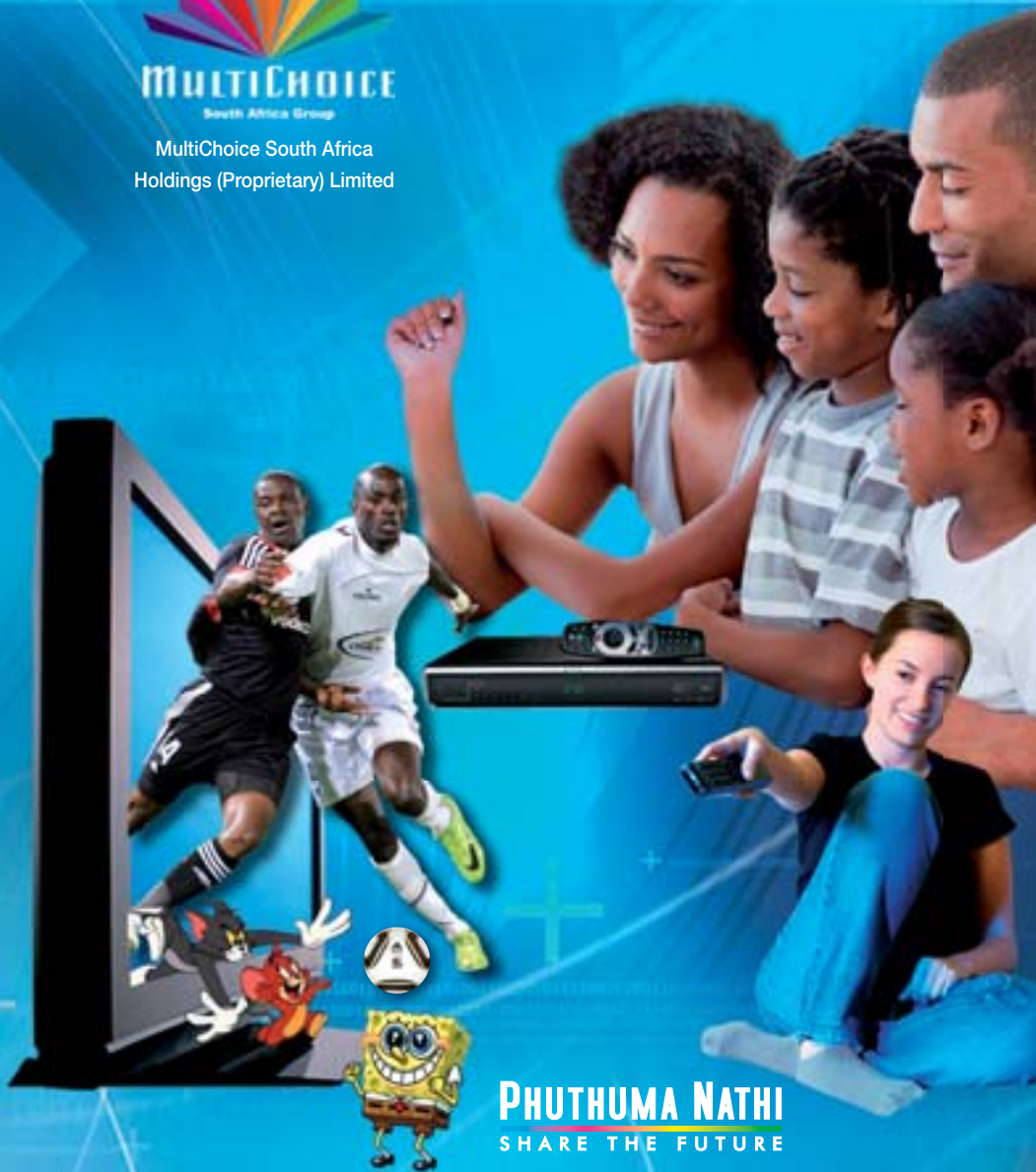




MultiChoice South Africa  
Holdings (Proprietary) Limited



## PHUTHUMA NATHI

SHARE THE FUTURE

2010 ANNUAL REPORT TO  
THE SHAREHOLDERS OF

**Phuthuma Nathi**  
Investments Limited

## MISSION

To bring digital media entertainment, content and services to subscribers through multiple devices

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# A great viewing experience

*I am pleased to report on the performance of the MultiChoice South Africa group for the financial year ended 31 March 2010.*

## 📊 Results

Despite tough economic conditions and volatility in world markets, the group reported growth, with total revenue increasing 18% from R12,3bn to R14,5bn. Net profit increased 19% from R2,4bn to R2,9bn as a result of organic growth.

The subscriber base grew over the past year by 450 000 households. The more affordable *DStv Compact* bouquet recorded best growth, driven by local content, the dedicated premium *SuperSport* soccer channel, strong general entertainment and movies, kids and other genres. Our customers can now select from nine bouquet offerings for a great viewing experience and a variety of pricing options. These include *EasyView*, *Lite*, two *Select* options, *Compact* and *Premium*, as well as two *Indian* and one *Portuguese* offering.

Following the successful launch of our hi-tech high-definition personal video recorder (PVR) in 2008, we now have three high-definition channels: *M-Net HD*, *SuperSport HD* and *Discovery HD*. The PVR is one of the most advanced in the world and we are proud that our South African engineers were pivotal in its implementation.

As reported in previous years, bidding for key sports rights was intense, placing profit margins under pressure. In the process SuperSport has become the prime funder of sports leagues across Africa.

## 📈 Business strategy/prospects

The coming year will see competitors entering the pay-television market, the first of which launched in May 2010, and our business will face several challenges. The focus will be on maintaining steady growth in subscription sales, tight cost control and investing in growth for future years. The regulatory environment is increasingly complex and will continue to have an impact on the business.

## 💰 Dividends

MultiChoice South Africa Holdings (Proprietary) Limited will declare a dividend (subject to the approval of shareholders at the annual general meeting on 20 September 2010) of R1,2bn (2009: R900m). Phuthuma Nathi and Phuthuma Nathi 2 will thus receive a dividend of R160m (2009: R120m) and R80m (2009: R60m), respectively. The companies will declare preference dividends of R128m (2009: R96m) and R64m (2009: R48m), respectively, in terms of the preference share agreements. The balance of the dividend received by the companies, less expenses, will be declared as ordinary dividends to shareholders of Phuthuma Nathi and



Phuthuma Nathi 2. Consequently, a dividend of R32m (2009: R24m) (subject to the approval of shareholders at the annual general meetings noted above) equating to 71,1 cents per share (2009: 53,3 cents per share) will be declared by Phuthuma Nathi and R16m (2009: R12m) equating to 71,1 cents per share (2009: 53,3 cents per share) for Phuthuma Nathi 2.

MultiChoice South Africa Holdings will also declare a special dividend (subject to shareholder approval at the annual general meeting noted above) of R1,5bn (2009: Rnil). The purpose of the special dividend is to pay dividends outstanding on the preference shares held by MIH Holdings Limited under preference share agreements. Phuthuma Nathi and Phuthuma Nathi 2 will thus receive a special dividend of R200m (2009: Rnil) and R100m (2009: Rnil), respectively. Phuthuma Nathi and Phuthuma Nathi 2 will declare preference dividends of



R200m (2009: Rnil) and R100m (2009: Rnil), respectively, in terms of the preference share agreements.

#### **Directorate**

In terms of MultiChoice South Africa Holdings (Proprietary) Limited's articles of association, all directors are subject to retirement and re-election by shareholders every three years. Accordingly, Messrs F L Letele, D G Eriksson and F G Sampson and Mrs S Dakile-Hlongwane retire by rotation and, being eligible, offer themselves for re-election. Subsequent to the year-end, Ms S A Raine was appointed to the board on 4 June 2010. Shareholders will be asked to confirm her appointment at the annual general meeting.

#### **People**

I thank all our people for their commitment, energy and resourcefulness. To my fellow board members I express my appreciation for their support and contributions over the past year.

**Mandla Langa**  
*Chairman*



# Advanced global technology

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

## Pay television

MultiChoice's *DStv* subscriber base grew by 450 000, bringing the total number of households to 2,85 million at 31 March 2010. The *Compact* bouquet, which targets the emerging market, recorded growth of 245 000 to close the year on 716 000 homes. MultiChoice continues to subsidise

the cost of decoders. After a satisfactory festive season, growth in new subscriptions slowed early in the last quarter of the financial year.

The popular personal video recorder (PVR) reached 364 000 whilst the number of homes subscribing to the *XtraView* service grew to 416 000. This service enables subscribers to enjoy two independent viewing environments by linking two decoders. The PVR is one of the most advanced in the world. We are proud that our South African engineers were pivotal in the implementation of this technology.

A variety of channels and programmes were added to the *DStv* offering to ensure it remains exciting. New channels include *Discovery World*, *Ignition* (auto), *Koowe* (children) and *Vuzu* (young adults). New media elements such as SMS and SNS (social network services) were incorporated into the *Vuzu* channel's offering. *DStv*'s service offering was further enhanced with the launch of two more high-definition (HD) channels, *Discovery HD Showcase* and *SuperSport HD*. We also launched





*Mzansi Magic*, a new channel for the emerging market which showcases South African productions. It will also provide an opportunity for local production companies to develop new content.

