eMEDIA HOLDINGS

ANNUAL FINANCIAL STATEMENTS 2019

Contents

Declaration by the company secretary

We certify that eMedia Holdings has lodged with the Registrar of Companies, for the financial year ended 31 March 2019, all such returns and notices as are required by a public company in terms of the Companies Act of South Africa, 71 of 2008, as amended (Companies Act) and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company secretary

29 July 2019
Cape Town

Directors' report

for the 12 months ended 31 March 2019

Nature of business

eMedia Holdings Limited (eMedia Holdings) is an investment holding company, incorporated in South Africa and listed on the JSE Limited under the media sector.

Operations and business

eMedia Holdings is a media investment company with media assets housed in eMedia Investments Proprietary Limited. These investments are constantly reviewed and new opportunities sought to complement them.

State of affairs and profit for the period

The group ended the year with a profit from continuing operations of R117.6 million compared to a loss in the prior year of R1 585 million. Included in the loss for the prior year is the impairment of goodwill of R1 501 million relating to the goodwill recognised on the acquisition of eMedia Investments Proprietary Limited in the year ended 31 March 2014. Also included in the prior year loss is the impairment of goodwill of subsidiary Coleske Artists of R31 million and an impairment of the investment in an associate company Da Vinci Media, of R64 million. If one excludes these impairments, the group would have shown a profit of R11 million in the prior year. The profit of R117.6 million shows an increase of 969% on this adjusted figure.

After reflecting a loss of R34.6 million from discontinued operations, the group ended with a profit for the year of R83.1 million. The loss from discontinued operations stems mainly from the closure of the loss-making entities in the Silverline Three Sixty group viz. Refinery Johannesburg and Moviemart.

EBITDA for the group ended on R321.3 million compared to R231.2 million in the prior year, a 39% increase year-on-year. Headline earnings for the group amounted to a profit of R59.7 million compared to a loss of R12.5 million in the prior year.

The only asset of the group is a 67.69% interest in eMedia Investments, the company who owns e.tv, eNCA and OpenView.

Tough trading conditions continued for the free-to-air broadcasting industry with advertising revenue under increased pressure. Despite this, the group showed an increase of 4% in advertising revenue from R1 573 million to R1 638.8 million. This was in some way assisted by the increase in market share of the group from 18.1% in March 2018 to 24.1% in March 2019. Cost of sales, which mainly consists of the cost of content in the case of e.tv and employee costs in the case of eNCA, increased by 1% from R1 199 million to R1 211 million. Administrative and other expenses have been well maintained and showed a slight decrease of 0.9% year-on-year. While the group continues to invest in the OpenView platform which remains loss making, the above factors contributed to the turnaround in profits.

As mentioned above, one of the main contributors to the increased profit has been the increase in market share. The e.tv share in prime time increased from 15% in March 2018 to 19.2% in March 2019. This was driven by the introduction of Imbewu: The Seed at 21:30 and improved performances from the other local dailies, Scandal and Rhythm City.

The reduction in the movie slots and a thorough analysis of which movies work on the channel have also assisted with the improvement in the performance of e.tv. Management continues to look at ways of improving the schedule and has a few exciting initiatives early in the new financial year.

OpenView (inclusive of the e.tv multi-channel business) earned advertising revenue of R131.8 million and incurred content costs of R255.7 million, up from R173.6 million the previous year. The increase is attributable to the launch of Open News as well as the addition of an Afrikaans block on eExtra and the launch of eReality in November. These content changes have increased the market share in other eChannels from 2.6% in March 2018 to 4.6% in March 2019. Operating costs, including retail subsidies of R55.3 million amounted to R185.4 million, compared to R193.6 million the prior year. The reduction is mainly due to the reduction in subsidy from R150 to R75 per box in October as well as the exit from the SES contract. Despite the reduction in subsidy, OpenView set-top box activations continue to grow at an average of 35 000 per month. At the end of the year, 1 574 395 (2018: 1 149 217) boxes have been activated and R55.3 million (2018: R74.5 million) has been spent on retail subsidies. The financial year also saw the launch of PVR functionality for the OpenView box and the new financial year will see the launch of a few more technical initiatives in Platco.

Despite eNCA only being on some of the premium DStv bouquets, while SABC News is on all the bouquets and the DTT platform, eNCA continues to be the most watched 24-hour news channel in the country with 45% of the market share. While advertising revenue remains under pressure, costs are being well maintained in light of the reduced DStv contract in its second year.

Certain of the group's other subsidiaries have performed satisfactorily for the year. These include Sasani Africa and Moonlighting, while other assets have underperformed but shown improvement towards the latter part of the financial year. Management continues to review non-core and peripheral businesses and will exit these businesses when opportunities present themselves. To this end, certain assets were closed in Refinery Johannesburg and MovieMart, while other non-core assets were sold during the year. These include Da Vinci Learning, Coleske Artists, Afrikaans is Groot and Strika Entertainment.

The TV market is facing numerous technology and viewership challenges which will require the group to continually assess its strategic alternatives. Our investment in OpenView provides the group with strategic flexibility and is part of our plan to address the challenges of the impending digital migration transition. We continue to engage government on its DTT and DTH plans. With the sale and our closure of certain non-core assets during the year, the group is now focused on its core businesses of broadcasting, content creation and a platform and technology provider.

Dividends

The directors of eMedia Holdings declared a final dividend for the year ended 31 March 2019 of 8 cents per share (2018: nil). The dividend was subject to a local dividend withholding tax at a rate of 20%, which resulted in a net interim dividend to those shareholders not exempt from paying dividend withholding tax of 6.40 cents per ordinary share and 8 cents per ordinary share for those shareholders who are exempt from dividend withholding tax. The dividend was paid on 18 July 2019.

Share capital

During the year under review, 799 162 N ordinary shares (0.1%) were bought back by the company from employees who resigned and held shares on loan account. As at 31 March 2019, these shares are held as treasury shares by the company.

Directorate

The directors of the company appear on pages 8 and 9 of the integrated annual report.

Chief executive officer, Mahomed Khalik Sherrif, was appointed to the board on 13 November 2018 after the resignation of the previous chief executive officer, Andre van der Veen, who resigned on 30 November 2018. Yunis Shaik was appointed to the board on 3 July 2018.

The board of the company comprises John Copelyn (non-executive chairperson), Mahomed Khalik Sherrif (chief executive officer), Antonio Lee (financial director), Kevin Govender (non-executive director), Yunis Shaik (non-executive director). Loganathan Govender (lead independent non-executive director, member of the audit and risk, and social and ethics committees), Rachel Watson (independent non-executive director, member of the audit and risk, remuneration, and social and ethics committees) and Elias Mphande (independent non-executive director, member of the audit and risk, and remuneration committees).

- Gender diversity

  The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board is currently represented by 13% female members, all of whom are women of colour. The group remains committed to achieve their target of 25%.

- Race diversity

  The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people of colour which was met.

Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the 12 months ended 31 March 2019. The secretary has an arm's length relationship with the board of directors. The name, business and postal address of the company secretary are set out on page 72.

The board has assessed the competence, qualifications and experience of the company secretary and has satisfied itself that these are met.

Auditors

BDO South Africa Incorporated will continue in office in accordance with section 90 of the Companies Act, with Garron Chaitowitz rotating off and Kathryn Luck as the designated auditor, subject to approval by the shareholders at the annual general meeting of the company.

Significant shareholders

The company's significant ordinary shareholder is Fulela Trade and Invest 81 Proprietary Limited and significant N ordinary shares is HCI Invest 6 Holdco Proprietary Limited.

Special resolutions

The following special resolutions were passed by the company's shareholders at the annual general meeting held on 22 October 2018:

- Granting the directors, subject to the provisions of the Listings Requirements of the JSE Limited, authority to allot and issue a portion of the authorised but unissued shares, as the directors in their discretion think fit;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the period 23 October 2018 until the date of the next annual general meeting; and
- Granting the company and the subsidiaries of the company a general authority in terms of the Listings Requirements of the JSE Limited for the acquisition by the company, or a subsidiary of the company, of ordinary issued shares issued by the company.

Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the company.

The following special resolution was passed by the company's shareholders at the general meeting of shareholders held on 6 December 2018:

- General authorisation of financial assistance to the extent required by sections 44 and 45 of the Act, the board of directors of the company may, subject to compliance with the requirements of the company's MOI and the Act, authorise the company to provide direct or indirect financial

Directors' report *continued*

assistance by way of a loan, guarantee, the provision of security or otherwise, subject to the provisions as set out in the resolution.

Auditor's report

The consolidated annual financial statements have been audited by BDO South Africa Incorporated and its unqualified audit report on the comprehensive annual financial statements available on page 8.

Shareholding of directors

The shareholding of directors of the company and their participation in the share incentive scheme and in the issued share capital of the company as at 31 March 2019, are set out in the report of the remuneration committee on page 17 of the integrated annual report.

Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2019 are set out in the report of the remuneration committee on page 33 of the integrated annual report and in the notes to the annual financial statements on page 55.

Associates, joint ventures and subsidiaries

Details of the company's subsidiaries are set out in note 8 in the annual financial statements.

Borrowing powers

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the group, which may restrict the group's borrowing powers. Details of these covenants and undertakings are available from the registered office of the company.

Litigation statement

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of eMedia Holdings are aware), which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of eMedia Holdings.

Material change

There has been no material change in the financial or trading position of the eMedia Holdings group since the publication of its provisional results for the year ended 31 March 2019.

Subsequent events

Management is currently investigating the possibilities of exiting their investment in Jacana Media. No formal decision has been reached as yet. A decision was made to close down Crystal Brook Distribution, the anticipated finalisation date is end of August 2019.

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the reporting date and the date of this report that materially affects the results of the group or company for the year ended 31 March 2019 or the financial position at that date.

Approval of annual financial statements

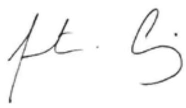
The directors of eMedia Holdings Limited are responsible for the preparation, integrity and fair presentation of the financial statements of the company and of the group and for other information contained in the integrated annual report. The summarised audited financial statements set out on pages 49 to 57 of the integrated annual report and the annual financial statements for the year ended 31 March 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) and include amounts based on prudent judgements and estimates by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group. The financial statements have been audited by the independent auditing firm, BDO South Africa Incorporated, which 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 auditors during the audit were valid and appropriate. The directors take full responsibility for the preparation of the annual financial statements.

The annual financial statements for the year ended 31 March 2019 were approved by the board of directors on 29 July 2019 and are signed on its behalf by:

Mahomed Khalik Sherrif
Chief executive officer



Antonio Lee
Financial director

29 July 2019
Cape Town

Report of the audit and risk committee

The audit and risk committee is formally established as an independent statutory committee in terms of section 94(2) of the Companies Act, 71 of 2008, as amended (the Companies Act). The committee oversees audit and risk matters for all the subsidiaries of eMedia Holdings, as permitted by section 94(2)(a) of the Companies Act.

The audit and risk committee's terms of reference are formalised in a charter which is reviewed annually.

During the year under review, the audit and risk committee conducted its affairs in accordance with the charter and discharged its responsibilities as required by the charter, the Companies Act and the material requirements of The King Report on Corporate Governance™ for South Africa, 2016 (King IV)*.

The audit and risk committee has pleasure in submitting this report in respect of the past financial year of the group, as required by section 94 of the Companies Act.

Audit and risk committee members and meeting attendance

The audit and risk committee consists of three independent non-executive directors, elected by the shareholders of eMedia Holdings.

Audit and risk committee meetings are held at least four times a year as required by the charter.

The financial director and the group financial manager attend the meetings as permanent invitees, along with external audit and the outsourced internal audit. Other directors and members of management attend as required.

Audit and risk committee evaluation

As part of the annual evaluation, the performance of the audit and risk committee and its members was assessed and found to be satisfactory. In addition, members were assessed in terms of the independence requirements of King IV and the Companies Act. All members of the committee continue to meet the independence requirements.

Functions of the audit and risk committee

The audit and risk committee fulfils an independent oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King IV and additional responsibilities assigned by the board.

The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law to be performed by an audit and risk committee, including as set out by section 94 of the Companies Act and in terms of the committee's terms of reference and as more fully set out in the corporate governance report contained in the integrated annual report. In this connection the committee has:

- reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them;
- reviewed legal matters that could have a significant impact on the group's financial statements;
- reviewed the external audit reports on the annual financial statements;
- verified the independence of the external auditor as per section 92 of the Companies Act and accordingly nominates BDO South Africa Incorporated to continue in office as the independent auditor and noted the appointment of Garron Chaitowitz as the designated auditor for 2019. Due to the mandatory auditor partner rotation, the committee has recommended the appointment of Kathryn Luck as the designated registered auditor for the 2020 financial year;

Report of the audit and risk committee continued

- approved the audit fees and engagement terms of the external auditor; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

The committee has satisfied itself that BDO South Africa Incorporated, the external auditor, and Garron Chaitowitz, the designated auditor, are independent of the company and of the group.

The audit and risk committee has reviewed sections 3, 8, 13, 15 and 22 and Schedule 8 of the JSE Listings Requirements and, based on the amended requirements of the JSE accreditation of auditors, effective 15 October 2017, confirms that:

i. the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;

ii. the auditors have provided to the audit and risk committee, the required IRBA inspection decision letters, findings report and proposed remedial action to address the findings, both at the audit firm and the individual auditor level; and

iii both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

Key audit matters

i) Goodwill

The committee reviewed the goodwill impairment tests performed by management. The value-in-use calculations and assumptions were considered together with the external auditor's opinion on these calculations. The committee is satisfied that goodwill is not impaired.

ii) Valuation of distribution rights

The committee reviewed the assessment performed by management. The assumptions were considered together with the external auditor's opinion on these calculations. The committee is satisfied that these rights are not impaired.

iii) Valuation of programming rights

The committee reviewed the assessment performed by management. The assumptions were considered together with the external auditor's opinion on these calculations. The committee is satisfied that these rights are not impaired.

iv) Recoverability of the investment in subsidiary and inter-company loans

The committee reviewed the recoverability tests performed by management. The value-in-use calculations and assumptions were considered together with the external auditor's opinion on these calculations. The committee is satisfied that the investment in the subsidiary and the inter-company loans are not impaired.

The audit and risk committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control.

Private meetings

Audit and risk committee agendas provide for private meetings between the committee members and the external auditors which are regularly held.

Expertise and experience of the financial director

During the period under review, the committee considered the expertise and experience of the financial director, Antonio Lee, and is satisfied that, in terms of section 3.84(h) of the JSE Listings Requirements, the financial director has the appropriate skills, expertise and experience to meet the responsibilities of the position.

Internal audit

The group has appointed GRIPP Advisory Proprietary Limited to perform the internal audit function. Where appropriate, subsidiaries and/or departments are assessed, with quarterly reports made available and discussed at the eMedia Holdings audit and risk committee meetings.

Risk management and internal control

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group.

The group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the group's key operating subsidiaries and associated company levels for ensuring adherence to the various Acts and codes that govern the day-to-day operations. Each of the group's companies has its own board of directors responsible for the management, including risk management and internal control, of that company and its business.

The financial director, Antonio Lee CA(SA), oversees risk management for eMedia Holdings. Given the changing landscape of broadcasting and media in South Africa, eMedia Holdings realises that enterprise-wide risk management adds value to the robustness and sustainability of an organisation. It improves communication, enhances risk awareness as well as risk mitigation processes.

The group utilises the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) risk management methodology to assess the group's risk appetite versus the cost of risks. The COSO framework allows organisations to develop cost-effective systems of internal control to achieve important business objectives. At least four times a year, the audit and risk committee documents and reports risks that are apparent and arising.

Through thorough consultation with the board, the risk appetite and risk-bearing capacity for eMedia Holdings is defined.

A full risk assessment is conducted annually with quarterly updates and reports to the audit and risk committee. eMedia Holdings finds it imperative to ensure that risk management becomes inducted into daily activities which lead to a sustainable risk-aware culture.

