chair of Oakleaf Insurance Company Limited, Insurance Group Managers Limited, NMS Insurance Services Limited, and a director of Naspers Limited and Coface Insurance Company Limited. He was a partner at PricewaterhouseCoopers Inc.

Kgomotso Moroka (63)

Has a BProc (University of the North) and LLB (Wits). She is a senior advocate of the High Court of South Africa and has been in practice at the Johannesburg bar since 1989. She is a director of Standard Bank Group Limited and Network Healthcare Holdings Limited. She is chair of Royal Bafokeng Platinum. Kgomotso is a trustee of the Nelson Mandela Children's Fund and Hospital and The Apartheid Museum.

Khulu Sibiya (69)

Was a senior reporter for the Detroit News in Michigan, where he obtained a diploma in journalism and management. He is chair of the SuperSport United Football Club and a council member of the University of Johannesburg. He was editor-in-chief of the City Press newspaper, senior general manager (consulting) of Media24, former chair of M-Net and SuperSport International Holdings and director of MIH Holdings. He serves on the boards of a number of listed and unlisted companies.

OUR BOARD (CONTINUED)

Bob van Dijk (44)

Was appointed chief executive of Naspers Limited in April 2014. He has over a decade of general management experience in the online growth business, as a founder and entrepreneur and later with eBay and Schibsted, spanning online marketplaces, online classifieds and etail segments. He was vice-president and general manager of eBay Germany and Europe Emerging Markets. He started his career in McKinsey focused on mergers and acquisitions and media. Bob has an MBAHons from INSEAD and an MSc (cum laude) in econometrics from Erasmus University Rotterdam.

Salukazi Dakile-Hlongwane (66)

Is the chair of Nozala Investments Proprietary Limited, a broad-based women-owned and -led investment company representing over 500 000 direct/indirect women beneficiaries, which she cofounded in 1996. She holds a BA in economics and statistics from the National University of Lesotho and a master's degree (development economics) from Williams College (Massachusetts, USA). Her career includes 30 years with the Lesotho National Development Corporation, the African Development Bank (Abidjan Coté D' Ivoire) and the Development Bank of Southern Africa, FirstCorp Merchant Bank and BOE Natwest. Salukazi is also a non-executive director of Exxaro, PPC Ltd, Lanseria International Airport and Woodlands Diary (Pty) Ltd. She is a trustee of Nozala Trust.

Steve Pacak (62)

A chartered accountant (SA), began his career with Naspers at M-Net in 1988 and has held various executive positions in that group. He is a non-executive director on the Naspers board and a director of MultiChoice South Africa Holdings and other companies in the wider Naspers group. He was appointed an executive director of Naspers in 1998. He retired as Naspers's financial director in June 2014, but remained on the board as a non-executive director.

Elias Masilela (53)

Holds a BA degree in social sciences (economics and statistics) from the University of Swaziland and an MSc in economic policy and analysis specialising in money, banking and international economics, from Addis Ababa University. He trained with Harvard University. Elias is the executive chair of DNA Economics and commissioner of the first and second national planning commissions in South Africa. He is also chairman of the V&A Waterfront, Capital Harvest, ABSA Asset Management and Economic Research Southern Africa. Elias is a former board member of the South African Reserve Bank, Government Employee Pension Fund, UN Global Compact – among others – and CEO of the Public Investment Corporation.

OUR BOARD (CONTINUED)

Jim Volkwyn (59)

Is a chartered accountant (SA). He joined the group in 1990 and was chief executive officer of the group's global video-entertainment platforms from 2001 to 2009. He resumed this role for 18 months from April 2014 to September 2015. Jim has been a director of MultiChoice South Africa since March 2007.

Uvashni Raman (44)

Is a chartered accountant (SA). She was appointed MultiChoice South Africa Holdings chief financial officer on 1 May 2016 in place of Nazeer Wadee and the director responsible for the finance function from 1 June 2016. Her previous positions include vice president finance/chief financial officer for BHP Billiton's global manganese and iron ore divisions 2008 to 2015, and vice president finance/chief financial officer for South32's (demerger from BHP Billiton) Australian region since February 2015.

Director who stepped down during the past year:

Imtiaz Patel (53)

Is the chief executive of the video-entertainment segment of Naspers, and holds a higher diploma in education from the University of the Witwatersrand. He was previously chief executive of SuperSport International. In 1998 Imtiaz was appointed director of professional cricket for the United Cricket Board of South Africa. In 2009 he received the Phil Weber Award, the highest accolade in the Naspers group. He is a board member of the Sunshine Tour and the Sharks, as well as a member of the global agenda council on media for the World Economic Forum.

OUR BOARD (CONTINUED)

DIRECTORS AND ATTENDANCE AT MEETINGS

	Date first appointed in current position	Date re-elected	Four board meetings held during the year: attendance	Category
S Dakile-Hlongwane	8 March 2007	4 September 2015	3	Independent non-executive
D G Eriksson	8 March 2007	4 September 2015	4	Independent non-executive
F L N Letele	14 September 2006	5 September 2012	4	Executive
K D Moroka	8 March 2007	31 August 2016	4	Independent non-executive
S J Z Pacak	14 September 2006	4 September 2015	4	Non-executive
M I Patel[1]	1 October 2010		3	Executive
K B Sibiya	8 March 2007	4 September 2015	4	Independent non-executive
J J Volkwyn	8 March 2007	31 August 2016	4	Non-executive
B van Dijk	2 April 2014	31 August 2016	3	Non-executive
E Masilela	1 April 2015		4	Non-executive
U Raman[2]	1 June 2016		3	Executive

[1] *Resigned on 22 March 2017.*
[2] *Appointed on 1 June 2016.*

COMMITTEES AND ATTENDANCE AT MEETINGS

	Audit committee	Risk committee	Remuneration and equity committee	
	Four meetings: attendance	Four meetings: attendance	Four meetings: attendance	Category
S Dakile-Hlongwane	4	4		Independent non-executive
D G Eriksson	4	4		Independent non-executive
K D Moroka			4	Independent non-executive
M I Patel[1]		3		Executive
S J Z Pacak		4	4	Non-executive
B van Dijk			4	Non-executive
E Masilela	4	4		Non-executive
U Raman[2]		3		Executive

[1] *Resigned on 22 March 2017.*
[2] *Appointed on 1 June 2016.*

REMUNERATION REPORT

FOR THE YEAR ENDED 31 MARCH 2017

REMUNERATION AND EQUITY COMMITTEE AND ITS ROLE

The remuneration and equity committee comprised only non-executive directors on 31 March 2017. Executive directors and certain members of management attend meetings by invitation as appropriate. This committee met three times during the period with attendance detailed on page 64.