Local productions remain the drawcard for audiences. These include *Carte Blanche* and its two new spin-offs *Carte Blanche Consumer* and *Carte Blanche Medical*. Other popular local productions include *All Access*, *I Wanna Be* and the reality shows *Big Brother Africa* and *Survivor South Africa*.

For sports enthusiasts the review period began on a high note with the Indian Premier League cricket being played in South Africa.

For the 2010 Fifa World Cup, SuperSport showcased five channels, with three broadcasting 24 hours daily. There were also four daily magazine shows – *Chase the Makarapa*, *Woza Lunchtime*, *Supernova* and *Harambee*.

The regulatory environment remains uncertain. The anticipated broadband policy is yet to be published, whilst doubt

surrounds South Africa's standard for digital terrestrial television. Final regulations on the digital migration process have been published by the Independent Communications Authority of South Africa (Icasa). These are intended to pave the way for a migration from the current analogue terrestrial to digital terrestrial broadcasting.



## REVIEW OF OPERATIONS

(continued)

We are proud that our South African engineers were pivotal in the implementation of ground-breaking technology.



Regulations and the invitation to apply for radio-frequency spectrum to provide mobile television have been issued.

Customer service remains a priority for the business and a number of improvements have been implemented. A new customer care centre was opened in Randburg to deal with increasing customer numbers and the number of employees working in the call centre was boosted to manage call volumes.

Additional support for the growing MultiChoice agency network is broadening



and improving service. This includes adding more counters and enabling agencies to do immediate decoder swaps. The number of MultiChoice agencies rose by more than 10% to improve reach and ease of access. To ensure MultiChoice services are readily available, the number of accredited installers was increased from 620 to 950.

MultiChoice takes its corporate social responsibility seriously. When launched in 2006, MultiChoice's Phuthuma Nathi was the largest empowerment transaction in the media sector, adding some 120 000 black individuals and groups to the company's





shareholder base. MultiChoice also runs various projects that uplift previously disadvantaged people in areas such as preferential procurement, community development and corporate social investment initiatives.

Further details of MultiChoice's corporate social investment and sustainability initiatives are included in the governance and sustainability section of this annual report and on its website ([www.multichoice.co.za](http://www.multichoice.co.za)).

#### Internet

MWEB is being integrated into operations offering network services, delivering the group's content and data services over the internet whilst continuing to offer electronic communications and network services to subscribers and corporate users.

MWEB pioneered an uncapped ADSL broadband service in South Africa, with

unmetered broadband at affordable pricing. This has started the much-needed revolution of the internet in the country through which broadband will become mainstream.



# An important contributor to education

## Introduction

MultiChoice plays an important role in sustainable development in South Africa – economically through the remuneration paid to employees, taxes to government and through its broad-based black economic empowerment (BBBEE) schemes, and socially through its history of community involvement.

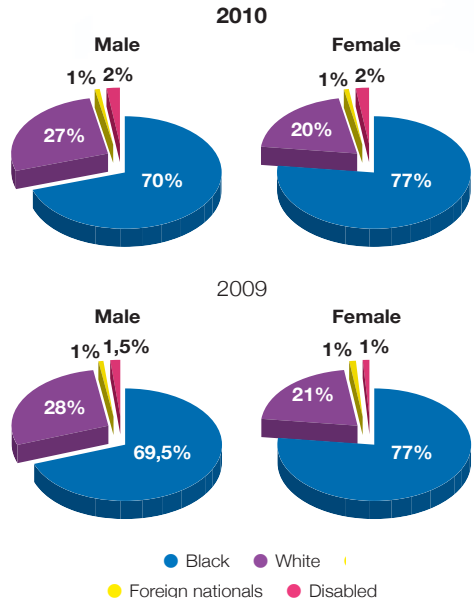
MultiChoice has a licence requirement that stipulates that “the licensee shall have no less than 30% ownership by persons from historically disadvantaged groups”. MultiChoice complies with this requirement. Its BBBEE Phuthuma Nathi schemes include 120 000 individual black people as shareholders. These schemes were lauded for their broad-based nature. MultiChoice has more individual black shareholders than any other media grouping in South Africa.

One of MultiChoice’s most important contributions has been education through communication by making the social benefits of electronic platforms more accessible.

## Scope of the report

South Africa is a nation in transition, focused on maximising the benefits of a still-young democracy for all. Clear targets have been set for a number of key indicators and this report will therefore focus on the progress made by MultiChoice.

MultiChoice’s workforce





### **Our people**

MultiChoice employs 3 147 people. The group complies with labour legislation and all statutory reports have been submitted.

### **Diversity and employment equity**

The group values diversity in its workforce, with the current demographic profile on page 8.

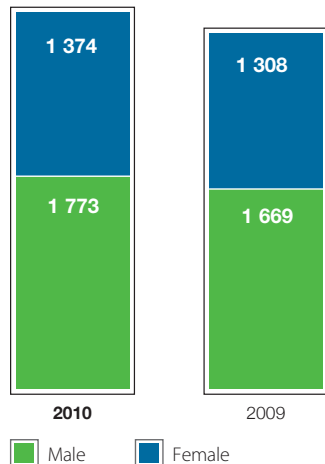
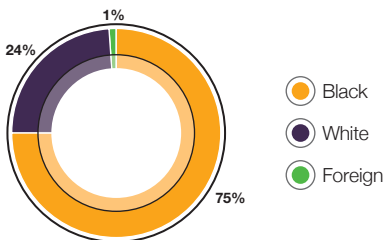
Appropriate consultative forums protect the interests of employees, provide representation and have become a valuable platform for joint decision-making.

The MultiChoice group embraces the principles of black empowerment, particularly in appointing staff and in skills enhancement. Different programmes develop

employees at various levels – ranging from supervisory to executive management.

MultiChoice supports some students who have completed their tertiary studies through internship and learnership programmes, where students are brought into the company for on-the-job training experience. In the reporting period 29 students were part of this programme, bringing the total since 2008 to 91.

#### **2010 demographic diversity**



## EMPOWERMENT AND SUSTAINABILITY

(continued)

Across the group, skills development is key to maintain our competitive advantage, particularly in our technology-intensive businesses.



The management programmes for the year include:

- Management Advancement Programme (MAP) attended by 20 students (16 black, four white)
- New Managers Programme (NMP) attended by 16 black students in conjunction with Wits Business School
- Media Management Programme (MMP) attended by five students (four black, one white), and
- Master of Business Administration (MBA) attended by one black student.

SuperSport initiated the SuperSport Management Advancement Programme in conjunction with the Wits Business School in 1997. The programme deals with a cross section of issues confronting sport administrators in their daily work environment and equips senior managers with a sound foundation in the fundamentals of sports law, sponsorship and communication. Currently, 28 sport administrators are enrolled in the programme.

SuperSport was instrumental in the launch of the Certificate Programme in Management Development hosted by the University of Nigeria and the National Sports Commission in Abuja, where 18 Nigerian sport administrators are enrolled.

### • Skills development

Across the group, skills development is key to maintain our competitive advantage, particularly in our technology-intensive businesses.

With technology at the core of MultiChoice's business, skills development is multifaceted. The company's learnership programmes combine vocational education and training modules towards qualifications registered on the National Qualifications Framework (NQF). Its learnerships and internships build skills, improve performance, create work opportunities and career advancement for people who cannot secure employment due to lack of skills and work experience, create a talent pipeline for scarce and critical skills and recruit talent into entry positions.

MultiChoice awarded 51 bursaries in 2010, bringing the total number of bursaries awarded to 161 since 2008.



### Transformation

MultiChoice has made progress with its transformation aims, which are monitored against a scorecard for the Department of Trade and Industry's code of good practice for broad-based black economic empowerment (BBBEE). On this measure, MultiChoice is categorised as a level-four contributor with a score of 65%. Good progress has been made in the elements of the scorecard pertaining to management control, employment equity, skills development and preferential procurement. Following its successful empowerment transaction in 2006, whereby 120 000 new shareholders were introduced, the group achieved maximum points in the shareholding area. With its recent initiatives to promote the local film industry, it believes that such initiatives will improve scores in the area of enterprise development.

### Direct empowerment

#### Phuthuma Nathi

In line with its commitment to BBBEE, MultiChoice created Phuthuma Nathi Investments and Phuthuma Nathi Investments 2, the largest empowerment

transactions in the listed media sector.

Together these wholly black-owned companies added 120 000 black shareholders to the company's shareholder base. The success of Phuthuma Nathi lies in its unique structure. By making the schemes broad-based and accessible to people across various income levels, ordinary South Africans were able to invest in MultiChoice, whose products and services are world renowned.

### Black economic empowerment partners

MultiChoice and other group companies have combined their buying power in South Africa in a centralised bargaining company called CommerceZone, which is mandated to implement a BEE procurement policy. Suppliers' BEE performance is evaluated against specific criteria and suppliers are expected to show a marked improvement in their annual BEE rating.

In addition to the empowerment initiatives MultiChoice procures large numbers of decoders from a local manufacturer. This initiative resulted in the creation of several employment opportunities in the areas of manufacture, logistics for the distribution of



## EMPOWERMENT AND SUSTAINABILITY

(continued)

Several wellness programmes are operated by the group in a preventative approach to employee health.



decoders, as well as the creation of several sales channels. MultiChoice also established a network of some 900 installers as well as customer service touch points through the establishment of approximately 110 agencies across South Africa.