Recommendation of the annual financial statements

The committee has evaluated the annual financial statements of eMedia Holdings Limited and the group for the period ended 31 March 2019 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

Loganathan Govender
Chairperson: Audit and risk committee

29 July 2019
Cape Town

Independent auditor's report

for the year ended 31 March 2019

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of eMedia Holdings Limited (the Group and Company) set out on pages 12 to 71, which comprise the consolidated and separate statements of financial position as at 31 March 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of eMedia Holdings Limited as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Consolidated Financial Statements	
Impairment assessment of goodwill and marketing-related intangible assets	
IFRS requires goodwill and marketing-related intangible assets with an indefinite useful life to be reviewed annually for impairment. This annual impairment assessment was considered a KAM for the following reasons: • The significance of the goodwill (R2.222 billion) and marketing-related intangible assets (R1.939 billion) balances; • There are significant judgements made by management involved in forecasting the future cash flows used in the value in use calculations • The directors have concluded that there is sufficient headroom between the current carrying value and the determined values in use of the cash generating units; and • The values in use relating to the goodwill impairment assessment are highly sensitive to changes in future cash flows included in the models, and changes in the discount rates applied.	We obtained management's value in use calculations and performed the following audit procedures: • Identified the key assumptions applied in the model and performed sensitivity analyses on the key assumptions; • Tested the mathematical accuracy of the model; • Considered the reasonableness of the revenue and costs forecast against current year actual results; • Requested our valuation specialist to independently evaluate the discount and growth rates used in the model and review the reasonableness of the assumptions; • Considered the adequacy of the Group's disclosure in terms of International Financial Reporting Standards (refer notes 5 and 6) about these assumptions to which the outcome of the annual impairment test is most sensitive, that is, those that have the most significant effect on the determinations of the recoverable amount of goodwill and marketing-related intangible assets.

Key audit matter	How our audit addressed the key audit matter
Valuation of distribution rights (a category of intangible assets)	
The valuation of the distribution rights was considered a KAM for the following reasons: • The significance of the carrying value of the distribution rights (R188 million); • The Group's distribution rights comprise various categories which are tested on an annual basis for impairment; • The judgement in assessing the impairment indicators for the distribution rights; and • Distribution rights nearing the end of their useful lives and content deemed to be unsaleable have been written off to the value of R14.6 million.	We executed detailed valuation testing on the schedule of distribution rights received from management by performing the following: • Reviewed distribution rights included in channel programming forecasts and those subject to potential sales; • Reviewed the sales of distribution rights in conjunction with their license period; • Inspected when the last sale of the title occurred and whether there is evidence of impairment based on recent sales; • Discussed our findings with management to evaluate if carrying values exceeded realisable values; • Assessed the reasonableness of the amortisation period of the distribution rights by developing an expectation of the amortisation expense for the period, determining a range of acceptance and comparing this to the recorded amounts; • Considered the adequacy of the Group's disclosure in terms of International Financial Reporting Standards (refer note 5) of the distribution rights.
Valuation of programming rights	
The valuation of the programming rights was considered a KAM for the following reasons: • The significance of the carrying value of the programming rights (R793 million); • The Group's programming rights comprise various categories which are tested on an annual basis for impairment; • The judgement in assessing the impairment indicators and the amortisation period for the programming rights; and • In prior periods, programming rights classified as features were amortised on the first run at 60%, on the second run at 30% and on the remaining run at 10%. This amortisation method was in line with the advertising revenue earned. The genre of features acquired in the current financial year generated advertising revenue evenly over the first two runs therefore the amortisation method changed to 40% on the first run, 40% on the second run and 20% on the remaining run. For genres other than features the cost is amortised on the first run.	We performed detailed valuation testing on the schedule of programming rights received from management by performing the following: • Reviewed the scheduling of programming rights in conjunction with their license period; • Assessed the reasonableness of the revised amortisation period of the programming rights by developing an expectation of the amortisation expense for the period, determining a range of acceptance and comparing this to the recorded amounts; • Considered the adequacy of the Group's disclosure in terms of International Financial Reporting Standards (refer note 12) of the programming rights.

Key audit matter	How our audit addressed the key audit matter
Separate Financial Statements	
Recoverability of the investment in subsidiary and interCompany loans	
The Company is required to consider indicators of impairment with respect to recoverability of the interests in subsidiary companies. The introduction of IFRS 9 – Financial Instruments, has required management to make judgements in terms of the expected credit losses (impairment) attached to the loans to subsidiaries. This annual consideration is a KAM as the balance of interests in subsidiary companies and intercompany loans is material to the separate financial statements and requires judgements.	We obtained management's value in use calculations and performed the following audit procedures: • Identified the key assumptions in the model and performed sensitivity analyses on the key assumptions; • Tested the mathematical accuracy of the model; • Assessed the key judgements made relating to the expected credit losses in the model; • Considered the reasonableness of the revenue and costs forecast against current year actual results; • Requested our valuation specialist to independently evaluate the discount and growth rates used in the model and review the reasonableness of the assumptions; • Considered the adequacy of the Company's disclosure in terms of International Financial Reporting Standards (refer notes 7; 9 and 38) of the interests in subsidiary companies and interCompany loans.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "eMedia Holdings Limited Annual Financial Statements for the year ended 31 March 2019" and "eMedia Holdings Limited Integrated Annual Report for the year ended 31 March 2019", which includes the Declaration by the Company secretary, the directors' report and the Report of the audit and risk Committee as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of eMedia Holdings Limited for 5 years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Garron Chaitowitz
Director
Registered Auditor

31 July 2019

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statement of financial position

as at 31 March 2019

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Assets					
Non-current assets		**5 766 533**	5 726 730	**3 031 374**	3 031 374
Property, plant and equipment	4	**848 033**	784 492	**–**	–
Plant and equipment		**230 156**	183 785	**–**	–
Owner-occupied property		**617 877**	600 707	**–**	–
Intangible assets	5	**2 451 759**	2 537 697	**–**	–
Goodwill	6	**2 222 048**	2 153 800	**–**	–
Interest in subsidiary companies	7	**–**	–	**2 682 218**	2 682 218
Equity-accounted investees	8	**153 845**	143 495	**–**	–
Long-term receivables	9	**11 273**	14 398	**349 156**	349 156
Deferred tax assets	10	**79 575**	92 848	**–**	–
Current assets		**1 373 316**	1 368 035	**–**	1 653
Inventories	11	**14 038**	9 714	**–**	–
Programming rights	12	**792 611**	870 674	**–**	–
Trade and other receivables	13	**465 476**	384 408	**–**	–
Current tax assets		**17 864**	16 950	**–**	–
Cash and cash equivalents		**83 327**	86 289	**–**	1 653
Assets of disposal groups	14	**6 342**	262 792	**–**	–
Total assets		**7 146 191**	7 357 557	**3 031 374**	3 033 027
Equity and liabilities					
Total equity		**5 604 947**	5 558 961	**2 998 071**	3 006 601
Stated capital	15	**6 762 797**	6 762 797	**6 762 797**	6 762 797
Treasury shares	16	**(14 018)**	(10 870)	**(14 018)**	(10 870)
Reserves		**(2 148 156)**	(2 189 960)	**(3 750 708)**	(3 745 326)
Equity attributable to owners of the parent		**4 600 623**	4 561 967	**2 998 071**	3 006 601
Non-controlling interest	39	**1 004 324**	996 994	**–**	–
Non-current liabilities		**650 362**	684 252	**–**	–
Deferred tax liabilities	10	**526 630**	533 342	**–**	–
Borrowings	17	**123 732**	150 910	**–**	–
Current liabilities		**887 833**	1 009 169	**33 303**	26 426
Current tax liabilities		**6 219**	11 512	**–**	–
Current portion of borrowings	17	**323 092**	409 452	**33 303**	26 426
Trade and other payables	18	**520 639**	587 176	**–**	–
Bank overdraft		**37 883**	1 029	**–**	–
Liabilities of disposal groups	14	**3 049**	105 175	**–**	–
Total liabilities		**1 541 244**	1 798 596	**33 303**	26 426
Total equity and liabilities		**7 146 191**	7 357 557	**3 031 374**	3 033 027
Net asset value		**4 600 623**	4 561 968		
Net asset value per share after treasury shares (cents)		**1 038**	1 027		

Statements of profit and loss and other comprehensive income

for the year ended 31 March 2019

	Notes	Group 2019 R'000	Group 2018* R'000	Company 2019 R'000	Company 2018 R'000
Continuing operations					
Media and broadcasting revenue	19	**2 392 234**	2 313 129	**–**	–
Lease income		**13 314**	5 228	**–**	–
Cost of sales		**(1 210 504)**	(1 199 371)	**–**	–
Gross profit		**1 195 044**	1 118 986	**–**	–
Other income		**25 562**	19 842	**–**	–
Administrative and other expenses		**(899 317)**	(907 663)	**(5 382)**	(1 097)
Earnings before interest, taxation, depreciation and amortisation		**321 289**	231 165	**(5 382)**	(1 097)
Depreciation, amortisation and other impairments		**(138 593)**	(216 056)	**–**	(2 651 682)
Impairments of goodwill and investments		**–**	(1 532 682)	**–**	–
Operating profit/(loss)	20	**182 696**	(1 517 573)	**(5 382)**	(2 652 779)
Finance income	21	**5 997**	6 910	**–**	–
Finance expenses	22	**(31 375)**	(44 175)	**–**	–
Share of profit of equity-accounted investees, net of taxation		**2 774**	1 289	**–**	–
Surplus on disposal of associate		**14 275**	–	**–**	–
Profit/(loss) before taxation		**174 367**	(1 553 549)	**(5 382)**	(2 652 779)
Taxation	23	**(56 751)**	(32 028)	**–**	–
Profit/(loss) for the year from continuing operations		**117 616**	(1 585 577)	**(5 382)**	(2 652 779)
Discontinued operations					
Loss for the year from discontinued operations, net of taxation	24	**(34 558)**	(27 343)	**–**	–
Profit/(loss) for the year		**83 058**	(1 612 920)	**(5 382)**	(2 652 779)
Other comprehensive income, net of related taxation					
Items that are or may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences		**(2 307)**	(6 735)	**–**	–
Reclassification of foreign currency differences on disposal		**(1 005)**	(723)	**–**	–
Other comprehensive loss, net of taxation		**(3 312)**	(7 458)	**(5 382)**	–
Total comprehensive income/(loss) for the year		**79 746**	(1 620 378)	**(5 382)**	(2 652 779)
Profit/(loss) attributable to:					
Owners of the company		**48 149**	(1 578 773)		
Non-controlling interest		**34 909**	(34 147)		
		83 058	(1 612 920)		
Total comprehensive (loss)/income attributable to:					
Owners of the company		**45 907**	(1 583 821)		
Non-controlling interest		**33 839**	(36 557)		
		79 746	(1 620 378)		
Earnings/(loss) per share	25	**10.85**	(355.19)		
Earnings/(loss) per share from continuing operations (cents)	25	**16.12**	(351.03)		
Loss per share from discontinuing operations (cents)	25	**(5.27)**	(4.16)		

** Restated for discontinued operations, see note 25.*

Statement of changes in equity

for the year ended 31 March 2019

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Accumu-lated loss R'000	Equity owners of the parent R'000	Non-controlling interest R'000	Total equity R'000
Group							
Balance 31 March 2017	6 762 797	(7 221)	(7 488)	(592 945)	6 155 143	1 026 542	7 181 685
Total comprehensive income/(loss)	–	–	(5 049)	(1 578 773)	(1 583 822)	(36 556)	(1 620 378)
Loss	–	–	–	(1 578 773)	(1 578 773)	(34 147)	(1 612 920)
Other comprehensive income	–	–	(5 049)	–	(5 049)	(2 409)	(7 458)
Foreign operations – foreign currency translation differences	–	–	(4 326)	–	(4 326)	(2 409)	(6 735)
Reclassification of foreign currency differences on disposal	–	–	(723)	–	(723)	–	(723)
Transactions with owners of the company	–	(3 649)	–	–	(3 649)	(345)	(3 994)
Dividends declared	–	–	–	–	–	(345)	(345)
Share buy-back	–	(3 649)	–	–	(3 649)	–	(3 649)
Changes in ownership interest	–	–	–	(5 705)	(5 705)	7 353	1 648
Change in ownership	–	–	–	(5 705)	(5 705)	5 705	–
Disposal of share interest	–	–	–	–	–	1 648	1 648
Balance 31 March 2018	**6 762 797**	**(10 870)**	**(12 537)**	**(2 177 423)**	**4 561 967**	**996 994**	**5 558 961**
Total comprehensive (loss)/income	**–**	**–**	**(2 242)**	**48 149**	**45 907**	**33 839**	**79 746**
Profit	**–**	**–**	**–**	**48 149**	**48 149**	**34 909**	**83 058**
Other comprehensive loss	**–**	**–**	**(2 242)**	**–**	**(2 242)**	**(1 070)**	**(3 312)**
Foreign operations – foreign currency translation differences	**–**	**–**	**(2 242)**	**–**	**(2 242)**	**(1 070)**	**(3 312)**
Transactions with owners of the company	**–**	**(3 148)**	**(4 103)**	**–**	**(7 251)**	**–**	**(7 251)**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share buy-back	**–**	**(3 148)**	**–**	**–**	**(3 148)**	**–**	**(3 148)**
Common control transaction		**–**	**(4 103)**	**–**	**(4 103)**	**–**	**(4 103)**
Changes in ownership interest	**–**	**–**	**–**	**–**	**–**	**(26 509)**	**(26 509)**
Disposal of share interest	**–**	**–**	**–**	**–**	**–**	**(26 509)**	**(26 509)**
Balance 31 March 2019	**6 762 797**	**(14 018)**	**(18 882)**	**(2 129 274)**	**4 600 623**	**1 004 324**	**5 604 947**
Note	15	16				39	

	Stated capital R'000	Treasury shares R'000	Retained income R'000	Equity owners of the parent R'000	Total equity R'000
Company					
Balance 31 March 2017	6 762 797	(7 221)	(1 092 549)	5 663 027	5 663 027
Total comprehensive income	–	–	(2 652 777)	(2 652 777)	(2 652 777)
Loss	–	–	(2 652 777)	(2 652 777)	(2 652 777)
Transactions with owners of the company	–	(3 649)	–	(3 649)	(3 649)
Shares issued	–	(3 649)	–	(3 649)	(3 649)
Balance 31 March 2018	**6 762 797**	**(10 870)**	**(3 745 326)**	**(3 006 601)**	**(3 006 601)**
Total comprehensive income	**–**	**–**	**(5 382)**	**(5 382)**	**(5 382)**
Loss	**–**	**–**	**(5 382)**	**(5 382)**	**(5 382)**
Transactions with owners of the company	**–**	**(3 148)**	**–**	**(3 148)**	**(3 148)**
Share buy-back	**–**	**(3 148)**	**–**	**(3 148)**	**(3 148)**
Balance 31 March 2019	**6 762 797**	**(14 018)**	**(3 750 708)**	**2 998 071**	**2 998 071**
Note	15	16			