Its main responsibilities 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 report
- annually review and approve 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, for example appointing trustees and compliance officers
- review incidents of unethical behaviour by senior managers and the chief executive
- review the company's code of business ethics and conduct annually
- annually review the committee's charter and, if appropriate, recommend amendments for approval by the board, and
- perform an annual self-assessment of its effectiveness, reporting these findings to the board of directors.

The committee fulfilled its remit during the year.

REMUNERATION STRATEGY AND POLICY

The group's remuneration strategy aims to attract, motivate and retain competent leaders in its drive to create sustainable shareholder value. We aim to recognise top performance and to attract entrepreneurs and the best creative engineers and employees to grow the value of the group. 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 receive annual remuneration as opposed to a fee per meeting. This recognises their ongoing responsibility for the efficient control of the company. This remuneration is augmented by compensation for services on committees of the board and boards of subsidiaries. A premium is payable to the chair of the board and chairs of committees.

REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Remuneration is reviewed annually, with reference to competitors and companies of similar size. Independent advice is acquired to assist the committee. 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. 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 and employees 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 structures 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 five years and must be exercised within ten years from 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 reviews 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 in a closed period for trading, backdating of awards is prohibited, and there is no repricing and automatic regranting of underwater shares/appreciation rights.

REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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

SERVICE CONTRACTS

Executive 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 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 Companies Act of South Africa.

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 appear in the annual financial statements on **www.multichoice.co.za**. There is no dilution as these are share appreciation rights.

KEY MANAGEMENT REMUNERATION

Key management comprises individuals with 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.

	2017 R'000	2016 R'000
Key management remuneration – consolidated		
Short-term employee benefits	**77 965**	86 638
Other long-term benefits	**5 415**	3 062
Share-based payment charge	**10 247**	13 164
Fees paid to key management	**93 627**	102 864
Non-executive directors		
Directors' fees	**46 689**	30 861

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

NON-EXECUTIVE DIRECTORS' TERMS OF APPOINTMENT

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

REMUNERATION REPORT (CONTINUED)

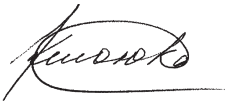
FOR THE YEAR ENDED 31 MARCH 2017

RETIREMENT AND RE-ELECTION OF DIRECTORS

One third of directors retire annually, but are available for re-election. Brief biographical details appear on pages 61 to 63. The reappointment of directors is not automatic.

DISCHARGE OF RESPONSIBILITIES

For the review period, the committee determined that it had discharged its responsibilities as outlined in its charter, details of which are on page 65. The board concurred with this assessment.



K D Moroka
Chair: Remuneration and equity committee

9 June 2017

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2017

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

FUNCTIONS OF THE AUDIT COMMITTEE

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

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt these. 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 as required by the Act
  - considered and, when appropriate, made recommendations on internal financial controls, and
  - dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of annual financial statements and internal financial controls.
- 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.
- Approved the internal audit plan and budget.
- Reviewed internal audit and risk management reports and, where relevant, made recommendations to the board.
- Evaluated the effectiveness of risk management, controls and governance processes.
- Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc as auditor for 2017 and noted the appointment of Ms S N Madikane as the designated auditor.
- Approved audit fees and engagement terms for the external auditor.
- Determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The committee comprises the non-executive directors listed below and meets at least three times per year in line with its charter. All members act independently as described in section 94 of the Act. During the year four meetings were held, with attendance shown on page 64.

Member	Qualifications
D G Eriksson	Chartered accountant (SA)
S Dakile-Hlongwane	Bachelor of economics and statistics, master's degree in development economics
E Masilela	Bachelor of arts in social sciences (economics and statistics), MSc in economic policy and analysis

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

INTERNAL AUDIT

The committee has oversight of the group's financial statements and 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 discharge its duties. The committee also oversees cooperation between the internal and external auditors and serves as a link between the board 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 members and the internal and external auditors.

INDEPENDENCE OF THE EXTERNAL AUDITOR

In the review period, the committee received a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

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

DISCHARGE OF RESPONSIBILITIES

The committee determined that, in the current financial year, it had discharged its legal and other responsibilities as outlined by its remit, details of which are included in the integrated report. The board concurred with this assessment.

D G Eriksson
Chair: Audit committee

9 June 2017

Financial review

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

This review summarises our financial performance for the past year.

PREPARATION OF RESULTS AND ACCOUNTING POLICIES

The financial results for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa 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.

SUMMARISED AND FULL ANNUAL FINANCIAL STATEMENTS

The summarised annual financial statements appear on pages 75 to 78 of this integrated annual report. These are not the statutory accounts of the group and do not contain all the disclosures required by IFRS. They are also not a substitute for, and should be read with, the full annual consolidated financial statements for a complete understanding of the group's results.

The summarised and full annual financial statements have been prepared under the supervision of the group chief financial officer, Uvashni Raman CA(SA), and have been audited by the company's independent external auditor, PricewaterhouseCoopers Inc., whose unqualified report is available for inspection at the registered office of the company – address details are on page 103.

The full annual financial statements for the year to 31 March 2017 are published on our website (www.multichoice.co.za). Printed copies are available from the company's secretariat (contact details on page 103).