### Health and safety

Implementing a healthy, safe workplace at both administrative and production facilities is a priority. Where required and in line with local legislation, health and safety committees – comprising responsible, trained individuals – ensure compliance with applicable regulations. Appropriate medical emergency and disaster recovery plans have been devised for operating businesses. Annual occupational health and safety risk-control audits are conducted by South African operational entities and improvements implemented as required.

Significant matters are reported to and monitored by the MultiChoice audit and risk management committee.

### Monitoring

MultiChoice conducts annual health, safety and environmental compliance audits as well as building scans. Injuries on duty are

stringently monitored, and the company aims to have no injuries or deaths on duty.

Some SuperSport technical employees, commentators and presenters are required to travel to sports events broadcast by SuperSport. One of the regular rugby commentators was killed in a motor vehicle accident whilst travelling to the Durban airport the morning following the broadcast of a rugby match at Kings Park. In another incident, three technical employees were kidnapped in Nigeria following the broadcast of a regional football match. All three escaped.

### Wellness

Several wellness programmes are operated by the group in a preventative approach to employee health. These range from programmes to assist employees to stop smoking to HIV/Aids tests. Regular medical, eye and hearing tests are performed on drivers and staff exposed to noise. Professional and independent psychosocial support is provided for staff.

MultiChoice offers a range of convenient, accessible and affordable wellness and work/life services to all employees on site.



MultiChoice also provides a Montessori nursery school for its Randburg employees.

**HIV/Aids**

We are acutely aware of the HIV/Aids pandemic in Africa, and the social and economic implications of the disease. Comprehensive programmes comprise:

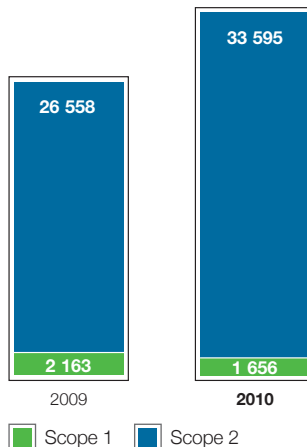
- information and awareness campaigns
- voluntary free testing
- free counselling, and
- comprehensive medical treatment programmes.

**Environment**

This year the group again evaluated its direct impact on the environment. The measurement excludes MWEB in Cape Town and is limited to the Randburg campus. Results show that the most significant direct impact on the environment remains the use of electricity (so-called scope 2 emissions). Given that the primary source of electricity in South Africa is coal, which has a higher emission rate, 95% of the group's total carbon footprint stems from the use of electricity.

Scope 2 emissions increased by 26% due to operational expansions at the Randburg campus:

- A new customer care centre.
- Additional play-out facilities at M-Net, enabling high-definition broadcasting. The facilities are relatively energy-intensive.
- Higher occupancy rate of certain buildings. MultiChoice's carbon footprint for the reporting period is shown below:



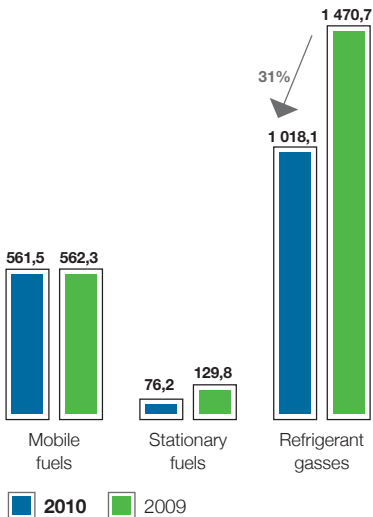
## EMPOWERMENT AND SUSTAINABILITY

(continued)

MultiChoice plays an active role in its communities, focusing mainly on educational programmes.



There has been a reduction in the Scope 1 emissions due to replacement of dated equipment on the Randburg premises.



### • Fines

In the period under review there were no environmental accidents nor were any environmentally related fines imposed by the South African government.

### • Our communities

The group plays an active role in its communities, focusing mainly on educational programmes. In the review period, group companies spent R29m on corporate social investment initiatives.

Because MultiChoice operates in a highly regulated environment in South Africa, legal compliance is important. MultiChoice therefore plays a constructive role in the regulatory process affecting the communications industry by participating in various public forums and debates to assist regulators in formulating standards and strategies for this industry. The group received no significant fines for non-compliance in the past year.

MultiChoice plays a valued role in its communities, focusing on a number of areas to achieve its objectives. It also enables its staff and customers to benefit community organisations of their choice. Current initiatives include:

• The **Carte Blanche Making a Difference** campaign has to date raised over R60m from corporate and private sponsors to turn the wish lists of state hospitals and certain charity organisations in South Africa into reality.



- The **SuperSport Let's Play** initiative is getting children more active, and is now entrenched in schools, suburbs and townships across South Africa after raising R2,7m in sponsorship since April 2009.
- The **MultiChoice Orphaned and Vulnerable Children** programme assists care centres by providing new and refurbished buildings and homes, as well as training care personnel. Five children's centres and over 100 orphans have benefited to date.
- The **Film Talent Incubator** aims to fast-track development of previously disadvantaged individuals in the local film industry. Since inception in 2007, 48 students have graduated and are now valued members of the film industry in South Africa.
- The **MultiChoice Information Communication Technology (ICT) in Schools** initiative equips schools with multimedia centres – new computers, television sets, video recorders, satellite decoders and dishes. This has helped participating schools enhance learning

by equipping learners to manage in a technologically driven society. So far, MultiChoice has helped over 6 500 learners in 15 schools.

- A customer-focused initiative, **Reach Out**, gives subscribers the opportunity to make a difference to the charity organisations of their choice.
- The entire MultiChoice group is involved in **MultiChoice Make a Difference**. To date, over 1 000 employees have embarked on 23 projects to improve the lives of others within the community.
- Through the **CNN MultiChoice African Journalist Awards**, now in their sixth year, we recognise excellence in journalism on the continent by encouraging journalists to tell African stories.

#### • **Conclusion**

Our aim is to create value for our shareholders and a productive environment for our people; achieve our mission to bring digital media entertainment, content and services to subscribers through multiple devices; and try to be useful to the communities we serve.



## CORPORATE GOVERNANCE

### **Introduction**

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

MultiChoice is a major subsidiary of Naspers Limited, a company listed on the JSE and the London Stock Exchange. It therefore aims to comply, where appropriate, with guidelines in the King Report on Corporate Governance for South Africa 2002 (King II).

The implications of the new Companies Act, No 71 of 2008 in South Africa (signed into law on 8 April 2008), as well as the King III Code and Report on Corporate Governance in South Africa are being analysed.

MultiChoice has an independent board of directors, which has established its own governance practices and subcommittees that comply in the main with the applicable governance and regulatory requirements.

The board's audit and risk management and remuneration and equity committees fulfil key roles in ensuring good corporate governance. The group uses independent external advisers to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the board on matters of corporate governance.

The board has a process to annually review the effectiveness and role of the board and its chair, as well as the effectiveness of the respective board committees. Assessing the functioning of the audit and risk management committee includes a focus on its key competencies.

Whistle-blowing facilities are in place to

enable employees to anonymously report unethical conduct in the workplace.

### **Status: new Companies Act and King III**

The impact of the new Companies Act and King III was a focus over the past year.

The board and its subcommittees made good progress in assessing the principles and practices contained in King III. The board approved revised board and subcommittee charters, which will come into effect in the new financial year. The responsibilities of the audit and risk management committee were separated and a new risk committee was formed. A plan to address aspects of King III was approved, and implementation is well under way. Where appropriate for the group, the necessary changes to our governance policies and practices will be made. If any principles or practices are found to be inappropriate for the group, the reason for not implementing or not complying with King III's recommendations will be disclosed.

MultiChoice will produce an integrated report for the financial year ended 31 March 2011 and report on the application of King III at that time.

### **The board**

#### **Composition**

The details of directors at 31 March 2010 are set out on page 28 of this report.

MultiChoice has a unitary board that fulfils oversight and controlling functions. The board has a charter evidencing clear division of responsibilities. The majority of board members are non-executive directors and

independent of management, to ensure that no one individual has unfettered powers of decision-making and authority. The roles of chair and chief executive are separate, ensuring a clearly defined division of responsibilities.

On 1 April 2009 Mr Steve Pacak was reappointed to the board after a three-month sabbatical.

At 31 March 2010 the board comprised six independent, non-executive directors, four non-executive directors and one executive director. Six directors (55%) are from previously disadvantaged groups and two directors (18%) are female.

### The chair

The chair is an independent, non-executive director. He provides guidance to the board as a whole and ensures the board is efficient, focused and operates as a unit. He acts as facilitator at board meetings to ensure a flow of opinions and attempts to lead discussions to optimal outcomes in the interests of good governance. He also occasionally represents the board in external communications in consultation with the chief executive and the chief financial officer.

### The chief executive

The chief executive reports to the board and is responsible for the day-to-day business of the group and implementation of policies and strategies approved by the board. Chief executives of the various businesses assist him in this task. Board authority conferred on management is delegated through the chief executive, in accordance with approved authority levels.