Statement of cash flows

for the year ended 31 March 2019

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Net cash flows from operating activities		**205 148**	20 966	**(5 382)**	(1 095)
Profit/(loss) for the year		**83 058**	(1 612 920)	**(5 382)**	(2 652 777)
Adjustments for:					
Depreciation	20	**109 333**	126 274	**–**	–
Amortisation of intangible asset	20	**39 539**	56 560	**–**	–
Amortisation of programming rights through cost of sales	20	**641 518**	571 951	**–**	–
Net surplus/(deficit) on disposal of property, plant and equipment	20	**2 531**	(2 754)	**–**	–
Profit from associates	8	**(2 774)**	(1 289)	**–**	–
Profit on sale of discontinued operations	20	**(619)**	(5 473)	**–**	–
Impairment on property, plant and equipment	4	**3 605**	159	**–**	–
Impairment of goodwill	6	**16 604**	1 532 682	**–**	–
Impairment of intangible assets	20	**14 579**	8 307	**–**	–
Impairment of investment in associates	20	**–**	64 359	**–**	–
Impairment of interest in subsidiaries		**–**	–	**–**	2 651 682
Write-off of programming rights through cost of sales	20	**938**	68 845	**–**	–
Write-off of financial assets	20	**–**	537	**–**	–
Fair value adjustment of forward exchange contracts		**(1 972)**	31 719	**–**	–
Investment income	21	**(7 085)**	(8 907)	**–**	–
Other non-cash items		**3 511**	(12 765)	**–**	–
Fair value adjustment gain		**25 627**	6 585	**–**	–
Net finance costs	22	**31 375**	44 175	**–**	–
Tax expense/(income)		**62 137**	33 258	**–**	–
		1 021 905	901 313	**(5 382)**	(1 095)
Changes in:					
Inventories		**(4 300)**	4 930	**–**	–
Trade and other receivables		**(108 252)**	39 814	**–**	–
Trade and other payables		**(51 188)**	(191 545)	**–**	–
Programming rights		**(564 393)**	(645 226)	**–**	–
Cash generated from operating activities		**293 772**	109 286	**(5 382)**	(1 095)
Net finance costs paid		**(24 290)**	(38 777)	**–**	–
Taxes paid		**(64 334)**	(49 543)	**–**	–
Unpaid at the beginning of the year		**6 227**	9 128	**–**	–
Charged to the (loss)/profit		**(58 916)**	(52 444)	**–**	–
Unpaid at the end of the year		**(11 645)**	(6 227)	**–**	–

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Net cash flow from investing activities		**(109 598)**	(42 551)	**–**	–
Acquisition of property, plant and equipment		**(99 561)**	(56 962)	**–**	–
Acquisition of plant and equipment	4	**(70 801)**	(54 448)	**–**	–
Acquisition of owner-occupied properties	4	**(28 760)**	(2 514)	**–**	–
Proceeds from sale of property, plant and equipment		**6 222**	27 670	**–**	–
Book value of assets disposed		**8 753**	2 298	**–**	–
(Loss)/surplus on disposal		**(2 531)**	25 372	**–**	–
Advances of financial assets		**(3 198)**	2 153	**–**	–
Acquisition of subsidiary, net of cash acquired		**(4 996)**	–	**–**	–
Deficit from disposal of subsidiary		**(8 751)**	–	**–**	–
Net cash flows of discontinued operations		**–**	16 928	**–**	–
Additions to intangible assets	5	**(6 013)**	(22 376)	**–**	–
Loans advanced to equity-accounted investees	8	**(7 576)**	(9 964)	**–**	–
Proceeds on disposal of investment		**14 275**	–	**–**	–
Net cash flow from financing activities		**(167 180)**	(51 403)	**3 729**	1 095
Repayment of borrowings	17	**(267 180)**	(188 424)	**6 877**	4 744
Settlement of forward exchange contracts		**–**	(11 743)	**–**	–
Borrowings raised	17	**100 000**	150 188	**–**	–
Share buy-back		**–**	(3 649)	**(3 148)**	(3 649)
Proceeds from disposal of shares to non-controlling interest		**–**	2 570	**–**	–
Dividends paid to non-controlling interest		**–**	(345)	**–**	–
Net change in cash and cash equivalents		**(71 630)**	(72 988)	**(1 653)**	–
Cash and cash equivalents at beginning of the year		**116 656**	192 510	**1 653**	1 653
Effect of movements in exchange rates on cash held		**418**	(2 866)	**–**	–
Cash and cash equivalents at end of the year		**45 444**	116 656	**–**	1 653
Cash and cash equivalents comprise the following:					
Cash and cash equivalents		**83 327**	117 685	**–**	1 653
Bank balances		**83 327**	86 289	**–**	1 653
Cash in disposal group assets held for sale		**–**	31 396	**–**	–
Bank overdrafts		**37 883**	(1 029)	**–**	–
		45 444	116 656	**–**	1 653

Notes to the financial statements

for the year ended 31 March 2019

1. Accounting policies

eMedia Holdings Limited (the company) is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 31 March 2019 and comparative figures for the year ended 31 March 2018 comprise the company, its equity-accounted investees and its subsidiaries (together referred to as the group). Where reference is made to the group in the accounting policies it should be interpreted as referring to the company where the context requires, and unless otherwise noted. The company's registered office is at 5 Summit Road, Dunkeld West, Johannesburg, 2196.

a. Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial instruments which have been accounted for in terms of IFRS 9 of which certain financial instruments are accounted for on the fair value basis. The financial statements incorporate the principal accounting policies set out below, which are consistent with those applied in the previous year, except for the adoption of IFRS 9 and IFRS 15. The effect of the change in accounting policy in respect of IFRS 9 and IFRS 15 is set out in note 40. IFRS 9 and IFRS 15 did not have a material effect on the financial statements.

These policies comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the South African Companies Act and the JSE Listings Requirements.

The financial statements are presented in South African rand as it is the currency of the economic environment in which the group operates.

The financial statements are prepared on a going concern basis.

b. Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associated entities and joint venture entities owned by the group.

i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The company records its investment in subsidiaries at cost less any impairment charges. These interests include any inter-group loans receivable, which represent by nature a further investment in the subsidiary.

ii) Interests in equity-accounted investments

The group's interests in equity-accounted investees comprise interest in associates. Investments in associates are accounted for using the equity method of accounting.

The company accounts for interests in equity-accounted investees at cost.

The group has exercised its judgement in determining whether their shareholding in the local invested entities should be accounted for as an investment in associate. The group exercised significant influence over the financial and operating policy decisions of entitles classified as investments in associates in terms of IAS 28. The group does not have the ability to control the financial and operating activities so as to obtain benefit from the activities and as such has classified their investment as an investment in associate.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination.

Amortisation is included together with depreciation in the income statement.

The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, and it is probable that economic benefits will flow to the group.

i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the group that will probably generate future economic benefits are capitalised.

Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives that are reassessed on an annual basis. Internally generated costs associated with maintaining computer software programs are expensed as incurred.

ii) Trademarks

Trademarks are recognised initially at cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

iii) Distribution rights

Distribution rights represent multi-territory and multi-platform programming rights that the group is able to "on sell" to other content acquirers in the media industry. Distribution rights are initially recognised at cost.

Distribution rights are amortised over the product's economic life cycle which is determined on a pro rata basis of the individual titles total cost based on the territory and broadcast platform for which the distribution rights have been "on sold".

Distribution rights are tested for impairment annually until they are brought into use.

iv) Programming available for distribution

Programming available for distribution represents internally produced content that is available to be licensed to broadcasters. The useful life is estimated to be indefinite as ownership does not transfer when licensed to broadcasters. The amortisation method is consistent with the amount received for individual titles licensed to the broadcasters. Programming available for distribution is tested annually for impairment.

v) Programming under development

Programming under development represents costs relating to programming that is still in the process of development and cannot yet be brought into use. Once brought into use, these assets will be amortised and transferred to programme rights. Programming under development is tested annually for impairment.

vi) Marketing-related intangible assets

Marketing-related intangible assets relate to trademarks, trade names and brand names for e.tv, eNCA, Yfm and Sasani. The useful life for this class of assets was applied as indefinite as it extended beyond the foreseeable horizon. Marketing-related intangible assets are tested annually for impairment.

vi) Customer-related intangible assets

Customer-related intangible assets relate to customer contracts and the related relationships and non-contractual customer relationships. The useful life was estimated as 10 years.

vii) Contract-based intangible assets

Contract-based intangible assets relate to the broadcasting rights. No amortisation is accounted for as the useful life is indefinite. Contract-based intangible assets are tested annually for impairment.

d. Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

i) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Land and buildings	80% over 20 years 20% indefinite
Broadcast, technical and studio equipment	5 – 8 years
Other equipment and vehicles	3 – 6 years

1. Accounting policies continued

ii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the carrying amount of the asset.

iii) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The group considers a period of greater than 12 months to be substantial. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value.

e. Programming rights

Programming rights acquired by the group are initially measured at cost and are amortised over the number of licensed broadcasting runs. In prior periods, programming rights classified as features were amortised on the first run at 70% and on the second run at 30%. This amortisation method was in line with the advertising revenue earned. The genre of features acquired from the 2018 financial year will generate advertising revenue over more than two runs and the amortisation method for these features was therefore changed to 40% on the first run, 40% on the second run and 20% on the remaining run. For genres other than features the cost is amortised on the first run. If, at the end of the licence period, the number of licensed broadcasting runs has not been fully utilised, a write-off is accounted for through profit or loss. Programming rights are tested on an annual basis for impairment.

f. Inventory

Raw materials and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the first-in, first-out principle and includes direct material costs together with appropriate allocations of labour and overheads based on normal operating capacity.

g. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material provisions are determined by discounting the expected future cost. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect the current or best estimate.

h. Financial instruments

Financial instruments include receivables, loans receivable, cash and cash equivalents, borrowings, payables and derivative financial instruments.

Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual terms of the instrument.

The group classifies financial instruments, or their component parts, on initial recognition according to the business model and contractual cash flow characteristics.

The group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecast that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have a low credit risk (Stage 1);
- financial assets that have deteriorated significantly in credit quality since initial recognition on and whose credit risk is not low (Stage 2); and
- financial assets that have objective evidence of impairment at the reporting date (Stage 3).

For financial assets in Stage 1, 12-month expected credit losses are recognised while for financial assets in Stage 2 and Stage 3, life-time expected credit losses are recognised.

Measurement of the expected credit losses is determined by probability-weighted estimate of credit losses over the expected life of the financial instrument, taking into account the time value of money. Interest is accrued on the impairment balance in Stage 3.

Financial assets

Financial assets are initially measured at fair value at initial recognition plus transaction costs directly attributable to acquisition of the asset.

For financial assets which are subsequently measured at fair value through profit and loss, their transaction costs are recognised in profit and loss.

Financial assets are derecognised when the contractual right to receive cash flows expire or the group substantially transfers the risks and rewards of ownership.

Financial assets are subsequently measured at amortised cost using the effective interest rate method, net of impairment losses.

Financial assets which meet both of the following criteria are measured at amortised cost:

- It is held within the group's business model whose objective is to hold assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets measured at amortised cost on the face of the statement of financial position comprise of the following:

Trade receivables

Trade and other receivables are recognised when the group becomes a party to the contractual provisions. They are measured at initial recognition, at fair value plus transaction costs, if any, and subsequently at amortised cost.

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

Loss allowance for all trade receivables is determined as lifetime expected credit losses (simplified approach). This is the default approach for trade receivables.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within agreed upon contractual terms from the invoice date and failure to engage with the group on alternative payment arrangement among other are considered indicators of no reasonable expectation of recovery.

In determining the loss allowance the group considered, inter alia, disputes with customers, untraceable and slow payers, long overdue accounts and customers placed under liquidation. Historical data is also assessed to identify indicators of possible default by customers in the group. The group at year end performs an assessment on the expected credit loss taking into account forward-looking information by assessing the general economic condition of the media and advertising industry.

Long-term receivables

Loan receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

A loan is in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on the number of factors including cash flow projections and various liquidity and solvency ratios.

A significant increase in credit risk (SICR) assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the subsidiary has enough cash or other liquid assets to repay the loan immediately (low risk of default) or insufficient cash or other liquid assets to repay the loan immediately (potential risk of default).

At year end the group reviews cash forecasts of their subsidiaries to determine if they have sufficient resources to meet debt commitments. The group also stress tests subsidiaries future cash forecasts for a worse case scenario to assess if subsidiaries have sufficient assets to recover the loan. Based on these factors, the group will determine if they will expect their subsidiaries to experience significant financial difficulty or a significant increase in credit risk.

1. Accounting policies continued

At year end, the group considers whether there was significant increase in credit risk (SICR) based on the accounting policy. With regards to loans repayable on demand, if there is no SICR, then it can be concluded that the risk of default is 0% and no expected credit loss (ECL) allowance should be recognised. If there is an SICR, then the group evaluates the different recovery options and credit loss scenarios to assess the risk of default.

Long-term receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within agreed terms and failure to engage with the group on alternative payment arrangement among others are considered indicators of no reasonable expectation of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost.

Financial assets measured at Fair value through profit or loss on the face of the statement of financial position comprise of the following:

Investments in equity instruments

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

In accordance with IFRS 9, when a financial asset cannot be classified as measured at amortised cost, a debt instrument measured at fair value through other comprehensive income or an equity instrument measured at fair value through other comprehensive income, it is measured at fair value through profit or loss.

The Harlan Special Opportunities Fund LP Investment, is an equity instrument classified at fair value through profit or loss.

Investments in equity instruments are not subject to impairment provisions.

Forward exchange contracts

Forward exchange contracts are initially and subsequently measured at fair value. The fair value is the estimated amount that the entity would receive or pay to terminate the instrument at the reporting date, taking into account current interest rates and the current creditworthiness of the counterparties to the transaction.

The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Any directly attributable transaction costs are recognised in profit or loss as incurred.

Financial liabilities

Financial liabilities are measured at fair value at initial recognition plus transaction costs directly attributable to the issuance of the financial liability in the case of financial liabilities not subsequently measured at fair value through profit or loss.

For financial liabilities subsequently measured at fair value through profit or loss, transaction costs are recognised in profit or loss.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expired.

Financial liabilities measured at amortised cost on the face of the statement of financial position comprise of the following:

Trade and other payables

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

Bank overdraft and borrowing

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities measured at Fair value through profit or loss on the face of the statement of financial position comprise of the following:

i. Finance income and expenses

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs not capitalised in terms of IAS 23 are recognised in profit or loss using the effective interest method.

j. Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income (OCI).

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which: is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

k. Revenue recognition

The group currently has several revenue streams that include the following:

- Advertising revenue
- Content revenue
- Facility income

To determine whether to recognise revenue, the group follows a five-step process:

1. Identify the contract with a customer
2. Identify the performance obligation
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when/as performance obligations are satisfied

Revenue from content sales is recognised when the performance obligations per the contract are satisfied. This is when the content is delivered to the customer, net of VAT. The performance obligations is fulfilled at a point in time when the group is entitled to the consideration for services rendered.

Advertising and license fee revenue are recognised in profit or loss on a straight-line basis over the term of the agreement, net of VAT. The performance obligation is fulfilled when the commercial advert is aired as per the contractual term.

Facility income is recognised in profit or loss on a straight-line basis over the contract term of the agreement, net of VAT.

l. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1. Accounting policies continued

Operating lease – lessor

Operating lease income is recognised as income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual amounts received are recognised as an operating lease asset. This asset is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are capitalised to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating lease – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. The asset or liability is not discounted.

m. Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability is included in "Trade and other payables" in the statement of the financial position.

n. Earnings per share

Basic earnings per share are based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share are based on profit attributable to shareholders, excluding any non-trading capital items and the tax effect thereon, and is calculated as above. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

o. Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into South African rand at rates of exchange ruling at the reporting date. Translation gains and losses, whether realised or unrealised, are taken to profit or loss. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest rate and payments during the year, and amortised cost in foreign currency translated at the exchange rate at the end of the year.

p. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2. Significant judgements and 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.

Principles of critical accounting estimates and assumptions

i) The group makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

ii) Estimated impairment of goodwill and indefinite lived intangible assets

The group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of CGUs have been determined based on value-in-use calculations.

These calculations require the use of estimates – see notes 5, 6 and 7 for details.

iii) Deferred tax assets

Management has applied a probability analysis to determine future taxable income against which calculated tax losses will be utilised.

iv) Property, plant and equipment, excluding land

Changes in business landscape or technical innovations may impact the useful lives and estimated residual values of these assets. Similar assets are grouped together, but residual values and useful lives may vary significantly between individual assets in a category. Management reviews assets' residual values, useful lives and related depreciation charges annually at each reporting date.