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARISED FINANCIAL STATEMENTS

TO THE DIRECTORS OF MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

OPINION

The summary financial statements of MultiChoice South Africa Proprietary Limited, set out on pages 75 to 78 of the integrated annual report, which comprise the summary statement of financial position as at 31 March 2017, the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Phuthuma Nathi Investments (RF) Limited for the year ended 31 March 2017.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY FINANCIAL STATEMENTS

The summary 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 summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 9 June 2017.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S N Madikane
Registered auditor

9 June 2017

SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Assets				
Non-current assets	**17 964 406**	12 787 990	**16 875 000**	16 875 000
Current assets	**9 867 516**	10 674 900	**–**	–
Assets classified as held for sale	**377 907**	139 624	**–**	–
Total assets	**28 209 829**	23 602 514	**16 875 000**	16 875 000
Equity and liabilities				
Total equity	**8 097 607**	8 282 439	**16 875 000**	16 875 000
Attributable to equity holders of the group	**8 097 607**	8 282 439	**16 875 000**	16 875 000
Total liabilities	**20 112 222**	15 320 075	**–**	–
Non-current liabilities	**10 127 541**	5 616 303	**–**	–
Current liabilities	**9 767 757**	9 689 145	**–**	–
Liabilities classified as held for sale	**216 924**	14 627	**–**	–
Total equity and liabilities	**28 209 829**	23 602 514	**16 875 000**	16 875 000

FINANCIAL REVIEW (CONTINUED)

SUMMARISED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Revenue	**40 543 644**	35 703 691	**–**	–
Cost of providing services and sale of goods	**(22 799 870)**	(19 187 216)	**–**	–
Selling, general and administration expenses	**(7 602 656)**	(7 179 154)	**–**	–
Other gains	**19 648**	173		
Operating profit	**10 160 766**	9 337 494	**–**	–
Finance income	**212 384**	153 054	**–**	–
Finance costs	**(673 717)**	(546 556)	**–**	–
Foreign exchange losses	**(250 524)**	(544 132)	**–**	–
Dividends received	**–**	–	**6 500 000**	6 200 000
Share of equity-accounted results	**(66 843)**	(43 579)	**–**	–
Reversal/(Impairment) of equity-accounted investment	**(10 311)**	(36 835)	**–**	–
(Loss)/Profit on disposal of investments	**87 456**	–	**–**	–
Profit before taxation	**9 459 211**	8 319 446	**6 500 000**	6 200 000
Taxation	**(2 631 432)**	(2 314 569)	**–**	–
Net profit	**6 827 779**	6 004 877	**6 500 000**	6 200 000
Net profit attributable to equity holders of the group	**6 827 779**	6 004 877	**6 500 000**	6 200 000

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Balance at beginning of the year	**8 282 439**	8 346 360	**16 875 000**	16 875 000
Profit for the year	**6 827 779**	6 004 877	**6 500 000**	6 200 000
Total other comprehensive income, net of tax, for the year	**(551 754)**	111 171	**–**	–
Translation of foreign operations	**(138)**	(9 309)	**–**	–
Cash flow hedges	**(697 463)**	(83 873)	**–**	–
Revaluation of investments	**(18 000)**	158 400	**–**	–
Tax on other comprehensive income	**163 847**	45 952	**–**	–
Share-based comprehensive movement	**39 143**	20 032	**–**	–
Dividends paid to shareholders	**(6 500 000)**	(6 200 000)	**(6 500 000)**	(6 200 000)
Balance at end of the year	**8 097 607**	8 282 439	**16 875 000**	16 875 000
Comprising:				
Share capital and premium	**17 216 270**	17 216 270	**16 875 000**	16 875 000
Retained earnings	**6 116 745**	5 659 544	**–**	–
Share-based compensation reserve	**71 830**	199 350	**–**	–
Existing control business combination reserve*	**(15 050 974)**	(15 088 135)	**–**	–
Hedging reserve	**(413 825)**	119 791	**–**	–
Fair-value reserve	**157 381**	175 381	**–**	–
Foreign currency translation reserve	**180**	238	**–**	–
Total	**8 097 607**	8 282 439	**16 875 000**	16 875 000

May be recycled.

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Cash flow from operating activities	**9 054 026**	6 731 191	**–**	–
Cash flow utilised in investing activities	**(715 352)**	(1 237 121)	**–**	–
Cash flow utilised in financing activities	**(7 695 209)**	(6 056 768)	**–**	–
Changes in cash and cash equivalents for the year	**643 465**	(562 698)	**–**	–
Cash and cash equivalents at beginning of the period	**2 285 960**	2 493 062	**–**	–
Foreign exchange translation adjustments	**(245 072)**	351 870	**–**	–
Reclassification of cash to held for sale	**(83 659)**	3 726	**–**	–
Cash and cash equivalents at end of the period	**2 600 694**	2 285 960	**–**	–

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

SUMMARISED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

BASIS OF PREPARATION

These summarised consolidated financial statements for the year ended 31 March 2017 have been extracted from the full set of audited consolidated annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting* and in the manner required by the Companies Act of South Africa. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The group has adopted all new and amended accounting pronouncements as issued by the International Accounting Standards Board (IASB), which were effective for financial years commencing on 1 April 2016.

Phuthuma Nathi

BOARD OF DIRECTORS

Mandla Langa

(67)

Was chair of MultiChoice South Africa from 2007 to 2010 and chair of Icasa from 1999 to 2005. In 1991 he was awarded the Arts Council of Great Britain bursary for creative writing. A number of his works have been published. 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 eThekwini municipality. Mandla received a Lifetime Achievement Award at the South African Literature Awards in 2010. His directorships include Business and Arts South Africa, Foundation for Global Dialogue, the Institute for the Advancement of Journalism, Rhodes University School for Economic Journalism, Koketso Holdings Proprietary Limited and South African Screenwriters' Laboratory (Scrawl).

Clarissa Mack

(49)

MIH's group executive for regulatory and policy affairs, has an LLB from the University of Cape Town, a master's degree in law from Georgetown University in Washington, DC and a postgraduate diploma in economics for competition law from King's College, London. After completing her legal articles at Cheadle, Thompson & Haysom Attorneys, she joined M-Net, then moved to MultiChoice before taking up her current position at MIH. She was intimately involved in the launch of the current Phuthuma Nathi schemes.

Peter Goldhawk

(70)

Is a chartered accountant and retired partner of PricewaterhouseCoopers Inc. He is the 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 launching the current MultiChoice and Media24 BEE schemes through Phuthuma Nathi and Welkom Yizani respectively. He is a non-executive director of Right to Care NPC and a trustee of The Sports Trust. He is a member of the South African Institute of Chartered Accountants, the Issuer Regulatory Advisory Committee of the JSE, and a director of the Directorate of Market Abuse of the Financial Services Board.