### Appointments to the board

The board has 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 and determines whether those skills meet the company's needs.

Annual self-evaluations conducted by the board and its subcommittees assist with this process. Directors are invited to give their input in identifying potential candidates. Members of the remuneration and equity committee, all non-executive, propose suitable candidates for consideration by the board. A fit and proper evaluation is performed for each identified candidate.

### Retirement and re-election of directors

One-third of directors retire annually. This year Messrs F L Letele, D G Eriksson and F G Sampson, and Mrs S Dakile-Hlongwane will retire, but are available for re-election. Brief biographical details are included on pages 24 to 27 of this annual report. The reappointment of directors is not automatic.

### Orientation and development

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



## CORPORATE GOVERNANCE

(continued)

The company will continue its director development initiatives to build on expertise and develop an understanding of the businesses and the markets in which it operates.

### Conflicts of interest

Potential conflicts of interest are appropriately managed to ensure candidate directors and existing directors are free from conflicts between their obligations to the company and their personal interests. Any interest in contracts with the company must be formally disclosed and documented. Directors must also adhere to a policy on trading securities of its ultimate holding company, Naspers.

### Independent advice

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

### Role and function of the board

The board has adopted a charter setting out its responsibilities. Among other obligations, it:

- ➊ provides strategic direction to the company and is responsible for adopting strategic plans originating from management
- ➋ approves the annual business plan and budget compiled by management, for implementation by management
- ➌ retains full and effective control over the company and monitors management in the implementation of the approved annual budget and strategies

- ➍ appoints the chief executive, who is accountable to the board
- ➎ approves the company's financial statements and is responsible for their integrity and fair presentation
- ➏ assesses the viability of the company and the group on a going-concern basis
- ➐ determines the company's external communication policy
- ➑ determines director selection (with due consideration to shareholder arrangements), orientation and evaluation
- ➒ ensures the company has appropriate risk management, internal controls and regulatory compliance procedures in place and that it communicates with share owners and relevant stakeholders openly and promptly, with substance prevailing over form
- ➓ establishes subcommittees of the board with clear terms of reference and responsibilities
- ➔ defines levels of materiality and delegates specific matters with the necessary written authority to subcommittees of the board and management
- ➕ monitors non-financial aspects relevant to the business of the company
- ➖ considers and, if appropriate, approves the declaration of dividends to shareholders, and
- ➗ regularly evaluates the performance and effectiveness of the board and its subcommittees.

### Board meetings and attendance

The board meets regularly, at least four times

a year, and also as specific circumstances require. The board held four meetings during the past financial year.

The company secretary acts as secretary to the board and its subcommittees and attends all meetings. Details of attendance at meetings are provided on page 28 of this annual report.

### **Board committees**

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

Each subcommittee acts within agreed, written terms of reference. The chair of each subcommittee reports at each scheduled board meeting.

The chair of each subcommittee is a non-executive director and is required to attend annual general meetings to answer questions raised by shareholders.

The established board subcommittees are detailed below:

#### **Audit and risk management committee**

This committee, chaired by Mr Don Eriksson, comprises only independent, non-executive directors. All members are financially literate and have substantial business and financial acumen.

The committee held four meetings during the past financial year, with attendance detailed on page 28 of this annual report. The chief executive and the chief financial

officer attend committee meetings by invitation.

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

The main responsibilities of the audit and risk management committee are to:

- address all matters required to be dealt with by an audit committee in terms of the South African Companies Act
- review and recommend to the board for approval the company's annual financial statements
- receive, evaluate and, where applicable, approve the external auditor's plans, reports and findings
- evaluate legal matters that may affect the financial statements
- review and make recommendations to the board on the viability of the company and the group on a going-concern basis
- evaluate the internal audit and risk management functions, including their charters, activities, scope, adequacy, effectiveness and costs, and approve annual plans and any material changes to these plans
- evaluate procedures and systems introduced by management (including internal controls, disclosure controls and procedures and information systems)
- establish procedures for addressing complaints received by the company on accounting, internal control or auditing matters

## CORPORATE GOVERNANCE

(continued)

- review alleged incidents reported through the whistle-blower facility
- determine principles for the use of the external auditor for non-audit services, and
- evaluate the effectiveness of the committee.

### Remuneration and equity committee

This committee, chaired by Mr Ton Vosloo, comprises only independent, non-executive directors. Executive directors and certain members of management attend meetings by invitation as appropriate. This committee met four times during the financial year, with attendance detailed on page 28 of this annual report.

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

- determine the company's general policy on remuneration, including share-based incentive schemes
- annually appraise the performance of the chief executive and review and approve remuneration packages of the chief executive and his direct reports, including bonus incentive schemes
- regularly review the group's code of business ethics
- annually review the general level of remuneration for directors and board committees
- approve appointments and promotions of top executives, and review succession plans for these positions
- evaluate any cases of unethical business behaviour by senior managers and executives of the company
- review employment equity and skills development plans, and

- make recommendations to the board on the appointment of new directors (with due consideration to any shareholder arrangements and legal requirements).

### Discharge of responsibilities

The board has determined that both subcommittees discharged their responsibilities for the year under review in compliance with their terms of reference.

### • The 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 an active 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 compliance officer as defined in the Companies Act, No 61 of 1973, and delegated information officer. The company secretary monitors directors' dealings in securities and ensures adherence to closed periods for trading in shares of the company's ultimate holding company, Naspers.

Subsequent to year-end Mrs Gillian Kisbey-Green stepped down as company secretary. She was succeeded by Mrs Sameera Khan, who was appointed on 5 June 2010.

### Risk management

The identification and management of risks form part of each business unit's business plan. These are assessed by the board annually. The audit and risk management committee also reviews the risk management process. Going forward the new risk committee will be responsible for reviewing the risk management process.

At present the following major risks are evident, among a wide range of potential exposures:

#### Global political and market developments

The MultiChoice group operates in the media and entertainment industry. It is therefore sensitive to global political and other events that may influence the global economy.

#### Competition and technical innovations

The group operates in fiercely competitive and sometimes maturing markets. Technology forms an integral part of its operations. The group devotes significant resources to analysing emerging trends in technology and consumer demand, and to developing new products and services. There is a risk it may be caught off guard by new technology or start-ups or speed of development.

#### Currency fluctuations

The group reports in South African rand, and this exchange rate may vary relative to other currencies. The movements of this currency could have a negative or positive impact on our income or expenses. Unrealised and realised currency translation gains or losses

may distort the group's financial accounts. The group has a policy to hedge the majority of its foreign currency positions, where this is achievable.

#### Legislation and regulations

The media industry is, in general, subject to government regulation. Failure or delays in obtaining or renewing regulatory approvals could influence the availability of our services to our customers. MultiChoice aims to comply with applicable laws and regulations. To achieve this, the group cooperates with the various regulators.

#### Technology failures

**Technical failure:** Our pay-television services are mostly delivered to subscribers via satellite. Satellites are subject to damage or destruction, which may disrupt transmission services. Procedures are implemented to augment the availability of services, ranging from back-up capacity in some cases to built-in redundancy. The cost of these measures is considered against the impact and likelihood of the risk occurring and consequently, in some cases, satellites or other key components remain unprotected or only partially protected.

**Electricity supply:** The production and distribution of the group's products depends on electricity supply. It is well-known that Eskom has problems. The group has taken some measures to lessen the impact of power failures, but protracted power failures will have a negative impact on revenues.

## CORPORATE GOVERNANCE

(continued)

### Unauthorised access to our programming signals

Delivering of subscription television programming requires the use of conditional access technology to prevent unauthorised access to programming. We face the risk that our programming signals will be accessed by unauthorised users.

### Internal control systems

The company has a system of internal controls, based on the group's policies and guidelines. Risk managers and internal auditors monitor the functioning of internal control systems and make recommendations to management and to the audit and risk management committee. The external auditor considers elements of internal control systems as part of its audit and communicates deficiencies when identified.

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

The group evaluated its internal control systems as at 31 March 2010 with regard to financial reporting and safeguarding of assets against unauthorised purchases, use or sales.

During the period under review, this system revealed no significant breakdown in internal control.

### Internal audit

An internal audit function is in place throughout the group and is an independent appraisal mechanism that examines and evaluates the group's procedures and systems, including internal controls, disclosure procedures and information systems, ensuring that these are functioning effectively. The internal audit function is outsourced to MIH Holdings Limited's internal audit department.

### Relations with shareholders

The company's website ([www.multichoice.co.za](http://www.multichoice.co.za)) provides the latest and historical financial and other information, including financial reports.

The board encourages shareholders to attend its annual general meeting, notice of which is contained in this annual report, where shareholders have the opportunity to put questions to the board, management and the chairs of the various subcommittees.

### Business ethics

In support of the requirements of King II, the company has formalised its business ethics management process within the group. The group code of business ethics complies with appropriate regulatory requirements.

This code applies to all directors and employees in the group. Ensuring that controlled group companies adopt appropriate processes and establish

supporting policies and procedures is an ongoing process. Policies and procedures focus on addressing key ethical risks such as managing conflicts of interest and accepting inappropriate gifts.

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

MultiChoice South Africa is committed to conducting its business with integrity. The group expects all directors and employees to share its commitment to business ethics and legal standards.