Measurement of fair values

A number of the group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The group has an established control framework with respect to the measurement of fair values that are reviewed on an ongoing basis. Review includes significant unobservable inputs and valuation adjustments. If third-party information, such as external property valuations, is used to measure fair values, then it is assessed if the evidence obtained from the third parties supports the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the group audit and risk committee.

3. New standards, interpretations and amendments to existing standards issued that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 April 2018 or later periods which the group has not early adopted:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following standards and interpretations: • IAS 17 Leases; • IFRIC 4 Determining whether an Arrangement contains a Lease; • SIC-15 Operating Leases – Incentives; and • SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Based on the analysis performed during the current financial period, IFRS 16 is not expected to have a material impact on eMedia Holdings Limited.	The group will apply the IFRS 16 amendments from annual periods beginning 1 April 2019.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes. The impact of IFRIC 23 is not anticipated to be significant.	The group will apply IFRIC 23 from annual periods beginning 1 April 2019.

4. Property, plant and equipment

Reconciliation of carrying amount	Owner-occupied properties at cost R'000	Equipment and fittings at cost R'000	Motor vehicles at cost R'000	Total R'000
	Group			
2019				
Cost at 31 March 2019	**691 870**	**1 002 089**	**29 703**	**1 723 662**
Opening balance	**667 420**	**777 542**	**19 690**	**1 464 652**
Additions	**28 760**	**68 119**	**2 682**	**99 561**
Written off (not in use)	**(4 310)**	**(47 642)**	**(262)**	**(52 214)**
Impairment loss	**–**	**(3 605)**	**–**	**(3 605)**
Transfers	**–**	**239 546**	**12 497**	**252 043**
Disposals	**–**	**(31 871)**	**(4 904)**	**(36 775)**
Accumulated depreciation and impairment at 31 March 2019	**73 993**	**777 482**	**24 154**	**875 629**
Opening balance	**66 713**	**597 517**	**15 930**	**680 160**
Current period depreciation	**7 280**	**99 718**	**2 335**	**109 333**
Written off (not in use)	**–**	**(51 953)**	**(262)**	**(52 215)**
Transfers	**–**	**156 961**	**9 439**	**166 400**
Disposals	**–**	**(24 761)**	**(3 288)**	**(28 049)**
Carrying value at 31 March 2019	**617 877**	**224 607**	**5 549**	**848 033**
Rate of (straight-line) depreciation	**0 – 3.5%**	**10 – 20%**	**20%**	
Residual values	**20%**	**0%**	**0%**	
2018				
Cost at 31 March 2018	667 420	777 542	19 690	1 464 652
Opening balance	664 906	975 847	31 598	1 672 351
Additions	2 514	52 688	1 760	56 962
Reclassification to assets held for sale	–	(239 546)	(12 497)	(252 043)
Written off (not in use)	–	(4 014)	–	(4 014)
Impairment loss	–	(159)	–	(159)
Disposals	–	(7 274)	(1 171)	(8 445)
Accumulated depreciation and impairment at 31 March 2018	66 713	597 517	15 930	680 160
Opening balance	46 350	661 707	22 709	730 766
Current period depreciation	20 363	102 511	3 400	126 274
Reclassification to assets held for sale		(156 961)	(9 439)	(166 400)
Written off (not in use)		(4 004)	–	(4 004)
Transfers		(401)	401	–
Disposals		(5 335)	(1 141)	(6 476)
Carrying value at 31 March 2018	600 707	180 025	3 760	784 492

4. Property, plant and equipment continued

Transfer to disposal group as held-for-sale

The carrying amount of property, plant and equipment transferred to the disposal group as assets held-for-sale amounts to Rnil at 31 March 2019. During the year Silverline Three Sixty group's property, plant and equipment was transferred back out of held for sale to property, plant and equipment.

Security

A Standard Bank mortgage bond of R341 million (2018: R341 million) has been registered over owner-occupied properties with a carrying value of R538.2 million (2018: R599.6 million). See note 17 for details on bank borrowings secured.

Depreciation charge

Depreciation expense of R109 million (2018: R126 million) has been charged to the "depreciation, amortisation and impairment" category and R0.6 million (2018: R36.6 million) has been charged to the "discontinued operations" category.

During the year, the group wrote off various assets with a cost of R52 million (2018: R4 million) that were fully depreciated and no longer in use.

A register of land and buildings is available for inspection at the registered office of the company.

5. Intangible assets

	Group				
	Marketing-related intangible assets R'000	Customer-related intangible assets R'000	Contract-based intangible assets R'000	Distribution rights R'000	Programming under development R'000
2019					
Cost at 31 March 2019	**1 938 758**	**436 510**	**128 197**	**355 017**	**–**
Opening balance	**1 938 758**	**436 510**	**128 197**	**356 648**	**10 612**
Assets acquired separately	**–**	**–**	**–**	**11**	**–**
Foreign exchange differences	**–**	**–**	**–**	**(1 034)**	**–**
Transfers	**–**	**–**	**–**	**–**	**(10 612)**
Disposals	**–**	**–**	**–**	**(608)**	**–**
Accumulated amortisation and impairment at 31 March 2019	**–**	**300 875**	**–**	**167 970**	**–**
Opening balance	**–**	**270 868**	**–**	**145 683**	**–**
Current period amortisation	**–**	**30 007**	**–**	**8 012**	**–**
Disposals	**–**	**–**	**–**	**(304)**	**–**
Impairment loss	**–**	**–**	**–**	**14 579**	**–**
Carrying value at 31 March 2019	**1 938 758**	**135 635**	**128 197**	**187 047**	**–**
2018					
Cost at 31 March 2018	1 938 758	436 510	128 197	356 648	10 612
Opening balance	1 938 758	435 902	128 197	363 313	–
Assets acquired separately	–	608	–	9 850	10 612
Foreign exchange differences	–	–	–	(1 467)	–
Transfers	–	–	–	(15 048)	–
Accumulated amortisation and impairment at 31 March 2018	–	270 868	–	145 683	–
Opening balance	–	240 818	–	115 250	–
Current period amortisation	–	30 050	–	22 763	–
Impairment loss	–	–	–	7 670	–
Carrying value at 31 March 2018	1 938 758	165 642	128 197	210 965	10 612
Nature of useful lives	Indefinite	Finite	Indefinite	Finite	n/a*
Amortisation method	n/a	Straight-line	n/a	Revenue-based	n/a
Rate of amortisation	n/a	10% – 37%	n/a	Period of economic life	n/a
Residual values	n/a	0%	n/a	0%	n/a

* *A finite useful life is only assigned once the programming is completed and transferred to distribution rights.*

5. Intangible assets continued

	Group			
	Programming completed R'000	Website domain R'000	Trademarks R'000	Total R'000
2019				
Cost at 31 March 2018	**75 150**	**97**	**556**	**2 934 285**
Opening balance	**106 276**	**97**	**926**	**2 978 024**
Assets acquired separately	**5 942**	**–**	**60**	**6 013**
Foreign exchange differences	**–**	**–**	**–**	**(1 034)**
Transfers	**10 612**	**–**	**–**	**–**
Disposals	**(47 680)**	**–**	**(430)**	**(48 718)**
Accumulated amortisation and impairment at 31 March 2018	**13 125**	**–**	**556**	**482 526**
Opening balance	**23 157**	**–**	**619**	**440 327**
Current period amortisation	**1 499**	**–**	**21**	**39 539**
Disposals	**(11 531)**	**–**	**(84)**	**(11 919)**
Impairment loss	**–**	**–**	**–**	**14 579**
Carrying value at 31 March 2019	**62 025**	**97**	**–**	**2 451 759**
2018				
Cost at 31 March 2018	106 276	97	926	2 978 024
Opening balance	105 055	97	841	2 972 163
Assets acquired separately	1 221	–	85	22 376
Foreign exchange differences	–	–	–	(1 467)
Transfers	–	–	–	(15 048)
Accumulated amortisation and impairment at 31 March 2018	23 157	–	619	440 327
Opening balance	18 810	–	582	375 460
Current period amortisation	3 710	–	37	56 560
Impairment loss	637	–	–	8 307
Carrying value at 31 March 2018	83 119	97	307	2 537 697

Nature of useful lives	Finite	Finite	Indefinite	Finite
Amortisation method	Revenue-based	Straight-line	n/a	Straight-line
Rate of amortisation	Period of economic life	Period of licence	n/a	10%
Residual value	0%	0%	n/a	0%

5. Intangible assets continued

Marketing, customer and contract-related intangible assets which form part of the eMedia Investments Proprietary Limited CGU are tested for impairment annually. The intangible asset arose due to the acquisition of eMedia Investments Proprietary Limited and as such the impairment is tested with Goodwill.

Distribution rights represent multi-territory and multi-platform programming rights that the group is able to on sell to other entities. These rights are amortised over its economic life, based on the territory and platform for which the respective rights have been on sold.

Management reviews the distribution rights on an annual basis and impairs any distribution rights that is not relevant anymore. For the 2019 financial year a total of R14.6 million (2018: R7.7 million) was impaired.

Programming under development is programming that has not yet been completed and therefore not ready for use. The assets were tested for impairment and no impairment was required. Once completed, the assets are either transferred to programming completed or would be transferred to programming rights when internally used for broadcasting.

The amortisation of intangible assets is included in the following line items in the statement of comprehensive income:

	Group	
	2019 R'000	2018 R'000
Continuing operations		
Cost of sales	**8 091**	26 510
Administrative and other expenses	**30 007**	30 050
	38 098	56 560
Discontinued operations		
Cost of sales	**1 441**	–
Administrative and other expenses	**–**	–
	1 441	–
Amortisation charge for the year	**39 539**	56 560

6. Goodwill

	Group 2019 R'000	Group 2018 R'000
Arising on acquisition of shares in subsidiaries	**2 222 048**	2 153 800
Reconciliation of goodwill		
Opening balance	**2 153 800**	3 778 264
– Cost	**3 818 793**	3 910 584
– Accumulated impairment	**(1 664 993)**	(132 320)
Disposals	**(8 076)**	–
– Cost	**(38 468)**	–
– Accumulated impairment	**30 392**	–
Impairment	**(16 604)**	(1 532 682)
Reclassification from/(to) assets held for sale	**91 782**	(91 782)
Carrying value at year end	**2 222 048**	2 153 800
– Cost	**3 872 107**	3 818 793
– Accumulated impairment	**(1 650 059)**	(1 664 993)

Impairment tests for goodwill

The eMedia Holdings group has three CGUs being eMedia Investments Proprietary Limited and its subsidiaries, Yired Proprietary Limited and Silverline Three Sixty Proprietary Limited. The group has performed impairment testing on these CGUs that contain goodwill. Goodwill acquired on acquisition of each business combination was tested for impairment. The value of CGUs to which goodwill has been allocated has been determined based on value-in-use calculations using management-generated cash flow projections. The following were the principal assumptions, based on past experience, that were used to calculate the net present value of the CGU:

eMedia Investments Proprietary Limited and its subsidiaries

Discount rates:	16.06%
Number of years:	5 years
Cost growth rate:	4.0% to 6.0%

Remaining CGUs

Discount rates:	15.89% to 17.97%
Number of years:	5 years
Cost growth rate:	4.0% to 6.0%

Goodwill was impaired in CGUs within the following subsidiaries in the current year:

- eMedia Investments Proprietary Limited and its subsidiaries (2019: R16.6 million; 2018: R1 501 million)
- The R16.6 million impairment (write-off) of goodwill relates to the closure of The Refinery (Johannesburg) Proprietary Limited, a subsidiary of Silverline Three Sixty Proprietary Limited. In October 2018 a decision was made to close a number of the loss-making entities in the Silverline group. One of them was The Refinery (Johannesburg) and the write off of goodwill relates entirely to that asset.

6. Goodwill continued

The following assumptions were applied when reviewing goodwill impairment:

- Asset values were based on the carrying amounts for the financial period.
- Future expected profits were estimated using historical information and approved budgets extending to five years.
- Sales growths and gross margins were based on historical performance and known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows were extended into perpetuity as management has no reason to believe that the group will not continue pass the budget period.

Discount rate sensitivity analysis

At year end the group's accumulated goodwill impairment amounted to R1 650 million (2018: R1 664.9 million). A change of 0.25% in the discount rate would decrease profit or loss before tax by R97 million.

Goodwill impairment included in the carrying value in the statement of financial position:

	Group	
	2019 R'000	2018 R'000
eMedia Holdings Proprietary Limited	**1 501 707**	1 501 707
Coleske Artists Proprietary Limited	**–**	30 965
Longkloof Limited	**129 597**	129 597
e.Botswana Proprietary Limited	**–**	573
eMedia Content Proprietary Limited	**2 151**	2 151
Silverline Three Sixty Proprietary Limited	**16 604**	–
	1 650 059	1 664 993

7. Interest in subsidiary companies

	Company	
	2019 R'000	2018 R'000
Shares at cost	**5 333 900**	5 333 900
Impairment	**(2 651 682)**	(2 651 682)
Carrying value – eMedia Investments Proprietary Limited	**2 682 218**	2 682 218
Carrying value – interest in subsidiary companies	**2 682 218**	2 682 218

The value of CGU to which the investment has been allocated has been determined based on value-in-use calculation using management-generated cash flow projections. The following were the principal assumptions, based on past experience, that were used to calculate the net present value of this CGU:

- Pre-tax discount rates: 16.06%
- Number of years: 5 years
- Cost growth rate: 4% to 6%

The following assumptions were applied when reviewing the investment for impairment:

- Asset values were based on the carrying amounts for the financial period.
- Future expected profits were estimated using historical information and approved budgets extending to five years.
- Sales growths and gross margins were based on historical performance and known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows were extended into perpetuity as management has no reason to believe that the group will not continue pass the budget period.

Full details of subsidiary companies are provided in note 38.

Refer to note 39 for details of subsidiary companies that have non-controlling interests (NCI) that are material to the group.

8. Equity-accounted investees

	Group 2019 R'000	Group 2018 R'000
Reconciliation of investments in associates		
Interest in associates	**153 845**	143 495
Opening balance	**143 495**	203 038
Increase in loans to associates	**7 576**	9 964
Profit for the year	**2 774**	1 289
Foreign exchange differences	**–**	(6 437)
Impairment through profit or loss	**–**	(64 359)
Closing balance	**153 845**	143 495

List of investment in associates

			Group 2019		Group 2018	
Name of associates	Place of business/ country of incorporation	Listed/ unlisted	**% holding**	**Carrying amount R'000**	% holding	Carrying amount R'000
Cape Town Film Studios Proprietary Limited	South Africa	Unlisted	**42.5**	**106 037**	42.5	95 681
Dreamworld Management Company Proprietary Limited	South Africa	Unlisted	**50.0**	**47 808**	50.0	47 814
				153 845		143 495

Loans to equity-accounted investees are demand loans. No expected credit loss is required for the loans receivable in consequence of valuations performed on the properties held by the associates at year end. A significant increase in credit risk will arise when the properties valuations are lower than the loans receivable. There is no increase in credit risk as the valuations performed exceed the investment and loan.

Main business and operations of the associates

Cape Town Film Studios Proprietary Limited provides sound stages and support buildings for the film industry in the Western Cape.

Dreamworld Management Company Proprietary Limited will develop residential accommodation in future, adjacent to the Cape Town Film Studio site.

The company's subsidiary, eMedia Investments Proprietary Limited, has signed a surety and cession of a loan receivable from Cape Town Film Studios Proprietary Limited in favour of Absa Bank Limited.

8. Equity-accounted investees continued

The summarised financial information in respect of the group's principal associates

Set out below are the associates which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Decision-making functions rest with management.