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2017

As the company's only assets are the investments in MultiChoice South Africa Holdings Proprietary Limited, the board deems it appropriate that all its members be appointed to the audit committee. The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act of South Africa No 71 of 2008, as amended (the Act).

FUNCTIONS OF THE AUDIT COMMITTEE

The committee has discharged the following functions:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt these. In the course of its review, the committee:
  - took appropriate steps to ensure the annual financial statements are prepared in line with International Financial Reporting Standards (IFRS) and as required by the Act
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints on accounting policies, the auditing or content of annual financial statements, and internal financial controls, and
  - reviewed legal matters that could have a significant impact on the organisation's 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 FY2017 and noted the appointment of Ms S N Madikane as the designated auditor.
- Approved audit fees and engagement terms of the external auditor.

No non-audit services were provided by the external auditor.

MEMBERS OF THE AUDIT COMMITTEE

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

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Member	Qualifications
P O Goldhawk	Chartered accountant (SA)
M Langa	Diploma in offset litho printing (London College of Printing), certificate in periodical journalism (University of London)
C P Mack	LLB (University of Cape Town)

ATTENDANCE

The external auditor, in her 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 members and the external auditor.

INDEPENDENCE OF EXTERNAL AUDITOR

In the current financial year 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 chief financial officer and the finance function met the company's requirements.

DISCHARGE OF RESPONSIBILITIES

For the review period, the committee determined it had discharged its legal and other responsibilities as outlined by the Act. The board concurred with this assessment.

Signed on behalf of the audit committee of the board

P O Goldhawk
Director

9 June 2017

CORPORATE GOVERNANCE REVIEW (CONTINUED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

NATURE OF OPERATIONS

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

- Carry on the main business of holding only MultiChoice South Africa Holdings Proprietary Limited ordinary shares, cash and such assets as are received and acquired solely by virtue of or in relation to holding these shares.
- Receive and distribute dividends and other distributions in terms of its holding in MultiChoice South Africa Holdings Proprietary Limited.

Shareholder data

	PN	
As at 31 March	**2017**	2016
Number of shareholders:	**85 674**	88 448
Closing share price:	**R127,00**	R136,00

For the financial year to 31 March 2017 the total value of share trades was R265m, with 1,9m PN shares changing hands in 8 567 transactions.

Share trading data

	PN	
As at 31 March	**2017**	2016
Total transaction value	**R265m**	R439m
Number of shares traded	**1 942 633**	2 809 865
Number of transactions	**8 567**	10 700

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Almost 66% (2016: 69%) of PN shareholders have retained their holdings since the inception of the scheme. In PN, the number of participants with holdings reduced from 88 448 to 85 671.

A total of 3 412 (2016: 3 973) PN participants sold their entire holdings during the year, while 1 041 (2016: 1 684) PN participants sold part of their holdings. A total of 538 (2016: 501) PN participants bought additional shares during the year, while 635 (2016: 648) PN participants bought shares for the first time. A total of 83 444 (2016: 85 615) PN participants chose to retain their holdings with no purchase or sale activity.

The income tax reference number for PN is 9349869157.

OPERATING AND FINANCIAL REVIEW

The financial results of the company are set out on pages 88 to 93.

PN continues to engage proactively with the Registrar of Securities Services (the Registrar) on applying the Financial Markets Act 2012 to its trading platform. It will continue to build on the positive engagement it has had with the Registrar so far and remains committed to complying with any directives and/or conditions issued by the Registrar.

DIVIDENDS

The board recommends an ordinary dividend of 1 925,93 cents per share. Dividend tax of 20% per share is 385,19 cents. Shareholders will therefore receive a total net dividend of 1 540,74 cents per share.

There is a large amount of dividends which have not been paid to shareholders for whom we have no contact details. The board appeals to all shareholders who have not received dividends to contact the company's transfer secretaries, Singular Systems. Singular Systems contact details are reflected on page 103 of this report.

DIRECTORS, SECRETARY AND AUDITOR

The directors of the company are listed below. The registered address and postal address for the secretary are the same as those of the company as detailed on page 103.

Lurica Klink stepped down as the Phuthuma Nathi company secretary, with effect from close of business on 9 June 2017, in order to pursue her career in Media24 Holdings Proprietary Limited. Carmen Koopman was appointed as the company secretary for Phuthuma Nathi with effect from close of business on 9 June 2017. The board has reviewed the qualifications, experience and arm's length relationship of the company secretary and is satisfied therewith.

Director	Date last appointed	Category
C P Mack	3 September 2014	Independent non-executive
M Langa	2 September 2015	Independent non-executive
P O Goldhawk	31 August 2016	Independent non-executive

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

PricewaterhouseCoopers Inc. will continue in office as auditor in accordance with section 90(6) of the Companies Act of South Africa.

TRADING PLATFORM

The Registrar of Securities Services (the Registrar) has indicated that all traditional over-the-counter trading platforms like Phuthuma Nathi Investments (RF) Limited (Phuthuma Nathi) should regularise their affairs in terms of the Financial Markets Act, 2012 (the FM Act). Phuthuma Nathi has been engaging with the Financial Services Board (the FSB) to bring its affairs in line with the requirements of the FM Act. As part of this process MultiChoice and Media24 have established the company Yizani Phuthuma Nathi (YPN), which has applied for an exchange licence to facilitate the trading of broad-based black economic empowerment shares issued by companies within the Naspers group. During this process trading of Phuthuma Nathi shares on the current trading platform remains unchanged. Phuthuma Nathi continues to build on the positive engagement it has had with the Registrar and remains committed to complying with any directives and/or conditions issued by the Registrar. It is exempted from complying with the FM Act for a period of six months after the Registrar's decision on whether to grant an exchange licence to YPN.

SUBSEQUENT EVENTS

MWEB Connect Proprietary Limited, a subsidiary of MultiChoice South Africa Proprietary Limited, and Dimension Data Proprietary Limited have entered into an agreement whereby Internet Solutions (a division of Dimension Data Proprietary Limited) acquires the MWEB business as a going concern. The transaction has now been approved by the competition authorities and will take effect from 31 May 2017.