### Remuneration philosophy

The remuneration policy and its execution are the responsibility of the remuneration and equity committee.

Only non-executive directors of MultiChoice South Africa (Proprietary) Limited who are not in the employ of the Naspers group receive annual remuneration. As opposed to a fee per meeting, this recognises the ongoing responsibility of directors for the efficient control of the company. This remuneration is augmented by compensation for services on the subcommittees of the board. A premium is payable to the chair of the board, as well as chairs of subcommittees.

Remuneration is reviewed annually, with reference to competitors and companies of a similar size to MultiChoice South Africa. Independent advice is acquired to review directors' remuneration. No remuneration is paid to directors of MultiChoice South Africa Holdings (Proprietary) Limited.

In remunerating executives, the group aims to attract exceptional entrepreneurs. It needs to motivate and retain competent leaders in its drive to create sustainable shareholder value. We aim to recognise top performance to further grow the value of the group. The remuneration philosophy for executives strives to meet this objective. Accordingly, the focus of the policy is not primarily on guaranteed annual remuneration packages, but rather on individual incentive plans linked to the creation of shareholder value.

Remuneration packages are monitored and compared with market forces. Most executives have an annual bonus scheme, requiring that strategic and operational objectives (including financial targets) relative to budget are surpassed.

As long-term incentives, executives typically participate in the group's share-based incentive scheme. Awards vest over a period of five years.

## DIRECTORATE



**Mandla Langa**

🌐 Mandla Langa was appointed chairperson of MultiChoice South Africa on 8 March 2007 and was chairperson for the Independent Communications Authority of South Africa (Icasa) from 1999 to 2005. In 1980 he won the DRUM story contest and in 1991 he was awarded the Arts Council of Great Britain bursary for creative writing. In 2007 he received SA's National Order of Ikhamanga (Silver) for literary, journalistic and cultural achievements, and in 2009 a Living Legends Award from the eThekweni Municipality. A number of his works have been published. He was editor-at-large of Leadership magazine, programme director for television at the SABC, and his novel, The Lost Colours of the Chameleon, won the 2009 Commonwealth Writer's Prize – Africa region. His directorships include Business and Arts South Africa (BASA), the Foundation for Global Dialogue (FGD), the Institute for the Advancement of Journalism (IAJ), the Rhodes University School for Economic Journalism, Koketso Holdings (Proprietary) Limited, Nation's Trust and South African Screenwriters' Laboratory (SCRAWL).



**Kgomotso Moroka**

🌐 Kgomotso Moroka is a practising advocate and member of the Johannesburg Society of Advocates. Kgomotso obtained her LLB in 1981. Kgomotso serves on a number of boards, including South African Breweries, Standard Bank of South Africa, Netcare and Gobodo Forensic Investigative Accounting (Proprietary) Limited. She is a trustee for the Nelson Mandela Children's Fund, Presidential National Commission on Information Society and Development, and Project Literacy. Kgomotso is an executive member of the General Council of the Bar (GCB) and chair of Advocates for Transformation Gauteng South.



**Don Eriksson**

🌐 Don Eriksson is a chartered accountant (SA) and a honorary life member of the Institute of Directors (IOD). He became a partner of Coopers & Lybrand (now PriceWaterhouseCoopers) in 1976 and was a member of its council and executive. In 1990 he joined Commercial Union as chief financial officer and executive director to GGU Insurance Company (SA) Limited, Commercial Union Life Insurance Company Limited and Sentrasure Company Limited. Don is currently chair of General Accident Insurance Company (SA) Limited, Insurance Outsourcing Managers Holdings Limited, Renasa Insurance Company and the audit committee of Discovery Health Medical Scheme. He served on the council of the IOD for a number of years and is an active member of its audit committee forum.



**Salukazi Dakile-Hlongwane**

Salukazi Dakile-Hlongwane is the chief executive of Nozala Investments, a company she cofounded in 1996. She holds a BA degree (Economics and Statistics) from the National University of Lesotho (NUL) and a masters degree in economic development from Williams College – Massachusetts, United States of America. She started her career at the Lesotho National Development Corporation in 1977 and while there, lectured part-time in business economics at NUL's Mature Students Programme. Thereafter she moved to the African Development Bank (ADB) in Abidjan, Côte d'Ivoire, initially as a country programme officer and later as principal corporation officer. While at the ADB, she took a two-year sabbatical to work with the Development Bank of Southern Africa. Salukazi is a director of a number of Nozala-related companies that include Eqstra Holdings Limited, Afripack (Proprietary) Limited, Woodlands Dairy (Proprietary) Limited, Tsebo Outsourcing Group (Proprietary) Limited, Synergy Freight International (Proprietary) Limited, Natal Rubber Compounders (Proprietary) Limited and EnviroServ Holdings Limited. She is also a trustee of Nozala Trust and Chancellor House Trust.



**Nolo Letele**

Nolo Letele joined M-Net in 1990 and has held a number of senior positions in the MIH group. Prior to that he was chief engineer at the Lesotho National Broadcasting Service. Currently he is group chief executive of MultiChoice South Africa. His directorships include MultiChoice Africa (Proprietary) Limited, Infracore Broadband (Proprietary) Limited, MWEB Connect (Proprietary) Limited, BuiltAfrica (Proprietary) Limited, and SuperSport United Football Club (Proprietary) Limited. In 2001 he was named Media Man of the Year by the Star Business Report and Media Owner of the Year in 2003 by the Financial Mail Ad Focus. In 2004 he received the Phil Weber award from Naspers. Nolo also sits on the council of Business Leadership South Africa (BLSA).



**Koos Bekker**

Koos Bekker led the founding team of M-Net in 1985, serving as chief executive of the MIH group until 1997. He was also a founding director of MTN. He is a director of Media24, MIH B.V., MIH (Mauritius) Limited, MIH Holdings, MultiChoice South Africa Holdings and other companies in the wider group. He serves on the local organising committee for the 2010 Fifa World Cup and the Council of Stellenbosch University. He has been chief executive of Naspers since 1997.



## DIRECTORATE

(continued)



**Steve Pacak**

Steve Pacak was reappointed to the board on 1 April 2009 after a three-month sabbatical. Steve began his career with Naspers as group financial manager of M-Net in 1988 and held various executive positions in the MIH group. He is a director of Media24, MIH B.V., MIH (Mauritius) Limited, MIH Holdings, MultiChoice South Africa Holdings and other companies in the wider Naspers group. Steve was appointed an executive director of Naspers in 1998.



**Khulu Sibiya**

Khulu Sibiya is currently chairman of SuperSport United Football Club, chairman of Litha Healthcare Holdings and a council member of the University of Johannesburg. He serves as a director of the Chartered Secretaries of Southern Africa, MultiChoice South Africa Holdings (Proprietary) Limited and is a member of the board of governors of the Professional Soccer League, is a founder member of the Masters Golf Society and is a member of the audit and risk committee and renaming committee of the University of Johannesburg. He holds a diploma in journalism and personnel management.



**Jim Volkwyn**

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

**Ton Vosloo**

🌐 Ton Vosloo became managing director of Naspers Limited in 1984, serving as executive chairperson from 1992 to 1997. A career journalist from 1956 to 1983, he was editor of *Beeld* from 1977 to 1983. He is a director of Media24 and MultiChoice South Africa Holdings, chairman of MIH B.V., MIH (Mauritius) Limited and MIH Holdings, and independent, non-executive chairperson of the board of Naspers, a position he has held since 1997. He is a former chairman of Sanlam, M-Net, WWF (SA) and the Cape Philharmonic Orchestra. Ton was awarded the Nieman Fellowship from Harvard University in 1970. He has been awarded three honorary doctorates, and was recently entered into the City of Cape Town's Civic Honours Book.

**Fergus Sampson**

🌐 Fergus Sampson is chief executive of the Emerging Markets Division for Media24 newspapers. He is a founding member of the *Daily Sun* newspaper. Fergus now manages *Daily Sun*, *Sunday Sun*, *Son* and *Laduuuuuma*. He serves on the boards of the Newspaper Association of SA and CT Media.

**Sheryl Raine**

🌐 Sheryl Raine was appointed as a director of MultiChoice South Africa Holdings (Proprietary) Limited and MultiChoice South Africa (Proprietary) Limited on 4 June 2010. She began her career with Naspers in 1991 as channel director of M-Net. From 1995 to 1997 she was managing director of Nethold Electronic Media in the Netherlands. Subsequently and until February 2009, she served as chief executive of Netmed, Naspers's operations in Greece and Cyprus. Sheryl holds a BA degree from the University of Natal and completed the Senior Management Development Programme at Templeton College at Oxford.

## DIRECTORATE

(continued)

### Directors and attendance at meetings

	Date first appointed in current position	Date last appointed	Four board meetings were held during the year. Attendance:	Category
J P Bekker	8 March 2007	1 April 2008	4	Non-executive
S Dakile-Hlongwane	8 March 2007	27 August 2008	4	Independent, non-executive
D G Eriksson	8 March 2007	27 August 2008	4	Independent, non-executive
M Langa	8 March 2007	11 September 2007	4	Independent, non-executive
F L N Letele	14 September 2006	27 August 2008	4	Executive
K D Moroka	8 March 2007	21 September 2009	4	Independent, non-executive
S J Z Pacak	14 September 2006	1 April 2009	4	Non-executive
F G Sampson	8 March 2007	11 September 2007	4	Independent, non-executive
K B Sibiya	8 March 2007	21 September 2009	4	Independent, non-executive
J J Volkwyn	8 March 2007	21 September 2009	4	Non-executive
T Vosloo	8 March 2007	21 September 2009	4	Non-executive

#### Note

Subsequent to year-end, on 4 June 2010, Ms S A Raine was appointed as a non-executive director.