	Cape Town Film Studios Proprietary Limited R'000	Dreamworld Management Company Proprietary Limited R'000
2019		
Summarised statements of financial position as at 31 March 2019		
Non-current assets	303 014	8 765
Current assets	6 383	99
Non-current liabilities	(38 096)	–
Current liabilities	(281 311)	(24 731)
Net assets as at 31 March 2019	(10 010)	(15 867)
Reconciliation to carrying amounts		
Closing net assets at 31 March 2019	(10 010)	(15 867)
Reporting entities' share (%)	42.5	50.0
Reporting entities' share (R'000)	(4 255)	(7 934)
Loans to associates	112 093	12 340
Reporting entities' adjustment for fair value*	(1 801)	38 329
Goodwill	–	5 073
Carrying amount as at 31 March 2019	106 037	47 808
Summarised statements of profit and loss and other comprehensive income for the year ended 31 March 2019		
Revenue	47 115	–
Profit/(loss) from continued operations	7 269	(631)
Other comprehensive income	–	–
Total comprehensive income/(loss)	7 269	(631)
Share of associate's profit/(loss)	3 089	(315)
Elimination of unrealised profit or loss	–	–
Group's share of associates' profits/(losses)	3 089	(315)
Dividends received	–	–

* *The group revalued its existing interests in associates in accordance with accounting standards for business acquisitions and adjustments were made to the carrying value of associates as at the acquisition date of 1 October 2013.*

8. Equity-accounted investees continued

	Cape Town Film Studios Proprietary Limited R'000	Dreamworld Management Company Proprietary Limited R'000	Global Media Alliance Broadcasting Limited R'000	Da Vinci Media GmbH R'000
2018				
Summarised statements of financial position as at 31 March 2018				
Non-current assets	298 463	8 743	5 878	43 181
Current assets	5 517	102	1 480	73 026
Non-current liabilities	(62 357)	–	(2 618)	–
Current liabilities	(259 002)	(24 081)	(3 983)	(18 034)
Net (liabilities)/assets as at 31 March 2018	(17 379)	(15 236)	757	98 173
Reconciliation to carrying amounts				
Closing net assets at 31 March 2018	(17 379)	(15 236)	757	98 173
Reporting entities' share (%)	42.5	50.0	37.0	33.0
Reporting entities' share (R'000)	(7 383)	(7 617)	280	32 397
Dividends paid	–	–	–	
Loans to associates	104 870	12 029	–	–
Reporting entities' adjustment for fair value*	(1 806)	38 329	–	2 021
Translation	–	–	21 950	(3 237)
Impairments	–	–	(22 230)	(64 359)
Goodwill		5 073	–	33 178
Carrying amount as at 31 March 2018	95 681	47 814	–	–
Summarised statement of profit and loss and other comprehensive income for the year ended 31 March 2018				
Revenue	44 798	–	–	24 488
Profit/(loss) from continuing operations	2 901	(693)	–	1 209
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	2 901	(693)	–	1 209
Share of associates' profit/(loss)	1 233	(347)	–	403
Elimination of unrealised profit or loss	–	–	–	–
Group's share of associates' profits/(losses)	1 233	(347)	–	403
Dividends received	–	–	–	–

** The group revalued its existing interests in associates in accordance with accounting standards for business acquisitions and adjustments were made to the carrying value of associates as at the acquisition date of 1 October 2013.*

8. Equity-accounted investees continued

Reconciliation of group's share of profit/(loss)

	Group's share of associates' profits/(losses) for the year R'000	Intra-group transactions eliminated R'000	Amortisation of intangible assets recognised through business combinations R'000	Total R'000
2019				
Cape Town Film Studios Proprietary Limited	**3 089**	**–**	**–**	**3 089**
Dreamworld Management Company Proprietary Limited	**(315)**	**–**	**–**	**(315)**
Global Media Alliance Broadcasting Limited	**–**	**–**	**–**	**–**
Da Vinci Media GmbH	**–**	**–**	**–**	**–**
	2 774			**2 774**
2018				
Cape Town Film Studios Proprietary Limited	1 233	–	–	1 233
Dreamworld Management Company Proprietary Limited	(347)	–	–	(347)
Global Media Alliance Broadcasting Limited	–	–	–	–
Da Vinci Media GmbH	403	–	–	403
	1 289	–	–	1 289

There are no contingent liabilities relating to the group's interest in the associates.

9. Long-term receivables

	Group	
	2019 R'000	2018 R'000
Loans to group employees	**9 351**	11 763
Operating lease asset	**1 922**	2 635
	11 273	14 398
Loans to group employees		
Opening balance	**11 763**	14 594
Loans forfeited, cash-settled share options	**–**	(904)
Loans granted, discounted at a rate of 8 %	**–**	(2 430)
Treasury shares forfeited	**(3 148)**	–
Interest income	**736**	1 040
Amounts written off	**–**	(537)
	9 351	11 763
Loans to group employees – Interest at 0 %	**8 615**	10 723
Loans to group employees – Interest bearing	**736**	1 040
	9 351	11 763

Loans to group employees bear interest from 0 % to 8 % (2018: 0 % to 8 %) per annum.

Fair value of long-term receivables

Loans to group employees that did not include a market rate of interest were fair valued at year end by discounting the future cash flows based on the interest rate prescribed by the South African Revenue Service for interest-free loans. There were no impairment provisions on non-current receivable financial assets during the current or prior years. No expected credit loss is expected as the loans are secured by the shares and any future dividends until settled in full. No increase in credit risks as the group performed well and the share price is stable.

	Company	
	2019 R'000	2018 R'000
Loans receivable from subsidiary companies		
eMedia Investment Proprietary Limited	**340 554**	340 554
HCI Invest 3 Holdco Proprietary Limited	**8 602**	8 602
	349 156	349 156

The loan owing by eMedia Investment Proprietary Limited and HCI Invest 3 Holdco Proprietary Limited is interest free and is payable on written demand from both parties. Both loans are held at amortised cost.

Management has reviewed their 12-month cash forecast which shows that the subsidiaries have sufficient resources to meet debt commitments. The subsidiaries have also shown a steady increase in revenue and market share.

Management has further stress tested their five-year forecast for a worse case scenario and this indicates that they have sufficient assets to recover the loan.

Based on these factors, management is not expecting the subsidiaries to experience significant financial difficulty or a significant increase in credit risk.

10. Deferred taxation

	Group 2019 R'000	Group 2018 R'000
Movements in deferred taxation		
Opening balance	**(440 494)**	(453 933)
Current movements recognised in profit or loss	**(6 561)**	13 439
	(3 220)	19 177
– Capital allowances	**(6 886)**	(2 246)
– Capital allowances on intangible assets	**6 722**	6 722
– Tax losses	**(8 551)**	15 768
– Provisions and accruals	**5 495**	(1 699)
– Other	**–**	632
Transfer to disposal groups held for sale	**(3 341)**	(5 738)
– Capital allowances	**(459)**	3 815
– Tax losses	**(1 381)**	(5 836)
– Working capital differences	**(1 501)**	(3 717)
Closing balance at the end of the year	**(447 055)**	(440 494)
Analysis of deferred taxation		
Capital allowances	**(19 281)**	(11 936)
Capital allowances on intangible assets	**(496 223)**	(502 945)
Revaluation of land	**(14 723)**	(14 723)
Tax losses	**57 982**	67 914
Working capital allowances	**25 190**	21 196
	(447 055)	(440 494)
Composition of deferred taxation		
Deferred tax assets	**79 575**	92 848
Deferred tax liabilities	**(526 630)**	(533 342)
	(447 055)	(440 494)

11. Inventories

	Group 2019 R'000	2018 R'000
Finished goods	**14 038**	9 714
Inventories stated at net realisable value	**14 038**	9 714

12. Programming rights

	Group 2019 R'000	2018 R'000
Television programmes		
– International	**706 845**	753 051
– Local	**85 766**	117 623
	792 611	870 674
Reconciliation of carrying amount		
International television programmes		
Opening balance	**753 051**	733 650
Additions	**361 343**	410 351
Amortisations through cost of sales	**(407 549)**	(324 503)
Write off of programming rights expensed in cost of sales	**–**	(66 447)
Closing balance	**706 845**	753 051
Local television programmes		
Opening balance	**117 623**	132 594
Additions	**202 112**	234 876
Amortisations through cost of sales	**(233 969)**	(247 449)
Write off of programming rights expensed in cost of sales	**–**	(2 398)
Closing balance	**85 766**	117 623

Included in international programming rights is a write-down of movie inventory of R0.9 million (2018: R68.8 million) due to the reduction in the movie slots on e.tv as well as movies that would not generate revenue to recover its carrying value.

Nature of useful lives and amortisation method

Programming rights acquired by the group are initially measured at cost and are amortised over the number of licensed broadcasting runs. In the preceding prior periods, programming rights classified as features were amortised on the first run at 70% and on the second run at 30%. This amortisation method was in line with the advertising revenue earned. The genre of features acquired from the 2018 financial year generated advertising revenue over more than two runs therefore the amortisation method changed to 60% on the first run, 30% on the second run and 10% on the remaining run. The genre of features acquired from the 2019 financial year will generate advertising revenue over more than two runs and the amortisation method for these features was therefore changed to 40% on the first run, 40% on the second run and 20% on the remaining run. For genres other than features the cost is amortised on the first run.

13. Trade and other receivables

	Group	
	2019 R'000	2018 R'000
Reconciliation of carrying value		
Trade receivables	**423 322**	310 267
Prepayments	**14 231**	43 133
Other receivables	**35 725**	33 537
Allowance for expected credit losses on trade and other receivables	**(7 802)**	(2 529)
	465 476	384 408
Fair value of trade receivables		
Trade and other receivables	**465 476**	384 408

The carrying value approximates fair value because of the short period to maturity of these instruments.

The above comparative for the credit loss allowance was determined on the IAS 39 measurement basis which applied an incurred loss model, whereas the current year allowance was determined by applying an expected loss model in terms of IFRS 9.

Management has performed an assessment on the ECL taking into account forward-looking information by assessing the general economic condition of the media and advertising industry to derive to a default rate for the 2018 and 2019 years of assessment.

The group principally sells to large reputable customers with whom it has long-standing relationships. Recurring transactions over the long term provide the group with valuable payment history and customer behaviour knowledge, which is used in making credit assessments. Before accepting any new customer, the group performs credit checks utilising external credit bureaux and banks. If there is any doubt about a new customers creditworthiness the customer is initially placed as a cash on delivery customer and their payment history is assessed before being given credit. Credit is continuously monitored to ensure payments are made on time and for the correct amount. The standard credit period on sales is 45 days from the date of statement. In determining the loss allowance the group considered, inter alia, disputes with customers, untraceable and slow payers, long-overdue accounts and customers placed under liquidation. The group holds no collateral as security against non-payment of any of the above mentioned trade receivables. Historical data indicates that there has been no defaults by customers in the group. Based on this the group does not anticipate future defaults by customers and as such no adjustment has been made to the financial reporting information.

Trade receivables pledged as security

The group has at 31 March 2019 pledged trade debt with a carrying value of R423 million (2018: R241.2 million) to Standard Bank of South Africa in respect of a borrowing facility. The carrying value of the borrowing facility at 31 March 2019 amounted to R157.5 million (2018: R157.5 million).

Trade receivables past due

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 45 days from the invoice date and failure to engage with the group on alternative payment arrangement among others, are considered indicators of no reasonable expectation of recovery.

13. Trade and other receivables continued

Allowance for ECLs on trade and other receivables

At 31 March 2019, trade receivables of R7.8 million (2018: R2.5 million) were charged to the loss allowance account. The loss allowance for trade and other receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Movements in the allowance for ECLs on trade and other receivables are as follows:

	Group	
	2019 R'000	2018 R'000
Loss allowance as at 1 April calculated under IAS 39	**2 529**	5 862
Opening loss allowance as at 1 April 2018 calculated under IFRS 9	**2 529**	5 862
Allowance for receivables impaired	**5 126**	6 789
Amounts written off as uncollectible	**(3 126)**	(6 849)
Reclassified as held for sale	**–**	(3 273)
Transfer from disposal group assets	**3 273**	
Closing balance	**7 802**	2 529

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group	
	2019 R'000	2018 R'000
South African rand	**463 939**	352 213
US dollar	**1 524**	31 735
Euros	**13**	325
British pound	**–**	–
Other currencies	**–**	135
	465 476	384 408
Other receivables		
Included under other receivables are:		
VAT	**4 172**	7 231
Deposits	**5 005**	3 236
Harlan Special Opportunities Fund LP	**13 453**	10 255
Other sundry receivables	**11 123**	12 815
Forward exchange contracts	**1 972**	–
	35 725	33 537

The Harlan Special Opportunities Fund LP Investment, is an equity instrument classified at fair value through profit or loss.

Investments in equity instruments are not subject to impairment provisions.

14. Disposal group assets/liabilities held for sale

	Group 2019 R'000	Group 2018 R'000
Disposal group assets classified as held for sale	**6 342**	262 792
Liabilities associated with the disposal group assets held for sale	**(3 049)**	(105 175)
	3 293	157 617

	Group Longkloof Limited group entities R'000
31 March 2019	
Disposal group assets classified as held for sale	
Trade and other receivables	**6 342**
	6 342
Liabilities associated with the disposal group assets held for sale	
Trade and other payables	**(3 049)**
	(3 049)
	3 293

During the year ended 31 March 2019 a decision were made to dispose of the Longkloof Limited group entities, the results of the operations were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position.

	Group Silverline Three Sixty Proprietary Limited R'000
31 March 2018	
Property, plant and equipment	85 643
Goodwill	91 782
Deferred tax assets	5 739
Inventory	6 303
Taxation receivable	976
Trade and other receivables	40 953
Cash and cash equivalents	31 396
	262 792
Liabilities associated with the disposal group assets held for sale	
Financial liabilities	(54 047)
Deferred lease liability	(3 331)
Taxation payable	(187)
Trade and other payables	(47 610)
	(105 175)
	157 617

During the year ended 31 March 2018 a decision was made to dispose of the Silverline Three Sixty Proprietary Limited group, the results of the operations were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position. The sale of Silverline Three Sixty group was unsuccessful and, as such, management decided to retain the group.

Notes to the financial statements continued

for the year ended 31 March 2019

15. Stated capital

	Group and company Number of shares			
	2019	2018	**2019 R'000**	2018 R'000
Authorised				
Ordinary shares of Rnil each (2018: Rnil each) Each ordinary share has the right to 100 votes at general meetings	**70 000 000**	70 000 000	**–**	–
N ordinary shares of Rnil each (2018: Rnil each) Each N ordinary share has the right to one vote at general meetings	**1 055 000 000**	1 055 000 000	**–**	–
Issued stated capital				
Ordinary shares	**63 810 244**	63 810 244	**333 591**	333 591
Balance at the beginning and end of the year	**63 810 244**	63 810 244	**333 591**	333 591
N ordinary shares	**379 543 285**	380 342 447	**6 429 206**	6 429 206
Balance at the beginning of the year	**380 342 447**	381 927 359	**6 429 206**	6 429 206
Share buy-back during the year	**(799 162)**	(1 584 912)	**–**	–
	443 353 529	444 152 691	**6 762 797**	6 762 797

Unissued shares are under the control of the directors until the next annual general meeting.

16. Treasury shares

	Group and company		Number of shares	
	2019 R'000	2018 R'000	**2019 '000**	2018 '000
N Ordinary shares				
Balance at the beginning of the year	**10 870**	7 221	**1 584**	1 140
Repurchase	**3 148**	3 649	**800**	444
Balance at the end of the year	**14 018**	10 870	**2 384**	1 584
Total at the end of the year	**14 018**	10 870	**2 384**	1 584

Issue and repurchase of shares

Current year

During the year 799 162 N ordinary shares were forfeited at a total value of R3.1 million. The forfeited N ordinary shares were from certain employees of the group who resigned.

Diluted weighted average number of shares

There is no difference between the weighted average number of shares and the diluted weighted average number of shares.