Post the balance sheet data, DStv Media Sales Proprietary Limited (DMS), a subsidiary of MultiChoice South Africa Proprietary Limited, entered into a consent agreement with the Competition Commission. The Commission has referred the consent order to the Competition Tribunal. It was agreed that an administrative penalty of R22m be paid (provided for in the prior financial year), a contribution of R8m, payable over three years to a fund to be administered through an industry trust to assist small black-owned media agencies as well as to provide 25% in bonus airtime for every rand of airtime bought by qualifying small agencies. The bonus airtime will be utilised at times scheduled at the discretion of DMS and this discretion shall be reasonably exercised.

Signed on behalf of the board

M Langa
Chair

9 June 2017

FINANCIAL REVIEW

PHUTHUMA NATHI INVESTMENTS (RF) LIMITED

PREPARATION OF RESULTS AND ACCOUNTING POLICIES

The financial results for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa No 71 of 2008 (the Act), 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.

SUMMARISED AND FULL ANNUAL FINANCIAL STATEMENTS

The summarised annual financial statements appear on pages 88 to 93 of this integrated report. The summarised annual financial statements are not the statutory accounts of Phuthuma Nathi Investments (RF) Limited (PN) and do not contain all the disclosures required by IFRS. The summarised financial statements are also not a substitute for and should be read together with the full annual financial statements to obtain a complete understanding of the results.

The summarised and full annual financial statements have been prepared under the supervision of the MultiChoice South Africa Holdings group chief financial officer, Uvashni Raman CA(SA), and have been audited by the independent external auditor, PricewaterhouseCoopers Inc., whose unqualified report is available for inspection at the registered office of the company – address details are on page 103.

The full annual financial statements for the year ended 31 March 2017 are on our website (www.phuthumanathi.co.za). Printed copies are available from the company's secretariat (details on page 103).

FINANCIAL REVIEW (CONTINUED)

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARISED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF PHUTHUMA NATHI INVESTMENTS (RF) LIMITED

OPINION

The summary financial statements of Phuthuma Nathi Investments (RF) Limited, set out on pages 88 to 93 of the integrated annual report, which comprise the summary statement of financial position as at 31 March 2017, the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Phuthuma Nathi Investments (RF) Limited for the year ended 31 March 2017.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY FINANCIAL STATEMENTS

The summary 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 summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated 9 June 2017.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S N Madikane
Registered auditor

9 June 2017

FINANCIAL REVIEW (CONTINUED)

SUMMARISED STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH

	2017 R'000	2016 R'000
Assets		
Non-current assets	**2 989 507**	3 014 152
Investment in associate	**2 989 507**	3 014 152
Current assets	**132 725**	93 604
Other receivables	**458**	1 653
Current tax asset	**2 809**	2 444
Cash and cash equivalents	**129 458**	89 507
Total assets	**3 122 232**	3 107 756
Equity and liabilities		
Capital and reserves	**2 988 053**	3 012 789
Share capital and premium	**450 000**	450 000
Other reserves	**248 277**	333 882
Accumulated profit	**2 289 776**	2 228 907
Non-current liabilities	**135**	135
Long-term liabilities	**135**	135
Current liabilities	**134 044**	94 832
Other payables	**134 044**	94 832
Total equity and liabilities	**3 122 232**	3 107 756

The accompanying notes form an integral part of these financial statements.

FINANCIAL REVIEW (CONTINUED)

SUMMARISED STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH

	2017 R'000	2016 R'000
Operating expenses	(91)	(86)
Operating (loss)/profit	(91)	(86)
Share of equity-accounted results of associate	927 626	800 046
Profit before taxation	927 535	799 960
Taxation	–	–
Net profit for the year	927 535	799 960
Earnings per share based on 45 000 000 issued shares	R20,61	R17,78

The accompanying notes form an integral part of these financial statements.

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	2017 R'000	2016 R'000
Net profit for the year	927 535	799 960
Items that may be reclassified subsequently to profit or loss		
Share of changes in associate's other equity items	(85 605)	18 099
Total comprehensive income	841 930	818 059

The accompanying notes form an integral part of these financial statements.

SUMMARISED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	Share capital and premium R'000	Other reserves* R'000	Accumulated profit R'000	Total R'000
Balance at 1 April 2015	450 000	315 783	2 255 615	3 021 398
Net profit for the year	–	–	799 960	799 960
Other comprehensive income for the year	–	18 099	–	18 099
Dividend paid	–	–	(826 668)	(826 668)
Balance at 31 March 2016	450 000	333 882	2 228 907	3 012 789
Balance at 1 April 2016	450 000	333 882	2 228 907	3 012 789
Net profit for the year	–	–	927 535	927 535
Other comprehensive income for the year	–	(85 605)	–	(85 605)
Dividend paid	–	–	(866 666)	(866 666)
Balance at 31 March 2017	**450 000**	**248 277**	**2 289 776**	**2 988 053**

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

The accompanying notes form an integral part of these financial statements.

SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	2017 R'000	2016 R'000
Cash flow from operating activities	**885 632**	826 276
Cash (utilised in)/generated from operations	**18 966**	(392)
Dividends received from associate	**866 666**	826 668
Cash utilised in financing activities	**(845 681)**	(785 228)
Dividends paid to ordinary shareholders	**(845 681)**	(785 228)
Movement in cash for the year	**39 951**	41 048
Cash and cash equivalents at the beginning of the year	**89 507**	48 459
Cash and cash equivalents at the end of the year	**129 458**	89 507

The accompanying notes form an integral part of these financial statements.

FINANCIAL REVIEW (CONTINUED)

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

BASIS OF PREPARATION

These summarised financial statements for the year ended 31 March 2017 have been extracted from the full set of audited annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting* and in the manner required by the Companies Act of South Africa. The accounting policies applied in the preparation of the financial statements from which the summary financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous annual financial statements.

The company has adopted all new and amended accounting pronouncements as issued by the International Accounting Standards Board (IASB), which were effective for financial years commencing on 1 April 2016.

Investment in associate

The company has a 13,33% interest in MultiChoice South Africa Holdings Proprietary Limited (MCSAH), a company incorporated and with its principal place of business in South Africa. The principal activities of MCSAH is the operation of video-entertainment and internet subscriber platforms. This is an unlisted investment that is accounted for, using the equity method of accounting.