### Committees and attendance at meetings

	Audit and risk management committee		Remuneration and equity committee <sup>(1)</sup>		Category
	Four meetings were held during the year. Attendance:		Four meetings were held during the year. Attendance:		
J P Bekker			✓	4	Non-executive
D G Eriksson	✓	4			*Independent, non-executive
K D Moroka			✓	4	*Independent, non-executive
F G Sampson	✓	4			*Independent, non-executive
T Vosloo			✓	4	*Independent, non-executive

#### Note

\*As defined in the Companies Act.

## ADMINISTRATION AND CORPORATE INFORMATION

### Registration number

2006/015293/07

### Registered office

251 Oak Avenue

Randburg

2194

(PO Box 1502, Randburg 2125)

### Company secretary

Sameera Khan

251 Oak Avenue

Randburg

2194

(PO Box 1502, Randburg 2125)

### Transfer secretaries

Link Market Services South Africa  
(Proprietary) Limited

(Registration number 2000/007239/07)

11 Diagonal Street

Johannesburg

2001

(PO Box 4844, Johannesburg 2000)

### Attorneys and tax advisers

Webber Wentzel Bowers

10 Fricker Road

Illovo Boulevard

Johannesburg

2196

(PO Box 61771, Marshalltown 2107)

### Independent auditor

PricewaterhouseCoopers Inc.

(Registration number 1998/012055/21)

2 Eglin Road

Sunninghill

2157

(Private Bag X36, Sunninghill 2157)

[www.multichoice.co.za](http://www.multichoice.co.za)



## ABRIDGED STATEMENTS OF FINANCIAL POSITION

as at 31 March 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>ASSETS</b>				
Non-current assets	6 711 617	6 689 966	16 875 000	16 875 000
Current assets	6 527 370	4 369 992	–	–
<b>Total assets</b>	<b>13 238 987</b>	11 059 958	<b>16 875 000</b>	16 875 000
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>	<b>7 678 203</b>	5 928 563	<b>16 875 000</b>	16 875 000
Attributable to equity holders of the group	7 681 347	5 927 761	16 875 000	16 875 000
Minority interest	(3 144)	802	–	–
<b>Total liabilities</b>	<b>5 560 784</b>	5 131 395	–	–
Non-current liabilities	450 428	973 943	–	–
Current liabilities	5 110 356	4 157 452	–	–
<b>Total equity and liabilities</b>	<b>13 238 987</b>	11 059 958	<b>16 875 000</b>	16 875 000

## ABRIDGED STATEMENTS OF PROFIT OR LOSS

for the year ended 31 March 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Revenue</b>	<b>14 468 302</b>	12 280 864	–	–
Expenses	(10 526 854)	(8 781 452)	–	–
<b>Operating profit</b>	<b>3 941 448</b>	3 499 412	–	–
Finance costs, net	(12 001)	(106 890)	–	–
Dividend received	–	–	900 000	780 000
Share of net profit of associates	(1 243)	(2 348)	–	–
<b>Profit before taxation</b>	<b>3 928 204</b>	3 390 174	<b>900 000</b>	780 000
Taxation	(1 065 818)	(985 125)	–	–
<b>Net profit</b>	<b>2 862 386</b>	2 405 049	<b>900 000</b>	780 000
Minority interest	3 946	4 338	–	–
<b>Net profit attributable to equity holders of the group</b>	<b>2 866 332</b>	2 409 387	<b>900 000</b>	780 000

## ABRIDGED STATEMENTS OF CASH FLOWS

for the year ended 31 March 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flow from operating activities	3 881 575	2 971 185	-	-
Cash flow from investing activities	(615 483)	(372 306)	-	-
Cash flow from financing activities	(1 053 864)	(1 487 042)	-	-
Change in cash and cash equivalents for the year	2 212 228	1 111 837	-	-
Cash and cash equivalents at the beginning of the year	1 257 627	147 328	-	-
Foreign exchange adjustments to cash and cash equivalents	(5 818)	(1 538)	-	-
Cash and cash equivalents at the end of the year	3 464 037	1 257 627	-	-

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

## ABRIDGED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The full annual financial statements for the year ended 31 March 2010 are available on our website ([www.multichoice.co.za](http://www.multichoice.co.za)) or, should you wish to obtain a hard copy of these financial statements, they are available from the company secretary at our registered office.



# PHUTHUMA NATHI INVESTMENTS LIMITED GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010

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## CERTIFICATE BY THE COMPANY SECRETARY

I, Sameera Khan, being the company secretary of Phuthuma Nathi Investments Limited, certify that the company has, for the year ended 31 March 2010, lodged all returns required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



*S Khan*

*Company secretary*

23 July 2010

## DIRECTORS' STATEMENT OF RESPONSIBILITY

for the year ended 31 March 2010

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Phuthuma Nathi Investments Limited. The financial statements presented on pages 37 to 43 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

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

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

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

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

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

The audit report of PricewaterhouseCoopers Inc. is presented on page 35.

The financial statements were approved by the board of directors on 23 July 2010 and are signed on its behalf by:



*M Langa*  
Director



*P O Goldhawk*  
Director

## REPORT OF THE AUDIT COMMITTEE

for the year ended 31 March 2010

As the company's only asset is an investment in MultiChoice South Africa Holdings (Proprietary) Limited, the board deems it appropriate that all its members be appointed to the audit committee. The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act ("the act").

### FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has discharged the functions ascribed to it in terms of the act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- Reviewed the external audit reports on the annual financial statements.
- Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as the auditor for 2010/2011 and noted the appointment of K J Dikana as the designated auditor.

- Approved the audit fees and engagement terms of the external auditor.
- No non-audit services have been provided by the external auditor.

### MEMBERS OF THE AUDIT COMMITTEE

The audit committee consists of the non-executive directors of the company. All the members act independently as described in section 269A of the Companies Act.

### ATTENDANCE

The external auditor, in his capacity as auditor to the company, attended and reported at the meeting of the board and audit committee.

### INDEPENDENCE OF EXTERNAL AUDITOR

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



*P O Goldhawk*

On behalf of the audit committee of the board

23 July 2010

# REPORT OF THE INDEPENDENT AUDITOR

for the year ended 31 March 2010

## TO THE MEMBERS OF PHUTHUMA NATHI INVESTMENTS LIMITED

We have audited the group annual financial statements and the annual financial statements of Phuthuma Nathi Investments Limited, which comprise the directors' report, the consolidated and separate statements of financial position as at 31 March 2010, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 43.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

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

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

## OPINION

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



*PricewaterhouseCoopers Inc.*

*Director: K J Dikana*

*Registered auditor*

Johannesburg

23 July 2010

## DIRECTORS' REPORT

for the year ended 31 March 2010

### NATURE OF OPERATIONS

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

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

### OPERATING AND FINANCIAL REVIEW

The financial results of the group are set out on pages 37 and 38.

It should be noted that the interest rate on the preference shares reduced from an effective rate of 11,3% to 8,2% as a result of the reduction in prime overdraft rates compared to the previous year.

### SHARE CAPITAL

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

### DIVIDENDS

The board recommends that dividends of 71,1 cents per ordinary share and 71,1 cents per preference share be declared (2009: 53,3 cents per ordinary share and per preference share).

The board also recommends a special dividend of 111,1 cents per preference share (2009: nil).

### DIRECTORS, COMPANY SECRETARY AND AUDITOR

The directors of the company are listed below and the company secretary is Ms S Khan. The registered address and postal address for the secretary are the same as those of the company as detailed on page 29.

Name	Date last appointed	Category
C P Mack	5 July 2007	Independent, non-executive
M Langa	27 August 2008	Independent, non-executive
P O Goldhawk	5 July 2007	Independent, non-executive

PricewaterhouseCoopers Inc. will continue in office as auditor in accordance with section 270(2) of the South African Companies Act, 1973.