17. Borrowings

	Group 2019 R'000	Group 2018 R'000
Bank borrowings	**223 732**	394 803
Other borrowings	**223 092**	165 559
Carrying value of borrowings	**446 824**	560 362
Current portion of borrowings	**(323 092)**	(409 452)
Non-current portion of borrowings	**123 732**	150 910
Secured borrowings		
Bank borrowings	**223 732**	358 196
	223 732	358 196
Unsecured borrowings		
Bank borrowings	**–**	36 607
Other borrowings	**223 092**	165 559
	223 092	202 166
Carrying value of borrowings	**446 824**	560 362

Secured bank borrowings bearing interest at various rates include prime overdraft less 1.5% (2018: prime overdraft less 1.5%) and JIBAR plus 1.60%, 1.75% and 1.80% (2018: JIBAR plus 1.60%, 1.75% and 1.80%), repayable in monthly and quarterly instalments. The secured bank borrowings relating to the mortgage bond will mature in May 2024. A mortgage bond has been registered for R341 million (2018: R341 million).

The remaining R100 million facility, management has the intention to repay the facility within the next 12 months. During the current year, secured instalment sale agreements were reclassified to disposal groups held for sale. These secured instalment sale agreements are at various rates which include prime and prime less 0.5%, repayable in monthly instalments over the next four years with the last instalment due in April 2021. Secured instalment sale agreements have been secured by technical equipment with a carrying value of R183.1 million (2018: R17.9 million).

The following represents the carrying value of the security for these secured bank borrowings:

	Group 2019 R'000	Group 2018 R'000
Property, plant and equipment	**538 206**	599 600
Trade receivables	**450 053**	241 184
	988 259	840 784

Unsecured bank borrowings include a demand loan of Rnil (2018: R36.6 million) bearing interest at nil% (2018: 9%). The loan is being utilised on a short-term basis and is being repaid soon after utilisation.

Unsecured other borrowings include loans from non-controlling interest entities, in particular Venfin Media Beleggings Proprietary Limited (R156.6 million) (2018: R156.6 million) and other (R3.6 million) (2018: R3.6 million). These loans from non-controlling interest entities bear interest at a rate varying from 0% to 10.5% and have no set terms of repayment.

Also included under unsecured borrowings is a loan of R8.6 million (2018: R8.6 million) from HCI Treasury Proprietary Limited.

17. Borrowings continued

	Group 2019 R'000	Group 2018 R'000
During the current year the contingent consideration was reclassified from disposal groups held for sale. The contingent consideration (2019: R16.9 million) (2018: R30.8 million) relating to an additional purchase consideration payable on 30 June 2018 and 30 June 2021 (refer to note 30 for more detail).		
Maturity of borrowings are as follows:		
Due within 1 year	**323 092**	409 452
Due within 2 to 5 years	**123 732**	150 910
	446 824	560 362
Analysis by currency:		
South African rand	**446 824**	560 362

	Company 2019 R'000	Company 2018 R'000
Current portion of borrowings		
Loan from HCI Treasury Proprietary Limited	**8 602**	8 602
Loan from eMedia Investments Proprietary Limited	**24 701**	17 824
	33 303	26 426

These loans bear interest at 0% and have no set terms for repayment. The loans are carried at amortised cost.

As at 31 March 2019, the fair value of non-current borrowings approximates their carrying amount as market-related rates have been applied to discount the instruments. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

Standard Bank loan covenant

The group through eMedia Investments has a secured bank term loans with a carrying amount of R100 million (2018: R100 million). These loans are repayable on maturity.

The term loans contain two covenants that are required to be satisfied at the end of each measurement period ended September and March each year.

In the prior period the covenants were calculated based solely on e.tv's results. In the current period the terms of the covenant were renegotiated to include eSat.tv's results. The covenants state that for the 12-month rolling period ending on each measurement date, the following conditions must be met:

- the group's combined debt:EBITDA ratio in respect of each measurement period shall be less than 2.0 (two) times; and
- the group's combined debt service cover ratio (DSCR) in respect of each measurement period shall be greater than 1.4 (one point four) times. As defined in the loan agreement, debt means all non-subordinated interest-bearing debt, including and without limitation general banking facilities and instalment sale agreements. EBITDA means consolidated earnings before interest, tax, depreciation, amortisation and other non-cash items. Debt service cover ratio means the ratio between free cash flow and the debt service obligation. Free cash flow means EBITDA plus/less changes in working capital, less capital expenditure paid, less taxation paid or plus tax credits. Lastly, the debt service obligation means the aggregate of all amounts (whether in respect of principal, interest or otherwise) which become payable in respect of the relevant measurement period on account of the group's financial debtedness.

If a breach occurs, the term loans may become repayable on demand should a formal waiver of the breach not be granted by the lenders.

Both the debt:EBITDA ratio covenant and DSCR covenant at both measurement dates during the period have been satisfied.

17. **Borrowings** continued

Movements in the carrying value of borrowings are as follows:

	Group					
	Long-term borrowings		Short-term borrowings		Total	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Carrying value at the beginning of the year	**150 910**	332 627	**409 452**	342 537	**560 362**	675 164
Cash flows:		–		–	**–**	–
Raising of new debt	**–**	8 837	**100 000**	141 351	**100 000**	150 188
Debt repayments	**–**	–	**(267 180)**	(188 424)	**(267 180)**	(188 424)
Non-cash:						
Reclassification to liabilities held for sale	**31 887**	(31 887)	**22 160**	(22 160)	**54 047**	(54 047)
Reclassification from non-current to current	**–**	(160 041)	**–**	160 041	**–**	–
Reclassification	**(59 065)**	–	**59 065**	–	**–**	–
Reclassification to trade and other payables	**–**	–	**–**	(18 789)	**–**	(18 789)
Other	**–**	1 374	**(405)**	(5 104)	**–**	(3 730)
Carrying value at the end of the year	**123 732**	150 910	**323 092**	409 452	**446 824**	560 362

18. Trade and other payables

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Trade payables	**361 430**	408 625	**–**	–
Foreign exchange contracts	**–**	31 719	**–**	–
Accruals and other current liabilities	**159 209**	146 832	**–**	–
	520 639	587 176	**–**	–

The carrying value approximates fair value because of the short period to settlement of these obligations.

	Group	
	2019 R'000	2018 R'000
Accruals and other current liabilities		
Included under accruals and other current liabilities are:		
Amounts received in advance	**38 936**	60 033
VAT	**15 805**	18 972
Leave pay accrual	**26 050**	24 367
Additions amounted to R9.5 million (2018: R13.6 million), amounts utilised amounted to R11.6 million (2018: R14 million) and amounts reclassified from disposal groups held for sale amounted R3.8 million (2018: Rnil).		
Bonus accrual	**24 042**	4 973
Additions amounted to R22.3 million (2018: R5.8 million), amounts utilised amounted to R4.7 million (2018: R6.3 million) and amounts reclassified from disposal groups held for sale amounted to R1.5 million (2017: R3.5 million).		
Other accrual	**–**	621
Additions amounted to Rnil (2018: R0.6 million), amounts utilised amounted to R0.9 million (2018: R0.3 million) amounts reclassified from disposal groups held for sale amounted to Rnil (2018: R0.05 million) and amounts reclassified to disposal groups held for sale amounted to R0.05 million (2018: Rnil).		
Royalties accrual		
This accrual related mainly to an amount recognised based on a judgement by the Supreme Court of Appeal regarding royalties payable by radio broadcasters to the South African Music Performance Rights Association (SAMPRA). In the current year a settlement was reached and an amount of R2.6 million was paid, the balance for the current year relates to the accrual raised based on current play outs.		
Balance at the beginning of the year	**2 560**	2 276
Raised during the year	**780**	1 288
Reclassification	**–**	–
Utilised during the year	**(2 621)**	(1 004)
Balance at the end of the year	**719**	2 560
Payroll-related payables	**20 955**	7 304
Trade accruals	**32 702**	28 002
	159 209	146 832

18. Trade and other payables continued

	Group	
	2019 R'000	2018 R'000
The carrying amounts of the group's trade and other payables are denominated in the following currencies:		
South African rand	**290 290**	232 618
US dollar	**228 863**	354 455
Euros	**320**	–
British pound	**1 166**	103
	520 639	587 176

19. Revenue

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Advertising revenue	**1 651 630**	1 602 650	–	–
Content sales	**48 826**	57 924	–	–
Facility income	**294 967**	276 198	–	–
Licence fees	**396 811**	376 357	–	–
	2 392 234	2 313 129	–	–

20. Operating profit and loss

Operating profit for the year is stated after accounting for the following:

	Group	
	2019 R'000	2018 R'000
Staff costs, administrative and other expenses	**850 464**	830 721
Depreciation	**109 333**	126 274
Operating lease charges – premises	**19 041**	23 401
Gain on disposal of property and equipment	**2 531**	2 754
Gain/(loss) on disposal of subsidiaries	**619**	5 473
Operating lease charges – equipment and vehicles	**1 378**	1 779
Foreign exchange loss	**(25 581)**	–
Repairs and maintenance	**34 511**	36 804
Amortisation of intangible assets	**39 539**	56 560
Impairment of investment in associates	**–**	64 359
Impairment of goodwill	**16 604**	1 532 682
Amortisation of programming rights	**641 518**	571 951
Write-off of programming rights	**938**	68 845
Write-off of financial assets	**–**	537
Impairment of intangible assets	**14 579**	8 307
Impairment of property and equipment	**3 605**	159
Company: Impairments – interest in subsidiaries	**–**	2 651 682

Notes to the financial statements continued

for the year ended 31 March 2019

21. Finance income

	Group	
	2019 R'000	2018 R'000
Recognised in profit or loss		
Finance income		
Interest received from financial institutions	**7 085**	6 035
Other interest received	**–**	2 872
	7 085	8 907

22. Finance expenses

	Group	
	2019 R'000	2018 R'000
Finance expense		
Interest paid to financial institutions	**31 375**	43 826
Other interest paid	**–**	349
	31 375	44 175

* *Prior year restated for discontinued operations.*

23. Taxation

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
South African taxes				
Current tax	**53 531**	48 740	**–**	–
Deferred taxation	**3 220**	(16 712)	**–**	–
	56 751	32 028	**–**	–
Reconciliation of tax rate	**%**	%	**%**	%
Normal tax rate	**28.0**	28.0	**(28.0)**	(28.0)
Prior year overprovision	**(1.0)**	0.1	**–**	–
Deferred tax not raised on losses	**10.5**	(1.6)	**28.0**	28.0
Impairments not deductible	**2.0**	(28.3)	**–**	–
Other non-deductible items	**1.2**	(0.1)	**–**	–
Share of profit of equity-accounted investees	**(8.2)**	0.0	**–**	–
Surplus on disposal of associate	**(1.5)**	–	**–**	–
Differential tax rates – capital gains tax and foreign	**1.6**	(0.2)	**–**	–
Effective rate	**32.6**	(2.1)	**–**	–

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Losses for tax purposes available for set-off against future taxable income and which deferred tax assets have not been raised are estimated at R181 million (2018: R278 million) resulting in a tax relief of R50.7 million (2018: R78 million) at current tax rates of 28 % (2018: 28 %).

24. Discontinued operations

	Group 2019 R'000	Group 2018 R'000
Loss from discontinued operations, net of taxation	**(34 558)**	(27 343)
Silverline Three Sixty Proprietary Limited classified as held for sale		
During the year ended 31 March 2018 a decision was made to dispose of the Silverline Three Sixty Proprietary Limited group, the results of the operation were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position.		
Loss from discontinued operations relating to the Silverline Three Sixty Proprietary Limited disposal group are as follows:		
Revenue	**22 096**	39 171
Operating and other costs	**(62 166)**	(74 684)
Loss before taxation	**(40 070)**	(35 513)
Taxation	**(2 272)**	1 020
Loss for the year from discontinued operations	**(42 342)**	(34 493)
Attributable to equity holders of the company	**(41 815)**	(34 154)
Attributable to non-controlling interest	**(527)**	(339)
Loss for the year from discontinued operations	**(42 342)**	(34 493)
Refer to note 14 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.		
Longkloof Limited group entities classified as held for sale		
During the year ended 31 March 2018 a decision was made to dispose of the Longkloof Limited group, the results of the operations was reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position.		
(Loss)/profit from discontinued operations relating to the Longkloof Limited disposal group are as follows:		
Revenue	**–**	–
Operating and other costs	**(1 450)**	3 132
(Loss)/profit before taxation	**(1 450)**	3 132
Taxation	**58**	(924)
(Loss)/profit for the year from discontinued operations	**(1 392)**	2 208
Attributable to equity holders of the company	**(1 392)**	1 881
Attributable to non-controlling interest	**–**	327
(Loss)/profit for the year from discontinued operations	**(1 392)**	2 208

Refer to note 14 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

Notes to the financial statements continued

for the year ended 31 March 2019

24. Discontinued operations continued

	Group 2019 R'000	Group 2018 R'000
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited classified as held for sale		
The results of group's interest in e.Botswana Proprietary Limited (a 49% subsidiary) and e.tv Botswana Proprietary Limited (an 80% subsidiary) were classified as discontinued operations in the previous year. Exit and sale strategies were finalised for these entities effective 30 September 2017.		
Loss from discontinued operations relating to e.Botswana Proprietary Limited are as follows:		
Revenue	**–**	1 537
Operating and other costs	**–**	(1 769)
Loss before taxation	**–**	(232)
Taxation	**–**	42
Loss for the year from discontinued operations	**–**	(190)
Attributable to equity holders of the company	**–**	(190)
Attributable to non-controlling interest	**–**	–
Loss for the year from discontinued operations	**–**	(190)
Strika Entertainment Proprietary Limited		
During the current year ended 31 March 2019 a decision was made to dispose of Strika Entertainment Proprietary Limited , the results of the operations were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position. Profit from discontinued operations relating to Strika Entertainment Proprietary Limited are as follows:		
Revenue	**39 542**	31 453
Operating and other costs	**(29 563)**	(27 604)
Loss before taxation	**9 979**	3 849
Taxation	**(2 587)**	(1 031)
Profit for the year from discontinued operations	**7 392**	2 818
Attributable to equity holders of the company	**3 696**	1 409
Attributable to non-controlling interest	**3 696**	1 409
Profit for the year from discontinued operations	**7 392**	2 818
Lalela Music SA Proprietary Limited and Lalela Music LLC classified as held for sale		
During the year ended 31 March 2017 a decision was made by the eMedia Investments Proprietary Limited board of directors to dispose the music library (intangible assets) of Lalela Music SA Proprietary Limited (a 75% subsidiary) and Lalela Music LLC (an 85% subsidiary). The sale of the music library was finalised on 30 June 2017.		
Profit from discontinuing operations relating to Lalela Music SA Proprietary Limited and Lalela Music LLC are as follows:		
Revenue	**–**	–
Operating and other costs	**–**	4 149
Profit before taxation	**–**	4 149
Taxation	**–**	(963)
Profit for the year from discontinued operations	**–**	3 186
Attributable to equity holders of the company	**–**	2 389
Attributable to non-controlling interest	**–**	797
Profit for the year from discontinued operations	**–**	3 186