	2017 R'000	2016 R'000
Movement in carrying amount		
At the beginning of the year	**3 014 152**	3 022 675
Share of net profit	**927 626**	800 046
Share of changes in other reserves	**(85 605)**	18 099
Dividends received	**(866 666)**	(826 668)
At the end of the year	**2 989 507**	3 014 152
Analysis of carrying amount		
Cost	**2 250 000**	2 250 000
Share of post-acquisition reserves	**739 507**	764 152
	2 989 507	3 014 152

The cost of the investment in associate includes goodwill of R2,0bn.

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

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

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

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

	2017 R'000	2016 R'000
Total assets	**28 209 829**	23 602 514
Total liabilities	**20 112 222**	15 320 075
Revenue	**40 543 644**	35 703 691
Cost of providing services and sale of goods	**(22 799 870)**	(19 187 216)
Gross profit	**17 743 774**	16 516 475
Other gains	**19 648**	173
Selling, general and administration costs	**(7 602 656)**	(7 179 154)
Operating profit	**10 160 766**	9 337 494
Finance income	**212 384**	153 054
Foreign exchange differences	**(250 524)**	(544 132)
Reversals/(impairment of equity-accounted investments)	**(10 311)**	(36 835)
Share of equity-accounted investment results	**(66 843)**	(43 579)
Acquisitions and disposals	**87 456**	–
Finance costs	**(673 717)**	(546 556)
Profit before taxation	**9 459 211**	8 319 446
Taxation	**(2 631 432)**	(2 314 569)
Net profit	**6 827 779**	6 004 877
Other comprehensive income/(losses)	**(551 754)**	111 171
Total comprehensive income	**6 276 025**	6 116 048

As at 31 March 2017 the company's associate had a contingent liability of R340m (2016: R340m) as an estimate of potential liabilities.

FINANCIAL REVIEW (CONTINUED)

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH

Long-term liabilities

	2017 R'000	2016 R'000
Variable rate, cumulative redeemable preference shares with issue price of R10 each	**135**	135
Balance at 31 March	**135**	135
At 31 March 2017: 13 501 (2016: 13 501) preference shares were in issue		
Preference share liability reconciliation		
Opening balance at 1 April	**135**	135
Closing balance at 31 March	**135**	135

In accordance with the preference share subscription agreement, these preference shares bore interest at 75% of the prime rate, compounded monthly, until such a time that the preference shares remaining are less than or equal to the preference threshold, which was reached at 3 September 2014. Once the threshold has been met, the preference shares do not bear interest. Further to this, the term of the remaining preference shares was extended at the discretion of the preference shareholders. These preference shares are held by MIH Holdings Proprietary Limited. The carrying amount at amortised cost approximates the fair value of these instruments.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of the Companies Act of South Africa No 71 of 2008, as amended (the Act), that the eleventh annual general meeting (AGM) of **MultiChoice South Africa Holdings Proprietary Limited** (the company or MCSA) will be held at MultiChoice City, 144 Bram Fischer Drive, Randburg on Wednesday 30 August 2017 at 11:00.

Please note that the registration counter for purposes of registering to vote at this meeting on Wednesday 30 August 2017 will close at 10:45.

RECORD DATE, ATTENDANCE AND VOTING

The record date for the meeting is Wednesday 16 August 2017, being the date on which a person must be registered as a shareholder of the company to be entitled to attend and vote at the AGM.

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 AGM of the company in their stead, the ordinary shareholders of the company are entitled to attend, speak and vote at the AGM (with each ordinary share in the company entitling its holder to one vote).

Votes at the AGM 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 that shareholder.

A shareholder may appoint a proxy at any time. For practical purposes, forms of proxy must be deposited at the transfer secretaries, Equity Express, a division of Singular Systems Proprietary Limited, 71 Corlett Drive, Birnam 2196 or PO Box 1266, Bramley 2018, to reach them not less than forty-eight (48) hours before the AGM (not including Saturdays, Sundays and public holidays) to allow for processing of such proxies. All other proxies must be handed in at the registration desks at MultiChoice City on 30 August 2017 prior to the commencement of the meeting. A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company.

In line with the provisions of the company's memorandum of incorporation, each shareholder of Phuthuma Nathi has been irrevocably appointed as a proxy for Phuthuma Nathi and is entitled, at the AGM of the company, to exercise one vote for each share that shareholder holds in Phuthuma Nathi.

In line with the provisions of the company's memorandum of incorporation, each shareholder of Phuthuma Nathi 2 has been irrevocably appointed as a proxy for Phuthuma Nathi 2 and is entitled, at the AGM of the company, to exercise one vote for each share that shareholder 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, driver's licences and passports.

PURPOSE OF MEETING

The purpose of the meeting is: (i) to present the directors' report and audited annual financial statements of the company for the prior financial year and an audit committee report; (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 their proxies will be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

wish to participate in the meeting electronically, the shareholder should advise the company by no later than 09:00 on Friday 18 August 2017 by submitting via registered mail addressed to the company (for the attention of Mrs C C Koopman) 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. On receipt of the required information, the shareholder will be given a secure code and instructions to access electronic communication during the AGM. Shareholders must note that access to the electronic communication will be for their expense.

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 to be adopted:

1. To consider and accept the annual financial statements of the company and the group for the twelve (12) months ended 31 March 2017 and the reports of the directors, the auditor and the audit committee.

   The summarised form of the annual financial statements is included in this 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 or at the company's registered office (details are included on page 103 of this integrated annual report).

2. After the board applied the solvency and liquidity tests contemplated in the Act, in terms of which it has concluded that MCSA will satisfy such tests immediately after completing the proposed distribution, the board has authorised and now proposes that the following dividends be approved:
   → a dividend of 1 925,93 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 Ms S N Madikane is the individual registered auditor of that firm who will undertake the audit) for the period until the next AGM of the company.

4. To elect Messrs E Masilela, K Sibiya and D G Eriksson, who retire by rotation and, being eligible, offer themselves for re-election as directors of the company. Their brief biographical details are included in this integrated annual report.

   The board unanimously recommends that the re-election of directors in terms of resolution number 4 be approved by 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.