### SUBSEQUENT EVENTS

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

Signed on behalf of the board



*M Langa*

Chairman

23 July 2010

## STATEMENTS OF FINANCIAL POSITION

as at 31 March 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>2 934 007</b>	2 700 195	<b>2 250 000</b>	2 250 000
Investment in associate	3	2 934 007	2 700 195	2 250 000	2 250 000
<b>Current assets</b>		<b>938</b>	438	<b>938</b>	438
Cash		938	438	938	438
<b>Total assets</b>		<b>2 934 945</b>	2 700 633	<b>2 250 938</b>	2 250 438
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>		<b>749 346</b>	592 454	<b>65 339</b>	142 259
Share capital and premium	4	450 000	450 000	450 000	450 000
Other reserves		286 564	314 930	—	—
Accumulated profit/(loss)		12 782	(172 476)	(384 661)	(307 741)
<b>Non-current liabilities</b>		<b>1 800 000</b>	1 800 000	<b>1 800 000</b>	1 800 000
Long-term liabilities	5	1 800 000	1 800 000	1 800 000	1 800 000
<b>Current liabilities</b>		<b>385 599</b>	308 179	<b>385 599</b>	308 179
Current portion of long-term liabilities	5	384 436	307 682	384 436	307 682
Payables	6	1 163	497	1 163	497
<b>Total equity and liabilities</b>		<b>2 934 945</b>	2 700 633	<b>2 250 938</b>	2 250 438

## STATEMENTS OF PROFIT OR LOSS

for the year ended 31 March 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Share of net profit of associate/ dividends received</b>		<b>382 178</b>	321 252	<b>120 000</b>	104 000
Administration costs		(216)	(129)	(216)	(129)
Finance costs	7	(172 714)	(222 455)	(172 714)	(222 455)
<b>Profit/(loss) before taxation</b>	8	<b>209 248</b>	98 668	<b>(52 930)</b>	(118 584)
Taxation	9	—	—	—	—
<b>Net profit/(loss)</b>		<b>209 248</b>	98 668	<b>(52 930)</b>	(118 584)

## STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Note	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Net profit/(loss)</b>		<b>209 248</b>	98 668	<b>(52 930)</b>	(118 584)
Share of changes in associate's other equity items	3	(28 366)	7 215	—	—
<b>Total comprehensive income</b>		<b>180 882</b>	105 883	<b>(52 930)</b>	(118 584)

## STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2010

	Share capital and premium R'000	Other reserves* R'000	Accumulated profit/(loss) R'000	Total R'000
<b>GROUP</b>				
<b>Balance at 1 April 2008</b>	450 000	307 715	(250 354)	507 361
Total comprehensive income	—	7 215	98 668	105 883
Dividend paid	—	—	(20 790)	(20 790)
<b>Balance at 31 March 2009</b>	450 000	314 930	(172 476)	592 454
<b>Balance at 1 April 2009</b>	450 000	314 930	(172 476)	592 454
Total comprehensive income	—	(28 366)	209 248	180 882
Dividend paid	—	—	(23 990)	(23 990)
<b>Balance at 31 March 2010</b>	450 000	286 564	12 782	749 346
<b>COMPANY</b>				
<b>Balance at 1 April 2008</b>	450 000	—	(168 367)	281 633
Total comprehensive income	—	—	(118 584)	(118 584)
Dividend paid	—	—	(20 790)	(20 790)
<b>Balance at 31 March 2009</b>	450 000	—	(307 741)	142 259
<b>Balance at 1 April 2009</b>	450 000	—	(307 741)	142 259
Total comprehensive income	—	—	(52 930)	(52 930)
Dividend paid	—	—	(23 990)	(23 990)
<b>Balance at 31 March 2010</b>	450 000	—	(384 661)	65 339

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

## STATEMENTS OF CASH FLOWS

for the year ended 31 March 2010

	Note	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Cash flow from operating activities</b>		<b>500</b>	322	<b>500</b>	322
Cash utilised by operations	10	(216)	(145)	(216)	(145)
Dividends received		120 000	104 000	120 000	104 000
Dividends paid		(119 284)	(103 533)	(119 284)	(103 533)
<b>Change in cash for the year</b>		<b>500</b>	322	<b>500</b>	322
Cash at the beginning of the year		438	116	438	116
<b>Cash at the end of the year</b>		<b>938</b>	438	<b>938</b>	438

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

### 1.1 Investment in associate

Investments in associated companies are accounted for under the equity method. Associated companies are those companies in which the group generally has between 20% and 50% of the voting rights, or over which the group exercises significant influence, but which it does not control. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the group.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance on an annual basis and when events and circumstances indicate that the carrying amount may not be recoverable. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

### 1.2 Cash and cash equivalents

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.3 Financial liabilities and equity instruments

#### **Classification as debt or equity**

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

#### **Equity instruments**

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

#### **Compound instruments**

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

### 1.4 Current and deferred income tax

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

The normal South African company tax rate used at the reporting date is 28%. Deferred tax liabilities at 31 March 2010 have been calculated using this rate, being the rate that the entity expects to apply to the periods when the liabilities are settled.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the entity financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Currently enacted, or where appropriate, substantially enacted tax rates are used to determine deferred income tax.

### 1.5 Revenue recognition

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

### 1.6 Borrowing costs

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




### 1.7 Dividend distributions

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

### 1.8 New standards and interpretations

#### **Standards, amendments and interpretations effective in 2010**

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

-  IFRS 7 (amendment) "Financial Instruments – Disclosures" (effective 1 April 2009).
-  IAS 1 (revised) "Presentation of Financial Statements" (effective 1 April 2009).
-  IFRS 2 (amendment) "Share-based Payment" (effective 1 April 2009).

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 1.8 New standards and interpretations *(continued)*

#### **Interpretations early adopted by the group**

The group has not adopted any standards or interpretations early.

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

-  IFRS 3 (revised) "Business Combinations" (effective 1 July 2009).
-  IFRS 5 (amendment) "Non-current Assets Held-for-sale and Discontinued Operations" (effective 1 July 2009).
-  IFRIC 17 "Distribution of Non-cash Assets to Owners" (effective on or after 1 July 2009).
-  IAS 27 (revised) "Consolidated and Separate Financial Statements" (effective 1 July 2009).
-  IAS 38 (amendment) "Intangible Assets".
-  IAS 1 (amendment) "Presentation of Financial Statements".
-  IFRS 2 (amendments) "Group Cash-settled and Share-based Payment Transactions".

## 2. CRITICAL ACCOUNTING ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The group applies judgement when assessing the impairment of goodwill included in its investment in associate carrying amount (refer to note 3).

## 3. INVESTMENT IN ASSOCIATE

The group has a 13,3% interest in MultiChoice South Africa Holdings (Proprietary) Limited, a company incorporated in South Africa. This is an unlisted investment.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Movement in carrying amount</b>				
At the beginning of the year	2 700 195	2 475 728	2 250 000	2 250 000
Share of net profit	382 178	321 252	—	—
Share of changes in other reserves	(28 366)	7 215	—	—
Dividends received	(120 000)	(104 000)	—	—
	<b>2 934 007</b>	2 700 195	<b>2 250 000</b>	2 250 000
<b>Analysis of carrying amount</b>				
Cost	2 250 000	2 250 000	2 250 000	2 250 000
Share of post-acquisition reserves	684 007	450 195	—	—
	<b>2 934 007</b>	2 700 195	<b>2 250 000</b>	2 250 000

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

The group has performed a sensitivity analysis by varying the input factors by a reasonably possible margin and assessing whether the change in input factors results in any impairment of goodwill. Based on the analysis performed, there are no indications that an impairment of goodwill related to any of the cash-generating units is required.

No value other than the carrying amount can reasonably be attributed to the value of the underlying shares in the company, as there is currently no active market for the shares of the company.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

### 3. INVESTMENT IN ASSOCIATE (continued)

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

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Total assets	13 238 987	11 059 958	13 238 987	11 059 958
Total liabilities	5 560 784	5 131 395	5 560 784	5 131 395
Revenue	14 468 302	12 280 864	14 468 302	12 280 864
Net profit	2 862 386	2 405 049	2 862 386	2 405 049
<b>4. SHARE CAPITAL AND PREMIUM</b>				
<i>Authorised</i>				
90 000 000 ordinary shares of R0,000001 each	*	*	*	*
<i>Issued (and fully paid-up)</i>				
45 000 000 ordinary shares of R0,000001 each	*	*	*	*
Share premium	450 000	450 000	450 000	450 000
	450 000	450 000	450 000	450 000
<i>*Amount less than R1 000</i>				

#### Capital management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders.

### 5. LONG-TERM LIABILITIES

180 000 000 variable rate, cumulative redeemable preference shares of R0,001 each	2 184 436	2 107 682	2 184 436	2 107 682
Current portion of long-term liabilities	(384 436)	(307 682)	(384 436)	(307 682)
	1 800 000	1 800 000	1 800 000	1 800 000

These preference shares bear interest at 75% of the prime rate, compounded annually. There are no fixed terms of payment of interest. Interest payments will be made upon approval by the directors. The preference shares are held by MIH Holdings Limited. These preference shares are redeemable on any of the following preference redemption dates:

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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>6. PAYABLES</b>				
Ordinary shareholders for dividends	1 163	497	1 163	497
	<b>1 163</b>	497	<b>1 163</b>	497
<b>7. FINANCE COSTS</b>				
Interest on preference shares	172 714	222 455	172 714	222 455
<b>8. PROFIT/(LOSS) BEFORE TAXATION</b>				
The following item has been included in arriving at profit/(loss) before taxation: Audit fees	32	30	32	30
<b>9. TAXATION</b>				
South African normal taxation	—	—	—	—
<b>Tax rate reconciliation</b>				
Statutory tax rate	28,0%	28,0%	(28,0%)	(28,0%)
Non-taxable income	(51,2%)	(91,2%)	(63,2%)	(24,6%)
Non-deductible expenditure	23,2%	63,2%	91,2%	52,6%
Effective tax rate	0,0%	0,0%	0,0%	0,0%
<b>10. CASH UTILISED BY OPERATIONS</b>				
<b>Profit/(loss) before taxation</b>	209 248	98 668	(52 930)	(118 584)
Adjusted for:				
— Share of net profit of associate	(382 178)	(321 252)	—	—
— Dividends received	—	—	(120 000)	(104 000)
— Finance costs	172 714	222 455	172 714	222 455
<b>Loss before changes in working capital</b>	(216)	(129)	(216)	(129)
Changes in working capital	—	(16)	—	(16)
Payables	—	(16)	—	(16)
	<b>(216)</b>	(145)	<b>(216)</b>	(145)

### 11. RELATED PARTIES

The directors hold in aggregate 10 684 (2009: 10 684) ordinary shares in the company. No directors' fees or remuneration have been paid to the directors of the company.