24. Discontinued operations continued

	Group 2019 R'000	Group 2018 R'000
Coleske Artists Proprietary Limited		
During the current year ended 31 March 2019 a decision was made to dispose of Coleske Artists Proprietary Limited, the results of the operations were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position. Loss from discontinued operations relating to Coleske Artists Proprietary Limited are as follows:		
Revenue	**1 312**	20 429
Operating and other costs	**(1 700)**	(22 443)
Loss before taxation	**(388)**	(2 014)
Taxation	**(220)**	579
Loss for the year from discontinued operations	**(608)**	(1 435)
Attributable to equity holders of the company	**(304)**	(718)
Attributable to non-controlling interest	**(304)**	(717)
Loss for the year from discontinued operations	**(608)**	(1 435)
Afrikaans is Groot Show Proprietary Limited		
During the year ended 31 March 2019 a decision was made to dispose of Afrikaans is Groot Show Proprietary Limited, the results of the operations were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities to disposal groups held for sale in the statement of financial position.		
Revenue	**777**	31 618
Operating and other costs	**1 978**	(30 822)
Profit before taxation	**2 755**	796
Taxation	**(363)**	(233)
Profit for the year from discontinued operations	**2 392**	563
Attributable to equity holders of the company	**1 198**	282
Attributable to non-controlling interest	**1 194**	281
Profit for the year from discontinued operations	**2 392**	563
Aggregated cash (outflow)/inflow for disposal groups and discontinued operations		
Cash flows (used in)/generated from operating activities	**(14 882)**	13 417
Cash flows from investing activities	**–**	(4 972)
Cash flows from financing activities	**–**	(2 796)
	(14 882)	5 649

25. Earnings, diluted and headline earnings per share

	Group Gross R'000	Group Net R'000
For the year ended 31 March 2019		
Earnings attributable to equity owners of the parent		48 149
IAS 16 loss on disposal of plant and equipment	2 531	1 233
IAS 16 impairment of plant and equipment	3 605	1 757
IAS 21 foreign currency translation reserve reclassified to profit or loss	(1 005)	(680)
IAS 28 gain on disposal of associates	(14 275)	(9 663)
IAS 38 impairment of intangible assets	14 579	7 378
IFRS 3 impairment of goodwill	16 604	11 239
IFRS 10 gain on the loss of control of a subsidiary	386	262
Headline earnings		59 675
For the year ended 31 March 2018*		
Loss attributable to equity owners of the parent		(1 578 773)
IAS 16 gains on disposal of plant and equipment	(1 864)	(1 342)
IAS 16 impairment of plant and equipment	108	77
IAS 21 foreign currency translation reserve reclassified to profit or loss	(489)	(489)
IAS 28 impairment of associates and joint ventures	43 563	43 563
IAS 38 impairment of intangible assets	8 307	4 048
IFRS 3 impairment of goodwill	1 532 682	1 522 677
IFRS 10 gain on the loss of control of a subsidiary	(3 215)	(2 238)
Headline earnings		(12 477)

	Group 2019 R'000	Group 2018* R'000
Basic earnings (R'000)		
Earnings/(loss)	48 149	(1 578 773)
Continuing operations	71 540	(1 560 265)
Discontinued operations	(23 391)	(18 508)
Headline earnings/(loss)	59 675	(12 477)
Continuing operations	70 232	8 752
Discontinued operations	(10 557)	(21 229)
Basic earnings per share (cents)		
Earnings/(loss)	10.85	(355.19)
Continuing operations	16.12	(351.03)
Discontinued operations	(5.27)	(4.16)
Headline earnings per share (cents)		
Earnings/(loss)	13.45	(2.81)
Continuing operations	15.83	1.97
Discontinued operations	(2.38)	(4.78)
Weighted average number of shares in issue – 31 March ('000)	443 675	444 481
Issued shares as at 1 April ('000)	444 153	444 597
Effect of own shares held ('000)	(478)	(116)
Net number of shares in issue – 31 March ('000)	443 354	444 152
Number of shares in issue – 31 March ('000)	445 738	445 737
Number of treasury shares in issue – 31 March ('000)	(2 384)	(1 585)

** Prior year restated for discontinued operations.*

Diluted headline earnings per share

The group has no dilution effect on headline earnings per share in the current and prior year.

26. Directors' emoluments

Paid by a subsidiary company Name	Salary R'000	Bonus R'000	Retire-ment and medical contri-butions R'000	Share options R'000	Directors' fees R'000	Other benefits R'000	Total R'000
For the year ended 31 March 2019							
Executive directors*							
MK Sherrif**	**4 625**	**1 104**	**423**	**–**	**–**	**–**	**6 152**
AS Lee	**2 667**	**710**	**257**	**–**	**–**	**–**	**3 634**
A van der Veen*****	**3 173**	**–**	**–**	**8 778**	**–**	**1 022**	**12 973**
Non-executive directors							
JA Copelyn (chairperson)	**7 330**	**3 573**	**–**	**4 310**	**–**	**198**	**15 411**
VE Mphande	**–**	**–**	**–**	**–**	**1 213**	**–**	**1 213**
RD Watson	**–**	**–**	**–**	**–**	**871**	**–**	**871**
L Govender	**–**	**–**	**–**	**–**	**169**	**–**	**169**
TG Govender	**1 908**	**806**	**–**	**1 854**	**–**	**67**	**4 635**
Y Shaik***	**3 787**	**1 600**	**–**	**2 146**	**–**	**–**	**7 533**
Prescribed officers							
M Rosin****	**4 036**	**1 073**	**375**	**–**	**–**	**–**	**5 484**
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the eMedia Holdings group	**(13 025)**	**(7 086)**	**–**	**(8 310)**	**(1 656)**	**(265)**	**(29 235)**
	14 501	**2 887**	**1 055**	**8 778**	**597**	**1 022**	**28 840**
For the year ended 31 March 2018							
Executive directors**							
A van der Veen*****	1 889	2 209	–	10 023	–	214	14 335
AS Lee	2 533	783	211	–	–		3 527
Non-executive directors							
JA Copelyn (chairperson)	6 980	3 927	–	4 051	–	816	15 774
VE Mphande	–	–	–	–	1 152	–	1 152
RD Watson	–	–	–	–	751	–	751
L Govender	–	–	–	–	173	–	173
TG Govender	2 271	1 107	–	1 715	–	425	5 518
Prescribed officers							
M Rosin	3 837	1 183	320	–	–		5 340
MK Sherrif	3 837	1 183	320	–	–		5 340
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the eMedia Holdings group	(11 140)	(7 243)	–	(15 789)	(1 470)	(1 455)	(37 097)
	10 207	3 149	851	–	606	–	14 813

* *There is no distinction made in the remuneration packages of executive directors for services as directors and services for carrying on the business of the group.*

** *Appointed 13 November 2018.*

*** *Appointed 3 July 2018.*

**** *Resigned 30 April 2019.*

***** *Resigned 30 November 2018.*

Notes to the financial statements continued

for the year ended 31 March 2019

27. Leases

	Group 2019 R'000	Group 2018 R'000
Operating leases – as lessor (income)		
Non-cancellable operating lease rentals are receivable as follows:		
Less than one year	**12 511**	3 988
Between one and five years	**59 786**	19 271
More than five years	**13 737**	19 525
	86 034	42 784

Certain of the group's commercial property is held to generate rental income from external parties. A lease agreement was entered into with Consulate General of the Federal Republic of Germany effective from 1 July 2016 with an initial lease period of 10 years and an extended period of a further 10 years, ending 30 June 2036. A lease agreement was entered into with Amazon Centres (SA) Propriety Limited effective from 1 April 2018, ending 31 December 2023.

	Group 2019 R'000	Group 2018 R'000
Operating leases – as lessee (expense)		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**15 220**	17 847
In second to fifth year inclusive	**27 482**	32 778
	42 702	50 625

28. Borrowing facilities

	Group 2019 R'000	Group 2018 R'000
Available facility	**157 000**	101 833
Net utilised	**(137 229)**	(37 636)
Unutilised balance	**19 771**	64 197

At 31 March 2019 borrowing facilities comprised a demand loan facility of R100 million and a bank overdraft facility of R57 million.

29. Commitments

	Group 2019 R'000	Group 2018 R'000
Commitments authorised by the board of directors but not yet contracted:		
Property, plant and equipment	**372 319**	86 590
Programming rights	**385 812**	395 627
	758 131	482 217

The committed expenditures will be financed by available bank facilities and retained profits.

The group has a contracted commitment for its signal distribution as at 31 March 2019 amounting to R34.2 million within one year, R182 million after one year to five years and R131 million after five years with the contract date ending on 31 July 2028. The contracted commitments will be funded from the group's available bank facilities and retained profits.

30. Contingencies

There are no material contingencies at the date of signing this report. The detail of the contingent consideration is as follows:

The contingent consideration arrangement requires the group to pay the sellers of Moonlighting Films Proprietary Limited (Moonlighting) an additional purchase consideration on 30 June 2018 and 30 June 2021 for the remaining shares (49%) held by the sellers. The sellers remain entitled to dividends while they hold the remaining shares, as it is also stipulated that Moonlighting will declare all profits (subject to working capital requirements) as a dividend at the end of each financial year.

In 2018, the purchase price of R15 million was paid over.

In 2021, the additional purchase price will be calculated as follows:

If the sellers do not leave prior to 30 June 2021 – the purchase price is:

- (The sum of net profit after tax for 2016, 2017, 2018, 2019, 2020 and 2021) less any payments already made by the group.

If the sellers leave Moonlighting in 2019, 2020 or 2021, net profit after tax will be calculated as the:

- (Lower of actual net profit after tax for 2016, 2017, 2018, 2019, 2020 and 2021) or (R5 million per annum for 2016, 2017, 2018, 2019, 2020 and 2021)

If the sellers choose to sell or are forced to sell, their shares will immediately be transferred to the group and they will lose the right to dividends. However, any purchase price that will accrue between 2018 and 2021 will only be paid on 30 September 2021.

The group will pay for the remaining 25% of the shares on 1 July 2021. The purchase price will be equal to (the sum of net profit after tax for 2016, 2017, 2018, 2019, 2020 and 2021) less any payments already made by the group. If this amount exceeds R42 million, only 50% of that excess will be paid to the sellers.

The fair value of the contingent consideration arrangement was determined by using the free cash flow approach. The discount rate applied in the estimate was 8.5% (2018: 8.5%) and net profit after tax was R11.1 million (2018: R8.1 million).

31. Post-year end events

Management is currently investigating the possibilities of exiting their investment in Jacana Media. No formal decision has been reached as yet. A decision was made to close down Crystal Brook Distribution, the anticipated finalisation date is end of August 2019. The directors are not aware of any event or circumstance occurring between the reporting date and the date of this report that materially affects the results of the group or company for the year ended 31 March 2019 or the financial position at that date. There has been no change in directors interest between reporting date and date of this report.

32. Change in comparatives

The results of discontinued operations have been separately disclosed on the face of the statement of comprehensive income. For further detail refer to note 24.

33. Related parties

During the year, in the ordinary course of business, certain companies within the group entered into transactions at arm's length. These intra-group transactions have been eliminated on consolidation.

Transactions with Hosken Consolidated Investments Limited (HCI) (ultimate holding company), entities in which HCI (GRIPP Advisory) has an interest, Remgro Limited (Remgro) (shareholder in eMedia Investments Proprietary Limited) and Venfin Media Investments Proprietary Limited (Venfin) (a wholly owned subsidiary of Remgro) are included in the following table:

	2019 R'000	2018 R'000
Expense/(income) transaction values with related parties		
HCI – management fees paid	**(20 429)**	(16 759)
Venfin – management fees paid	**(2 002)**	(1 888)
Interest income – interest-bearing loans to employees	**–**	107
Interest income – unwinding of employee loans at 0% interest	**736**	1 040
GRIPP Advisory – internal audit service fee	**(2 538)**	–
Balances owing (to)/by related parties		
HCI – working capital loan	**(8 602)**	(8 602)
HCI Managerial Services Proprietary Limited – creditor	**(1 747)**	(1 700)
Venfin – loan relating to the acquisition of Longkloof Limited	**(156 605)**	(156 605)
Cape Town Film Studios – associate loan	**118 728**	111 459
Dreamworld Management Company – associate loan	**12 340**	12 029
Employees of the group – loans relating to company shares held by employees	**9 351**	11 763
Loans to associates		
Loans to associates are disclosed as equity-accounted investees on the face of the statement of financial position.		
Remuneration key management personnel		
Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group. The remuneration (all short-term benefits) paid by the group to its key management personnel is as follows:		
Salaries and other short-term employee benefits	**28 840**	14 813

The percentage of shares held by directors of the company and their related entities at the reporting date are disclosed in the analysis of shareholders report in the integrated annual report, on pages 15 and 16.

Company

The ultimate holding company is HCI.

Related parties

All subsidiaries qualify as related parties. All subsidiaries are listed in note 38.

34. Financial instruments

Financial instruments by category

	Group 2019 R'000	Group 2018 R'000
Financial assets		
The carrying amount of financial assets, which also represent the maximum credit exposure and reasonably approximate their fair values, are as follows:		
Amortised cost	**673 504**	662 429
Fair value through profit or loss	**15 425**	10 255
Non-financial assets	**6 457 262**	6 684 873
	7 146 191	7 357 557

Reconciliation with line items presented in the statement of financial position:

	Amortised cost R'000	Fair value through profit or loss R'000	Non-financial assets R'000	Total R'000
2019				
Non-current assets	133 784	–	5 632 749	5 766 533
Property, plant and equipment			848 033	848 033
Goodwill			2 222 048	2 222 048
Intangible assets			2 451 759	2 451 759
Equity-accounted investees	124 433	–	29 412	153 845
Deferred taxation			79 575	79 575
Operating lease asset			1 922	1 922
Long-term receivables	9 351	–		9 351
Current assets	539 720	15 425	824 513	1 379 658
Inventories			14 038	14 038
Programme rights			792 611	792 611
Trade and other receivables	450 051	13 453	–	463 504
Forward exchange contracts	–	1 972	–	1 972
Current tax assets			17 864	17 864
Cash and cash equivalents	83 327	–	–	83 327
Assets of disposal groups	6 342	–	–	6 342
	673 504	15 425	6 457 262	7 146 191

34. Financial instruments continued

Financial instruments by category continued

	Amortised cost R'000	Fair value through profit or loss R'000	Non-financial assets R'000	Total R'000
2018				
Non-current assets	128 662	–	5 598 068	5 726 730
Property, plant and equipment			784 492	784 492
Goodwill			2 153 800	2 153 800
Intangible assets			2 537 697	2 537 697
Equity-accounted investees	116 899	–	26 596	143 495
Long-term receivables	11 763	–		11 763
Operating lease asset	–	–	2 635	2 635
Deferred taxation	–	–	92 848	92 848
Current assets	533 767	10 255	1 086 805	1 630 827
Inventories	–	–	9 714	9 714
Programme rights	–	–	870 674	870 674
Trade and other receivables	374 153	10 255	–	384 408
Current tax assets	–	–	16 950	16 950
Cash and cash equivalents	86 289	–	–	86 289
Assets of disposal groups	73 325	–	189 467	262 792
	662 429	10 255	6 684 873	7 357 557

	Group 2019 R'000	Group 2018 R'000
Financial liabilities		
The carrying amounts of financial liabilities, which also reasonably approximate their fair values, are as follows:		
Fair value through profit or loss	**–**	31 719
Amortised cost	**1 008 395**	1 218 692
Non-financial liabilities	**532 849**	548 185
	1 541 244	1 798 596

34. Financial instruments continued

Financial instruments by category continued

Reconciliation with line items presented in the statement of financial position:

	Fair value through profit or loss R'000	Amortised cost R'000	Non-financial liabilities R'000	Total R'000
2019				
Non-current liabilities	**–**	**123 732**	**526 630**	**650 362**
Deferred tax liabilities	**–**	**–**	**526 630**	**526 630**
Current portion of borrowings	**–**	**123 732**	**–**	**123 732**
Current liabilities	**–**	**884 663**	**6 219**	**890 882**
Current tax liabilities			**6 219**	**6 219**
Current portion of borrowings	**–**	**323 092**	**–**	**323 092**
Trade and other payables	**–**	**520 639**	**–**	**520 639**
Bank overdraft	**–**	**37 883**	**–**	**37 883**
Liabilities of disposal groups	**–**	**3 049**	**–**	**3 049**
	–	**1 008 395**	**532 849**	**1 541 244**
2018				
Non-current liabilities	–	150 910	533 342	684 252
Deferred tax liabilities	–	–	533 342	533 342
Borrowings – non-current	–	150 910	–	150 910
Current liabilities	31 719	1 067 782	14 843	1 114 344
Current tax liabilities	–	–	11 512	11 512
Current portion of borrowings	–	409 452	–	409 452
Trade and other payables	–	555 457	–	555 457
Forward exchange contracts	31 719	–	–	31 719
Bank overdraft	–	1 029	–	1 029
Liabilities of disposal groups	–	101 844	3 331	105 175
	31 719	1 218 692	548 185	1 798 596