5. To appoint audit committee members as required in terms of the Act and recommended by the King Code on Corporate 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 in the company, as well as International Financial Reporting Standards (IFRS) and other regulations and guidelines applicable to the company. They keep up to date with developments affecting their required skills set.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

The board and the remuneration and equity committee therefore unanimously recommend Messrs D G Eriksson and E Masilela, and Ms S Dakile-Hlongwane for appointment to the audit committee. Their brief biographical details are included in this integrated annual report.

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

6. To endorse the company's remuneration policy, as set out in the remuneration report in this integrated annual report, by way of a non-binding advisory vote.

SPECIAL RESOLUTIONS

Each of the special resolutions below requires the support of at least 75% of the votes exercised by shareholders present or represented by proxy at this meeting 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 (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 or a subsidiary of the company the authority in terms of the Act to acquire its own ordinary shares.

2. That the company, as authorised by the board, may generally provide, in terms of and subject to the requirements of section 44 of the Act, any financial assistance by way of a loan, guarantee, the provision of security or otherwise to a related or interrelated company or corporation, or to a member of a related or interrelated corporation for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company, pursuant to the authority hereby conferred on the board for these purposes.

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

3. That the company, as authorised by the board, may generally provide, in terms of and subject to the requirements of section 45 of the Act, any direct or indirect financial assistance to a related or interrelated company or corporation, or to a member of a related or interrelated corporation, pursuant to the authority hereby conferred on the board for these purposes.

   The reason for and effect of special resolution number 3 is to approve generally the provision of financial assistance to the potential recipients as set out in the resolution.

ORDINARY RESOLUTION

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 and special resolutions adopted at this AGM.

OTHER BUSINESS

To transact such other business as may be transacted at an AGM.

By order of the board

C C Koopman
Company secretary

28 July 2017

FORM OF PROXY

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2006/015293/07)
(the company)

For use by shareholders at the annual general meeting (AGM) to be held on Wednesday 30 August 2017 at MultiChoice City, 144 Bram Fischer Drive, Randburg.

I/We

(Name in block letters)

Identity number/registration number

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 chair of the company, or failing him/her, the chair of the AGM

as my/our proxy to vote for me/us on my/our behalf at the AGM of the company to be held on Wednesday 30 August 2017 at MultiChoice City, 144 Bram Fischer Drive, Randburg, or at any adjournment, and generally to act as my/our proxy at this meeting.

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

		For	Against	Abstain
Ordinary resolution 1	Acceptance of annual financial statements			
Ordinary resolution 2	Confirmation and approval of payment of ordinary dividend			
Ordinary resolution 3	Reappointment of PricewaterhouseCoopers Inc. as auditor			
Ordinary resolution 4	Appointment of directors retiring by rotation:			
	E Masilela			
	K Sibiya			
	D G Eriksson			
Ordinary resolution 5	Appointment of the following audit committee members:			
	D G Eriksson			
	E Masilela			
	S Dakile-Hlongwane			
Ordinary resolution 6	To endorse the company's remuneration policy			
Special resolution 1	General authority for the company or any of its subsidiaries to acquire its own shares			
Special resolution 2	Approve the provision of financial assistance in terms of section 44 of the Companies Act of South Africa, 2008			
Special resolution 3	Approve the provision of financial assistance in terms of section 45 of the Companies Act of South Africa, 2008			
Ordinary resolution 7	Authorisation to implement all resolutions adopted at the AGM			

Signed at on this day of 2017

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 on page 98.

NOTES TO THE FORM OF PROXY

The following provisions shall apply in relation to proxies:

1. A shareholder of the company may appoint any individual (including one who is not a shareholder of the company) as a proxy to participate in, speak and vote at the annual general meeting (AGM) of the company. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting 'the chair of the company, or failing him/her, the chair of the AGM'. The person whose name is first on the form of proxy and who is present at the AGM 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 AGM.

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 exercising 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 as otherwise provided by the memorandum of incorporation of the company, or the instrument appointing the proxy.

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

9. Every shareholder present in person or by proxy and entitled to vote, will on a show of hands have only one vote and, on a poll, every shareholder will 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 unless previously recorded by the company or waived by the chair of the AGM.

11. A shareholder may appoint a proxy at any time. For practical purposes, forms of proxy must be lodged with the transfer secretaries, Equity Express, a division of Singular Systems Proprietary Limited, 71 Corlett Drive, Birnam 2196 or PO Box 1266, Bramley 2018, to reach them not less than forty-eight (48) hours (not including Saturdays, Sundays and public holidays) before the AGM to allow for processing of such proxies. All other proxies must be handed in at the registration desks at MultiChoice City on 30 August 2017 prior to the commencement of the meeting.

SHAREHOLDER INFORMATION (CONTINUED)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of the Companies Act of South Africa No 71 of 2008, as amended (the Act), that the eleventh annual general meeting (AGM) of **Phuthuma Nathi Investments (RF) Limited** (the company or PN) will be held at MultiChoice City, 144 Bram Fischer Drive, Randburg on Wednesday 30 August 2017 immediately after the MultiChoice South Africa Holdings Proprietary Limited AGM, which is scheduled to be held at 11:00 on this day.

Please note that the registration counter to register to vote at this meeting on Wednesday 30 August 2017 will close at 10:45.

RECORD DATE, ATTENDANCE AND VOTING

The record date for the meeting is Wednesday 16 August 2017, being the date on which a person must be registered as a shareholder of the company to be entitled to attend and vote at the AGM.

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 AGM in his/her stead.

Votes at the AGM 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 that shareholder.

A shareholder may appoint a proxy at any time. For practical purposes, forms of proxy must be deposited at the transfer secretaries, Equity Express, a division of Singular Systems Proprietary Limited, 71 Corlett Drive, Birnam 2196 or PO Box 1266, Bramley 2018, to reach them not less than forty-eight (48) hours before the AGM (not including Saturdays, Sundays and public holidays) to allow for processing of such proxies. All other proxies must be handed in at the registration desks at MultiChoice City on 30 August 2017 prior to the commencement of the meeting. A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company.

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, driver's licences and passports.