### 12. FINANCIAL RISK MANAGEMENT

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

The group's interest rate risk arises from its long-term borrowings issued at a variable interest rate. Based on simulations performed, the impact on profit or loss of a 100 basis-point increase in the prime interest rate would be a decrease of R15,8m (2009: R16,4m).

## DIRECTORATE



**Mandla Langa**

🌐 was appointed chairperson of MultiChoice South Africa on 8 March 2007 and was chairperson of the Independent Communications Authority of South Africa (Icasa) from 1999 to 2005. In 1980 he won the *DRUM* story contest. In 1991 he was awarded the Arts Council of Great Britain Bursary for creative writing. In 2007 he received SA's National Order of Ikhamanga (Silver) for literacy, journalistic and cultural achievements, and in 2009 a Living Legends Award from the eThekweni Municipality. A number of his works have been published. He was editor-at-large of *Leadership* magazine, programme director for television at the SABC, and his novel, *The Lost Colours of the Chameleon*, won the 2009 Commonwealth Writer's Prize – Africa region. His directorships include Business and Arts South Africa (BASA), the Foundation for Global Dialogue (FGD), the Institute for the Advancement of Journalism (IAJ), the Rhodes University School for Economic Journalism, Koketso Holdings (Proprietary) Limited, Nation's Trust and the South African Screenwriters' Laboratory (SCRAWL).



**Clarissa Mack**

🌐 MIH's group executive for regulatory and policy affairs, graduated with an LLB from the University of Cape Town. Thereafter she completed a master's degree in law at Georgetown University in Washington, DC. After completing her legal articles at Cheadle, Thompson & Haysom Attorneys, she joined M-Net and thereafter MultiChoice. She is a director of M-Net, SuperSport and other companies in the wider MultiChoice group. She was intimately involved in the launch of the current Phuthuma Nathi schemes.



**Peter Goldhawk**

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

## ADMINISTRATION AND CORPORATE INFORMATION

### Phuthuma Nathi Investments Limited

#### Registration number

2006/015187/06

#### Registered office

251 Oak Avenue

Randburg

2194

(PO Box 1502, Randburg 2125)

#### Company secretary

Sameera Khan

251 Oak Avenue

Randburg

2194

(PO Box 1502, Randburg 2125)

#### Independent auditor

PricewaterhouseCoopers Inc.

(Registration number 1998/012055/21)

2 Eglin Road

Sunninghill

2157

(Private Bag X36, Sunninghill 2157)

#### Transfer secretaries

Link Market Services South Africa  
(Proprietary) Limited

(Registration number 2000/007239/07)

11 Diagonal Street

Johannesburg

2001

(PO Box 4844, Johannesburg 2000)

**Call centre helpline: 0860 116 226**

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth annual general meeting of **MultiChoice South Africa Holdings (Proprietary) Limited** ("the company" or "MCSA") will be held at 11:00 on Monday 20 September 2010 at the Walter Sisulu Auditorium, corner Malibongwe and Hans Schoeman drives, Malanshof, Randburg.

The following ordinary resolutions will be considered at the annual general meeting and, if approved, will be adopted with or without amendment:

### ORDINARY RESOLUTIONS

1. The consideration and acceptance of the financial statements of the company and the group for the year ended 31 March 2010, as well as the reports of the directors and the auditor.
2. The declaration of a dividend of 355,5 cents per ordinary share.
3. The declaration of a special dividend of 444,4 cents per ordinary share.
4. The reappointment of the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr K J Dikana is the individual registered auditor of that firm who will undertake the audit) for the period until the next annual general meeting of the company.
5. To confirm the appointment of Ms S A Raine as a director of the company. Her abridged curriculum vitae appears on page 27 of this report.
6. To elect directors in place of Messrs F L Letele, D G Eriksson and F G Sampson and Mrs S Dakile-Hlongwane, who retire by rotation and, being eligible, offer themselves for re-election. Their abridged curricula vitae appear on pages 24 to 27 of this report. The confirmation of the appointment of each director will be carried out in separate ordinary resolutions.

7. To place the authorised but unissued share capital of the company under the control of the directors, and to grant, until the conclusion of the next annual general meeting of the company, an unconditional general authority to the directors to allot and issue in their discretion (but subject to the provisions of section 221 of the Companies Act, No 61 of 1973, as amended ("the act"), and the company's articles of association), the unissued shares of the company to such persons and on such conditions as the directors may deem fit.

### SPECIAL RESOLUTION

Authority to repurchase shares.

That the directors of the company be and are hereby authorised, by way of a renewable general authority, to approve the purchase by the company of its own shares or to approve the purchase of shares in the company by any subsidiary of the company, provided that:

- (i) this general authority shall be valid until the company's next annual general meeting or for fifteen (15) months from the date of this resolution, whichever period is shorter; and
- (ii) such repurchase shall be subject to the act, and the company's articles of association.

*The reason for and the effect of special resolution 1 is to grant the directors of the company a general authority to approve the company's repurchase of its own shares and to permit a subsidiary of the company to purchase shares in the company.*

### ORDINARY RESOLUTION

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

## NOTICE OF ANNUAL GENERAL MEETING

(continued)

### OTHER BUSINESS

To transact any other business that may be transacted at an annual general meeting.

### GENERAL

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

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

Proxy forms must be deposited at the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg 2001 or PO Box 4844, Johannesburg 2000 not less than forty-eight (48) hours before the annual general meeting (Saturdays, Sundays and public holidays shall not be taken into account).

Pursuant to the provisions of article 15.2 of the articles of association of the company, each member of

Phuthuma Nathi has been irrevocably appointed as a proxy for Phuthuma Nathi and is entitled, at the annual general meeting of the company, to exercise one vote for each share that the relevant member holds in Phuthuma Nathi. Phuthuma Nathi shall complete a proxy form in respect of each member so entitled to vote at the annual general meeting pursuant to the aforementioned article.

Pursuant to the provisions of article 15.2 of the company, each member of Phuthuma Nathi 2 has been irrevocably appointed as a proxy for Phuthuma Nathi 2 and is entitled, at the annual general meeting of the company, to exercise one vote for each share that member holds in Phuthuma Nathi 2. Phuthuma Nathi 2 shall complete a proxy form in respect of each member so entitled to vote at the annual general meeting pursuant to the aforementioned article.

By order of the board of directors



*S Khan*

*Company secretary*

27 August 2010

Randburg




## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth annual general meeting of **Phuthuma Nathi Investments Limited** ("the company" or "PN") will be held at the Walter Sisulu Auditorium, corner Malibongwe and Hans Schoeman drives, Malanshof, Randburg, on Monday 20 September 2010, immediately after the conclusion of the MultiChoice South Africa Holdings (Proprietary) Limited annual general meeting, which is scheduled to be held at 11:00 on that day.

**Please note that the registration counter for purposes of registration to vote at this meeting on Monday 20 September 2010, will close at 10:45 on this day.**

### ORDINARY RESOLUTIONS

The following resolutions will be considered and, if approved, will be adopted with or without amendment:

1. The financial statements of the company and the group for the year ended 31 March 2010 and the reports of the directors and the auditor to be considered and accepted.
2. The confirmation of dividends as follows:
  -  71,1 cents per ordinary share
  -  71,1 cents per preference share.
3. The confirmation of a special dividend as follows:
  -  111,1 cents per preference share.
4. The reappointment of the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr K J Dikana is the individual registered auditor of that firm who will undertake the audit) for the period until the next annual general meeting of the company.
5. To consider for re-election Ms C Mack who retires and, being eligible, offers herself for re-election. Her abridged curriculum vitae appears on page 44 of this report.
6. To place the authorised but unissued share capital of the company under the control of the directors and to grant, until the conclusion of the next annual general meeting of the company, an unconditional general authority to the directors to

allot and issue in their discretion (but subject to the provisions of section 221 of the Companies Act, No 61 of 1973, as amended ("the act"), and the company's articles of association) the unissued shares of the company to such persons and on such conditions as the directors may deem fit.

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 resolutions adopted at this annual general meeting.

### OTHER BUSINESS

8. To transact any other business that may be transacted at an annual general meeting.

### GENERAL

Members are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a member of the company.

Proxy forms must be deposited at the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 11 Diagonal Street, Johannesburg 2001 or PO Box 4844, Johannesburg 2000 not less than forty-eight (48) hours before the annual general meeting (Saturdays, Sundays and public holidays shall not be taken into account).

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

By order of the board of directors



**S Khan**

*Company secretary*

27 August 2010



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