34. Financial instruments continued

Maturity profile of financial instruments

Maturity profile of financial assets and liabilities at 31 March is summarised as follows:

	Less than 1 year R'000	1 – 3 years R'000	3 – 5 years R'000	Over 5 years R'000	Total R'000
2019					
Assets					
Equity-accounted investees	–	–	–	131 063	131 063
Long-term receivables	–	9 351	–	–	9 351
Trade and other receivables	465 476	–	–	–	465 476
Cash and cash equivalents	83 327	–	–	–	83 327
Assets of disposal groups	6 342	–	–	–	6 342
Total financial assets	555 145	9 351	–	131 063	695 559
Liabilities					
Forward exchange contracts	–	–	–	–	–
Borrowings	323 092	123 732		–	446 824
Trade and other payables	520 639	–	–	–	520 639
Bank overdraft	37 883	–	–	–	37 883
Liabilities of disposal groups	3 049	–	–	–	3 049
Total financial liabilities – non-derivatives	884 663	123 732	–	–	1 008 395
Net financial (liabilities)/assets	(329 518)	(114 381)	–	131 063	(312 836)
2018					
Assets					
Equity-accounted investees	–	–	–	116 899	116 899
Long-term receivables	–	11 763	–	–	11 763
Trade and other receivables	384 408	–	–	–	384 408
Cash and cash equivalents	86 289	–	–	–	86 289
Assets of disposal groups	73 325	–	–	–	73 325
Total financial assets	544 022	11 763	–	116 899	672 684
Liabilities					
Forward exchange contracts	31 719	–	–	–	31 719
Borrowings	409 452	150 910		–	560 362
Trade and other payables	555 457	–	–	–	555 457
Bank overdraft	1 029	–	–	–	1 029
Liabilities of disposal groups	101 844	–	–	–	101 844
Total financial liabilities – non-derivatives	1 099 501	150 910	–	–	1 250 411
Net financial (liabilities)/assets	(555 479)	(139 147)	–	116 899	(577 727)

34. Financial instruments continued

Contractual cash flows

	Less than 1 year R'000	1 – 3 years R'000	3 – 5 years R'000	Over 5 years R'000	Total R'000
2019					
Liabilities – contractual cash flows					
Borrowings	**323 092**	**123 732**	**–**	**–**	**446 824**
Trade and other payables	**520 639**	**–**	**–**	**–**	**520 639**
Bank overdraft	**37 883**	**–**	**–**	**–**	**37 883**
Liabilities of disposal groups	**3 049**	**–**	**–**	**–**	**3 049**
Total financial liabilities – non-derivatives	**884 663**	**123 732**	**–**	**–**	**1 008 395**
2018					
Liabilities – contractual cash flows					
Borrowings	428 704	167 247			595 951
Trade and other payables	587 176				587 176
Bank overdraft	1 137				1 137
Liabilities of disposal groups	101 844				101 844
Total financial liabilities – non-derivatives	1 118 861	167 247	–	–	1 286 108

34. Financial instruments continued

Fair value of financial instruments

The fair values of short-term financial assets and liabilities approximate their carrying values as disclosed in the statement of financial position.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2019				
Financial assets measured at fair value				
Harlan Special Opportunities Fund LP	**–**	**13 453**	**–**	**13 453**
Forward exchange contracts	**–**	**1 972**	**–**	**1 972**
	–	**15 425**	**–**	**15 425**
2018				
Financial assets measured at fair value				
Harlan Special Opportunities Fund LP	–	10 255	–	10 255
	–	10 255	–	10 255
Financial liabilities measured at fair value				
Forward exchange contracts	–	31 719	–	31 719
	–	31 719	–	31 719

The group's foreign currency forward contracts are not traded in active markets. These contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

The group's investment in Harlan Special Opportunities Fund is not traded in active markets. This investment has been fair valued using an observable statement from a third party. The effects of non-observable inputs are not significant for the measurement.

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35. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and 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 potential adverse effects on the financial performance of the group.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated and separate financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established an audit and risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit and risk committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Market risk

Currency risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. Foreign currency imports within the group are managed using forward exchange contracts. Forward exchange contracts (FECs) are not used for speculative purposes. FECs act as natural hedges and formal hedge accounting is not performed.

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2018 and 2019.

	2019 R'000	2018 R'000
Effect on profit and loss:		
Local currency:		
British pound	**2 185**	71
Euro	**498**	(807)
US dollar	**328 005**	16 161

Refer to note 36 for detail on significant exchange rates applied during the year as well as notes 13 and 18 for detail on carrying amounts exposed to foreign currency exchange risk.

35. Financial risk management continued

Market risk continued

Interest rate risk

The group's primary interest rate risk arises from long-term borrowings and places funds in the money market. It is exposed to a lesser extent to interest rate changes on loans to non-controlling interests of fellow subsidiary companies. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with a reputable financial institution.

Interest rate sensitivity analysis

At year end the group's interest-bearing borrowings amounted to R123.7 million (2018: R394.8 million). In the main the interest rates applicable to these loans are variable. A change of 100 basis points in interest rates would increase or decrease profit or loss by R12.4 million before tax.

Refer to note 17 for detail on borrowings.

Credit risk

The group has no significant concentrations of credit risk. Overall credit risk is managed at an entity level. Credit risk arises from cash and cash equivalents and credit exposure to the group's customer base, including outstanding receivables. Trade receivables comprise a large, widespread customer base and the group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer note 13 for further credit risk analysis in respect of trade and other receivables. No material credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Adequate liquidity is managed through the use of cash flow forecasts and by the maintenance of adequate borrowing facilities.

Refer to note 34 for detail on the group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

Capital risk management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital base of the business is viewed as being the shareholder equity and non-current liabilities.

36. Foreign currency commitments

	Currency	Uncovered R'000	Covered R'000	Total R'000
2019				
Foreign currency monetary items are as follows:				
Foreign receivables	**GBP**	**–**	**–**	**–**
	EUR	**13**	**–**	**13**
	USD	**1 524**	**–**	**1 524**
Foreign payables				
	GBP	**1 166**	**–**	**1 166**
	EUR	**320**	**–**	**320**
	USD	**–**	**228 863**	**228 863**
2018				
Foreign currency monetary items are as follows:				
Foreign receivables	GBP	–	–	–
	EUR	325	–	325
	USD	31 735		31 735
Foreign payables				
	GBP	103	–	103
	EUR	–	–	–
	USD	180 428	174 027	354 455

	Average rate		Reporting date	
	2019	2018	**2019**	2018
The following significant exchange rates applied during the year:				
British pound	**18.0400**	16.9475	**18.7428**	16.9209
Euro	**15.9100**	14.6648	**16.1900**	14.8185
US dollar	**13.7500**	12.7357	**14.4280**	11.9625

37. Segment report

The group only has one operating segment i.e. the media segment. In accordance with the applicable accounting standards (IFRS 5 Non-current Assets Held for Sale and Discontinued Operations) the non-media assets have been accounted for as "discontinued operations" in the statement of comprehensive income and the media segment as "continuing operations".

The chief operating decision-maker, identified as the executive member of the board considers the operations of the group at year end as those of media only and therefore no separate disclosure for operating segments are required.

38. Interest in subsidiary companies

Name of subsidiary companies

(Incorporated in the Republic of South Africa unless otherwise stated)

	Issued capital		% Interest		Shares at book value	
	2019 R	2018 R	2019 %	2018 %	2019 R	2018 R
Direct holdings						
HCI Invest 3 Holdco Proprietary Limited	**800 000 100**	800 000 100	**100**	100	**–**	–
eMedia Investments Proprietary Limited	**54 871 329**	54 871 329	**67.7**	67.7	**5 333 899 924**	5 333 899 924
Shares at book value					**5 333 899 924**	5 333 899 924

The below indirect holdings are all held by eMedia Investments Proprietary Limited.

	Issued capital		Effective interest		Shares at book value	
	2019 R	2018 R	2019 %	2018 %	2019 R	2018 R
Indirect holdings						
e.tv Proprietary Limited	**108 373**	108 373	**67.7**	67.7	**860 487 649**	860 487 649
Yired Proprietary Limited	**1 003**	1 003	**67.7**	67.7	**1 003**	1 003
Platco Digital Proprietary Limited	**1 000**	1 000	**67.7**	67.7	**1 000**	1 000
Silverline Three Sixty Proprietary Limited	**200**	200	**67.7**	67.7	**20 791 900**	20 791 900
eSat.tv Proprietary Limited	**100**	100	**67.7**	67.7	**100**	100
Sasani Africa Proprietary Limited	**100**	100	**67.7**	67.7	**100**	100
Sabido Properties Proprietary Limited	**2**	2	**67.7**	67.7	**2**	2
Crystal Brook Distribution Proprietary Limited	**100**	100	**67.7**	67.7	**100**	100
Longkloof Limited	**100**	100	**67.7**	67.7	**506 015 859**	506 015 859
Shares at book value					**1 387 297 713**	1 387 297 713

	Company Loans at book value	
	2019 R	2018 R
eMedia Investment Proprietary Limited	**340 553 328**	340 553 328
eMedia Investment Proprietary Limited – working capital loan	**(17 823)**	(17 823)
HCI Invest 3 Holdco Proprietary Limited	**8 603 115**	8 603 115
Amounts owing by subsidiary companies	**349 138 620**	349 143 364

Subsidiary companies (indirect holding) whose financial position or results are not material are excluded. Details of excluded subsidiaries are available from the company secretary.

The loan payable/(receivable) by eMedia Investment Proprietary Limited is payable on written demand from both parties.

The loans owing by HCI Invest 3 Holdco are interest free and have no set terms of repayment.

Longkloof Limited is incorporated and operated in the Channel Islands and all other subsidiary companies (indirect holding) listed above are incorporated and operate in South Africa.

39. Non-controlling interest

Significant restrictions

There are no significant statutory, contractual or regulatory restrictions on the group's ability to access or use its assets and settle its liabilities.

There are no contractual arrangements in place for the provision of financial support of the principal subsidiary, nor has there been any financial or other support provided to these entities during the reporting period.

The group includes the following subsidiary with non-controlling interests (NCIs):

	Effective interest held by NCI		Profit/(loss) allocated to NCI for the year	
	2019 %	2018 %	**2019 R'000**	2018 R'000
eMedia Investments Proprietary Limited	**32.31**	32.31	**29 794**	(36 261)
Other subsidiaries			**5 115**	2 114
			34 909	(34 147)

	Other comprehensive loss allocated to NCI for the year		Accumulated NCI	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
eMedia Investments Proprietary Limited	**(1 070)**	(2 409)	**1 000 619**	971 895
Other subsidiaries	**–**	–	**3 705**	25 099
	(1 070)	(2 409)	**1 004 324**	996 994

Set out below is the NCI summarised financial information for eMedia Investments Proprietary Limited. The amounts disclosed are before inter-company eliminations.

	2019 R'000	2018 R'000
Summarised statement of financial position		
Non-current assets	**1 423 432**	1 340 157
Current assets	**1 384 443**	1 384 470
Assets of disposal groups	**6 342**	262 792
Non-current liabilities	**(139 416)**	(166 585)
Current liabilities	**(1 219 041)**	(1 340 749)
Liabilities of disposal groups	**(3 049)**	(105 175)
Summarised statement of comprehensive income		
Revenue	**2 405 548**	2 318 537
Profit/(loss) for the year	**111 725**	(86 820)
Other comprehensive (loss)/income for the year	**(3 312)**	(7 458)
Total comprehensive income	**108 413**	(94 278)
Summarised cash flows		
Cash flows from operating activities	**204 071**	22 603
Cash flows from investing activities	**(106 401)**	(42 550)
Cash flows from financing activities	**(167 180)**	(52 498)

40. Change in accounting policies

IFRS 9 Financial Instruments

This standard replaces IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit loss model that replaces the current incurred loss impairment model.

As per IFRS 9, the group classifies financial instruments, or their component parts, on initial recognition according to the business model and contractual cash flow characteristics.

The effective date of the standard is for years beginning on or after 1 January 2018. The group has adopted the standard for the first time in the 2019 annual financial statements.

The prior year credit loss allowance was determined on the IAS 39 measurement basis which applied an incurred loss model, whereas the current year allowance was determined by applying an expected loss model in terms of IFRS 9.

The new standard has been applied using the modified retrospective method. There were no material changes in how financial instruments were recognised under IAS 39 and therefore no adjustment was required on 1 April 2018.

See notes 9 and 13.

The prior year accounting policy was based on IAS 39 and read as follows:

Financial assets and financial liabilities are initially recognised at fair value plus any directly attributable transaction costs (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Finance costs are charged against income in the year in which they accrue using the effective interest rate method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to finance costs over the life of the instrument.

i) Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial assets held for trading and/or designated by the entity upon initial recognition as at fair value through profit or loss.

Gains or losses arising from changes in the fair value of the "financial assets at fair value though profit or loss" category are presented in the income statement within other losses/gains – net, in the period in which they rise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the group's right to receive payments is established.

ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group does not hold any investments in this category.

iii) Loans and receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for expected credit losses.

An allowance for expected credit losses of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables.

iv) Financial liabilities at fair value through profit or loss

Non-derivative financial liabilities are measured initially and subsequently at fair value by discounting the future cash payments using the market rate applicable at statement of financial position date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

v) Financial liabilities at amortised cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the profit or loss over the period of the borrowings.

40. Change in accounting policies continued

vi) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit and loss; translation differences on non-monetary securities are recognised in other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payments is established.

vii) Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

Bank overdrafts are included within cash and cash equivalents on the face of the statement of cash flows as they form an integral part of the group's cash management.

viii) Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

ix) Trade payables

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

In accordance with the option provided by IFRS 9 the group has elected not to restate comparatives. The impact was immaterial to the group therefore no adjustment has been made to the financial reporting information. Please refer to note 13.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 and related "Clarifications to IFRS 15 Revenue from Contracts with Customers" replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. The new standard is based on a five-step model set out in note 1. The new standard has been applied using the modified retrospective method. There were no material changes in how revenue was recognised under IAS 18 and therefore no adjustment was required on 1 April 2018. See note 19.

The prior year accounting policy was based on IAS 18 and read as follows:

Revenue is measured at the fair value of the consideration received or receivable.

i) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

ii) Advertising

Advertising revenues from the group's free-to-air television and radio platforms are recognised on fighting and over the period of the advertising contract.

iii) Interest income

Interest income is recognised using the effective interest method.

iv) Royalty income

Royalty income is recognised on an accrual basis in accordance with the relevant agreements and is included in other income.

v) Dividend income

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

vi) Lease income

Revenues from finance leases are recognised using the effective yield method. Revenues from operating leases are recognised on a straight-line basis over the lease term.

Corporate information

eMedia Holdings Limited

The company's shares are listed under the media sector of the JSE Limited.

Company registration number

1968/011249/06 (Incorporated in the Republic of South Africa)

JSE share codes

Ordinary shares: EMH IZIN: ZAE000208898
N ordinary shares: EMN IZIN: ZAE000209524

Registered office

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Directors

John Copelyn* (chairperson), Mahomed Khalik Sherrif (chief executive officer), Antonio Lee (financial director), Kevin Govender*, Yunis Shaik*, Elias Mphande*^, Loganathan Govender*^, Rachel Watson*^

**Non-executive.*
^Independent.

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