PURPOSE OF MEETING

The purpose of the meeting is: (i) to present the directors' report and audited annual financial statements of the company for the prior financial year and an audit committee report; (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 shareholders of the company, with or without advance notice to the company.

ELECTRONIC PARTICIPATION

Shareholders entitled to attend and vote at the meeting or their proxies will be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder wish to participate in the meeting electronically, the shareholder should advise the company by no later than 09:00 on Friday 18 August 2017 by submitting via registered mail addressed to the company (for the attention of Mrs C C Koopman) 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. On receipt of the required information, the shareholder will be given a secure code and instructions to access electronic communication during the AGM. Shareholders must note that access to the electronic communication will be for their own expense.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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 to be adopted.

1. The consideration and acceptance of the annual financial statements of the company for the twelve (12) months ended 31 March 2017 as well as the reports of the directors, auditor and audit committee.

   The summarised form of the annual financial statements is included in this integrated annual report.

   A copy of the complete annual financial statements of the company for the preceding financial year can be obtained at www.phuthumanathi.co.za or at the company's registered office (details are included on page 103 of this integrated annual report).

2. After the board applied the solvency and liquidity tests contemplated in the Act, in terms of which it has concluded that PN will satisfy such tests immediately after completing the proposed distribution, the board has authorised and proposes that the following dividend be declared:
   → an ordinary dividend of 1 925,93 cents per ordinary share.

3. To reappoint, on the recommendation of the company's audit committee, PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Ms S N Madikane is the individual registered auditor of that firm who will undertake the audit) for the period until the next AGM of the company.

4. To elect Ms C P Mack, who retires by rotation and, being eligible, offers herself for re-election as a director of the company. Her brief biographical details are included in this integrated annual report.

   The board unanimously recommends that the re-election of the director in terms of resolution number 4 be approved by the shareholders of the company.

5. To appoint the audit committee members as required in terms of the Act and recommended by the King Code on Corporate 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 in the company, as well as International Financial Reporting Standards (IFRS) 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, P O Goldhawk and Ms C P Mack for appointment to the audit committee. Their brief biographical details are included in this integrated annual report.

6. 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 AGM.

OTHER BUSINESS

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

By order of the board

C C Koopman
Company secretary

28 July 2017

SHAREHOLDER INFORMATION (CONTINUED)

FORM OF PROXY

PHUTHUMA NATHI INVESTMENTS (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2006/0015187/06)
(the company)

For use by shareholders at the annual general meeting (AGM) to be held on Wednesday 30 August 2017 immediately after the MultiChoice South Africa Holdings Proprietary Limited AGM, which is scheduled to be held at 11:00 on that day at MultiChoice City, 144 Bram Fischer Drive, Randburg.

I/We _____

(Name in block letters)

Identity number/registration number _____

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 chair of the company, or failing him/her, the chair of the AGM

as my/our proxy to vote for me/us on my/our behalf at the AGM of the company to be held on Wednesday 30 August 2017 at MultiChoice City, immediately after the MultiChoice South Africa Holdings Proprietary Limited AGM, which is to be held at 11:00 on that day, or at any adjournment, and generally to act as my/our proxy at this AGM.

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

		For	Against	Abstain
Ordinary resolution 1	Acceptance of annual financial statements			
Ordinary resolution 2	Confirmation and approval of payment of ordinary dividend			
Ordinary resolution 3	Reappointment of PricewaterhouseCoopers Inc. as auditor			
Ordinary resolution 4	Election of C P Mack as a director			
Ordinary resolution 5	Appointment of the following audit committee members:			
	M Langa			
	P O Goldhawk			
	C P Mack			
Ordinary resolution 6	Authorisation to implement all resolutions adopted at the AGM			

Signed at _____ on this _____ day of _____ 2017

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 on page 102.

SHAREHOLDER INFORMATION (CONTINUED)

NOTES TO THE FORM OF PROXY

The following provisions shall apply in relation to proxies:

1. A shareholder of the company may appoint any individual (including one who is not a shareholder of the company) as a proxy to participate in, speak and vote at the annual general meeting (AGM) of the company. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting 'the chair of the company, or failing him/her, the chair of the AGM'. The person whose name is first on the form of proxy and who is present at the AGM 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 AGM.

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 exercising 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 as otherwise provided by the memorandum of incorporation of the company, or the instrument appointing the proxy.

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

9. Every shareholder present in person or by proxy and entitled to vote, will on a show of hands have only one vote and, on a poll, every shareholder will 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 unless previously recorded by the company or waived by the chair of the AGM.

11. A shareholder may appoint a proxy at any time. For practical purposes, forms of proxy must be lodged with the transfer secretaries, Equity Express, a division of Singular Systems Proprietary Limited, 71 Corlett Drive, Birnam 2196 or PO Box 1266, Bramley 2018, to reach them not less than forty-eight (48) hours (not including Saturdays, Sundays and public holidays) before the AGM to allow for processing of such proxies. All other proxies must be handed in at the registration desks at MultiChoice City on 30 August 2017 prior to the commencement of the meeting.

ADMINISTRATION AND CORPORATE INFORMATION

REGISTRATION NUMBER
2006/015293/07

REGISTERED OFFICE
MultiChoice City
144 Bram Fischer Drive, Randburg 2194
(PO Box 1502, Randburg 2125)

COMPANY SECRETARY
Carmen Koopman
MultiChoice City
144 Bram Fischer Drive, Randburg 2194
(PO Box 1502, Randburg 2125)

ATTORNEYS AND TAX ADVISERS
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.pwc.co.za

PHUTHUMA NATHI
SHARE THE FUTURE

REGISTRATION NUMBER
2006/0015187/06

REGISTERED OFFICE
MultiChoice City
144 Bram Fischer Drive, Randburg 2194
(PO Box 1502, Randburg 2125)

COMPANY SECRETARY
Carmen Koopman
MultiChoice City
144 Bram Fischer Drive, Randburg 2194
(PO Box 1502, Randburg 2125)

TRADING HELPDESK AND TRANSFER SECRETARIES
Equity Express, a division of
Singular Systems Proprietary Limited
(Registration number 2002/001492/07)
71 Corlett Drive, Birnam 2196
(PO Box 1266, Bramley 2018)

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

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Bastion

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ENRICHING LIVES

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