



**MultiChoice South Africa Holdings (Proprietary) Limited**  
(Registration Number: 2006/015293/07)  
("MultiChoice" or "the group")

# INTERIM REPORT

for the six months to 30 September 2011

## Commentary

The reviewed results of MultiChoice for the six months ended 30 September 2011 are summarised as follows:

- The group increased consolidated revenues by 16% compared to the same period in the prior year. Trading profit grew by 18% to R3,2bn.
- The pay-television subscriber base grew by 209 000 over the six-month period and now totals 3,7m households. The mid-priced *Compact* bouquet delivered the bulk of the growth with 142 000 households being added over the period. The popular personal video recorder (PVR) decoder recorded growth of 91 000 to end on 571 000.
- Operating margins remain stable despite cost pressures from growing the subscriber base, increased decoder subsidies and sports content costs. The net result is core headline earnings of R2,2bn – an increase of 10% on the prior period.
- This earnings performance delivered positive free cash flows of R1,7bn.

The group paid a normal dividend of R1,5bn and a special dividend of R4,5bn to ordinary shareholders on 5 September 2011.

MultiChoice recently launched *BoxOffice*, a video-on-demand service that allows PVR customers to view the latest blockbuster movies instantaneously on their PVR decoders. The service is proving popular with subscribers and more than 30% of our PVR homes have already registered for the service.

Several new channels, improving our viewers' experience, were added to the *DStv* bouquets. These include *Disney XD*, *Disney Junior*, *Discovery TLC*, *Investigation Discovery* and *Studio Universal*.

The *Mzansi Magic* channel, which was launched to provide a vehicle to showcase local South African talent, is steadily growing in popularity.

*M-Net* once again broadcast the reality shows *Idols* and *Big Brother*. The seventh season of *Idols* was simulcast on *Mzansi Magic*, which resulted in an increase in viewership, making this season the most popular ever. *M-Net* also launched a new soap opera, *The Wild*, during the current year. This is South Africa's first soap opera to be produced in high-definition (HD).

SuperSport's production of the 2011 Rugby World Cup (RWC) in New Zealand was extensive. All the matches were broadcast in HD, with the major matches offered in three languages (English, Afrikaans and Zulu). There were also four magazine shows produced specifically for the RWC. SuperSport recently concluded an agreement with the Premier Soccer League (PSL), securing the rights to broadcast the PSL for the next five seasons, starting with the 2012/13 season.

Phuthuma Nathi and Phuthuma Nathi 2, the BEE share schemes, will start trading on 8 December 2011. A trading platform has been created for trading these shares. An educational campaign has kicked off, informing existing and potential new shareholders how to trade in Phuthuma Nathi shares.

## BASIS OF PRESENTATION

The condensed consolidated interim financial information for the six months to 30 September 2011 is prepared in accordance with the presentation and disclosure requirements of IAS 34, Interim financial reporting. This financial information has been prepared in accordance with the going concern principle under the historical cost convention, as modified by the revaluation of certain assets and liabilities where required or elected in terms of International Financial Reporting Standards (IFRS).

Accounting policies used for the interim results are consistent with those applied in the previous group financial statements.

Core headline earnings exclude once-off and non-operating items. We believe it is a useful measure of the group's sustainable operating performance. However, it is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

## REVIEW REPORT

The results for the period ended 30 September 2011 have been reviewed by the company's auditors, PricewaterhouseCoopers Inc. and a copy of their unmodified report is available for inspection at the company's registered office. Any reference to future financial performance in this announcement has not been reviewed or reported on by PricewaterhouseCoopers Inc.

The interim report has been prepared under the supervision of Thinus Dippenaar (group CFO).

On behalf of the board:

**Nolo Letele**  
Chairman

**Imtiaz Patel**  
Chief executive

Randburg  
30 November 2011

## Directors

FLN Letele (chairman), JP Bekker, S Dakile-Hlongwane, DG Eriksson  
KD Moroka, SJZ Pacak, MI Patel, FG Sampson, KB Sibiyi  
JJ Volkwyn, T Vosloo.

## Company secretary

Sameera Khan

## Registered office

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

Consolidated Statement of Profit or Loss	Six months ended 30 September		Year ended 31 March 2011
	2011 Reviewed R'm	2010 Reviewed R'm	Audited R'm
<b>Revenue</b>	<b>9 889</b>	8 523	17 651
Cost of providing services and sale of goods	(4 598)	(4 094)	(8 709)
Selling, general and administration expenses	(2 165)	(1 929)	(4 177)
Other gains	-	5	3
<b>Operating profit</b>	<b>3 126</b>	2 505	4 768
Interest received	108	152	256
Interest paid	(52)	(55)	(124)
Other finance income/(costs)	19	(102)	(129)
Share of equity-accounted results	-	4	-
<b>Profit before taxation</b>	<b>3 201</b>	2 504	4 771
Taxation	(897)	(707)	(1 341)
<b>Profit for the period</b>	<b>2 304</b>	1 797	3 430
<b>Attributable to:</b>			
Equity holders of the group	2 306	1 801	3 439
Non-controlling interest	(2)	(4)	(9)
	<b>2 304</b>	1 797	3 430
Core headline earnings for the period	2 148	1 944	3 539
Headline earnings for the period	2 306	1 793	3 429

Reconciliation of Operating Profit to Trading Profit	Six months ended 30 September		Year ended 31 March 2011
	2011 Reviewed R'm	2010 Reviewed R'm	Audited R'm
<b>Operating profit</b>	<b>3 126</b>	2 505	4 768
Finance cost on transponder leases	(6)	(15)	(13)
Amortisation of intangible assets	43	193	286
Other gains	-	(5)	(3)
<b>Trading profit</b>	<b>3 163</b>	2 678	5 038

Condensed Consolidated Statement of Comprehensive Income and Changes in Equity	Six months ended 30 September		Year ended 31 March 2011
	2011 Reviewed R'm	2010 Reviewed R'm	Audited R'm
<b>Balance at beginning of the period</b>	<b>8 490</b>	7 678	7 678
<b>Profit for the period</b>	<b>2 306</b>	1 801	3 439
<b>Total other comprehensive income, net of tax, for the period</b>	<b>446</b>	33	74
Translation of foreign operations	26	(4)	(9)
Cash flow hedges	619	-	21
Revaluations of investments	(19)	36	66
Tax on other comprehensive income	(180)	1	(4)
<b>Changes in other reserves</b>	<b>6</b>	5	10
Movement in share-based compensation reserve	-	-	(8)
Movement in existing control business combination reserve	(6 000)	(2 700)	(2 700)
<b>Changes in non-controlling interest</b>	<b>(2)</b>	(4)	(9)
Total comprehensive income for the period	-	-	6
Movement in non-controlling interest in reserves	-	-	-
<b>Balance at end of period</b>	<b>5 246</b>	6 813	8 490

Condensed Consolidated Statement of Financial Position	As at 30 September		As at 31 March 2011
	2011 Reviewed R'm	2010 Reviewed R'm	Audited R'm
<b>ASSETS</b>			
Non-current assets	6 889	6 619	6 810
Current assets	6 159	6 426	6 745
<b>Total assets</b>	<b>13 048</b>	13 045	13 555
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves	5 246	6 813	8 490
Non-current liabilities	181	409	267
Current liabilities	7 621	5 823	4 798
<b>Total equity and liabilities</b>	<b>13 048</b>	13 045	13 555

Condensed Consolidated Statement of Cash Flows	Six months ended 30 September		Year ended 31 March 2011
	2011 Reviewed R'm	2010 Reviewed R'm	Audited R'm
Cash generated from operating activities	2 196	1 846	3 550
Cash utilised in investing activities	(271)	(231)	(870)
Cash utilised in financing activities	(4 075)	(2 651)	(2 871)
<b>Net movement in cash and cash equivalents</b>	<b>(2 150)</b>	(1 036)	(191)
Foreign exchange translation adjustments	24	(24)	(18)
Cash and cash equivalents at beginning of the period	3 255	3 464	3 464
<b>Cash and cash equivalents at end of the period</b>	<b>1 129</b>	2 404	3 255

Calculation of Headline and Core Headline Earnings	Six months ended 30 September		Year ended 31 March 2011
	2011 Reviewed R'm	2010 Reviewed R'm	Audited R'm
<b>Net profit attributable to shareholders</b>	<b>2 306</b>	1 801	3 439
Adjusted for:			
- loss on sale of property, plant and equipment	3	-	2
- profit on sale of intangible assets	-	(5)	(4)
	<b>2 309</b>	1 796	3 437
Total tax effects of adjustments	(1)	1	1
Total adjustment for non-controlling interest	(2)	(4)	(9)
<b>Headline earnings</b>	<b>2 306</b>	1 793	3 429
Adjusted for:			
- amortisation of intangible assets	25	111	165
- foreign exchange (gains)/losses	(183)	40	(55)
<b>Core headline earnings</b>	<b>2 148</b>	1 944	3 539
No of shares ('000)	337 500	337 500	337 500