eMedia Holdings

eMedia Holdings Limited

ANNUAL FINANCIAL STATEMENTS

STATEMENTS

2018

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Declaration by the company secretary

We certify that eMedia Holdings Limited has lodged with the Registrar of Companies, for the financial year ended 31 March 2018, all such returns and notices as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services
Proprietary Limited

HCI Managerial Services Proprietary Limited
Company secretary

25 July 2018

Cape Town

DIRECTORS' REPORT

FOR THE TWELVE MONTHS ENDED 31 MARCH 2018

NATURE OF BUSINESS

eMedia Holdings Limited 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 period with a loss for the year from continued operations of R1 599 million compared to a profit in the prior year of R112 million. Included in the loss for the current year is the impairment of goodwill of R1 501 million relating to the goodwill recognised upon the acquisition of eMedia Investments Proprietary Limited. Also included in the 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. EBITDA for the Group ended on R178 million compared to R405 million in the prior year, a 56% decrease year-on-year. Headline earnings for the Group amounted to a loss of R12.5 million compared to a profit of R98 million in the prior year.

The only asset of the Group is a 67.69% interest in eMedia Investments, the company that owns e.tv, eNCA and Openview.

Tough trading conditions continued for the free-to-air broadcasting industry with advertising revenue remaining flat. Despite this, the Group showed an increase of 5% in advertising revenue from R1 505 million to R1 573 million. The results were also impacted by the new MultiChoice agreement with eMedia Investments. In this regard, licence fee revenue was cut substantially in the current year. In addition, the Group continued to invest in the Openview platform which remains loss making.

The reduction in movie slots, and a detailed analysis of the movie inventory, necessitated a once-off write-down of the movie inventory of R68.8 million. This is included in programming costs and other cost of sales which has shown an 11% increase year-on-year. A new revenue and content acquisition system was implemented to ensure better content acquisition in future.

Openview (inclusive of the e.tv multi-channel business) earned advertising revenue of R60 million and incurred content costs of R173 million. Operating costs, including retail subsidies of R74 million (2017: R99 million) amounted to R255 million. The net operating loss of Openview amounted to R366.6 million (R394.5 million in 2017). Openview set-top box activations continue to grow at an average of 35 000 per month. At the end of the period, a total of 1 149 217 (778 493 in 2017) boxes were activated and a total of R74 million (R99 million in 2017) were spent on retail subsidies. The SES-5 satellite contract was terminated in December. Settlement and usage costs of R100 million were paid in this financial year of which R55.4 million was expensed in this financial year and will not be recurring. The Group will increase its content investment in the Openview platform during 2019 and recently announced that it will launch a news channel on Openview during the last quarter of 2018. In addition an Afrikaans block of programming, including news and current affairs, will also be launched during this time. While these programmes and channels will be loss making in the beginning, they are part of the content that is required to promote set-top box uptake and viewership. Openview currently attracts about 3,5% of the television audience in South Africa and break-even is estimated to be in the region of 6%.

eNCA continues to be the most watched 24-hour news channel in the country with over 50% of the market share. As mentioned, the amount received from MultiChoice has reduced from this year, however costs are being well controlled in this entity.

Certain of the Group's other subsidiaries have performed satisfactorily for the year. These include Sasani Africa and Strika Entertainment, while other assets have underperformed but have shown improvement towards the latter part of the financial year. Management continues to review non-core and peripheral business and will exit these businesses when opportunities present themselves.

DIVIDENDS

No dividend was declared by the Group.

SHARE CAPITAL

During the year under review, 444 481 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 2018, these shares are held as treasury shares by the company.

DIRECTORATE

The directors of the company appear on page 56. With effect from 14 November 2017, André van der Veen, chief executive officer was appointed to the board of eMedia Holdings as an executive director and former acting chief executive officer Kevin Govender, appointed a non-executive director. Yunis Shaik was appointed as a non-executive director on 3 July 2018.

The board of the company comprises John Copelyn (non-executive chairman); André van der Veen (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 Velaphi Mphande (independent non-executive director, member of the audit and risk and remuneration committees).

COMPANY SECRETARY

The secretary of the company for the twelve months ended 31 March 2018 was Junadi Van der Merwe. 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 70. The company secretary resigned on 31 March 2018 and has been replaced by HCI Managerial Services Proprietary Limited.

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

AUDITORS

Grant Thornton Johannesburg Partnership will continue in office in accordance with section 90 of the South African Companies Act, with Garron Chaitowitz as the designated auditor.

SIGNIFICANT SHAREHOLDERS

The company's significant ordinary shareholder is Fulela Trade and Invest 81 Proprietary Limited and significant N-ordinary shareholder 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 1 November 2017:

- 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 1 November 2017 until the date of the next annual general meeting.
- 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.

AUDITOR'S REPORT

The consolidated annual financial statements have been audited by Grant Thornton Johannesburg Partnership and their unqualified audit report on the annual financial statements is available for inspection at the registered office of the company.

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 2018, are set out on page 16 of the Integrated Annual Report.

DIRECTORS' EMOLUMENTS

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2018 are set out in the remuneration report on page 56.

ASSOCIATES, JOINT VENTURES AND SUBSIDIARIES

Details of the company's subsidiaries are set out in annexure A to the annual financial statements and are available on the company website www.emediaholdings.co.za.

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 HCI 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 2018.

SUBSEQUENT EVENTS

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 2018 or the financial position at that date.

PREPARER

These annual financial statements were prepaired under the supervision of the financial director, Mr AS Lee, CA (SA).

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 this consolidated annual financial statements. The summarised audited financial statements set out on pages 11 to 69 and the annual financial statements for the year ended 31 March 2018, available on the company website www.emediaholdings.co.za, have been prepared in accordance with International Financial Reporting Standards and include amounts based on prudent judgments 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, Grant Thornton Johannesburg Partnership, 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 annual financial statements for the year ended 31 March 2018, which are available on the company website, were approved by the board of directors on 25 July 2018 and are signed on its behalf by:

JA Copelyn Chairman	A van der Veen Chief executive officer	AS Lee Financial director

25 July 2018
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 "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 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 COMMITTEE

The audit 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 committee, including the requirements set out by sections 94 of the Act and in terms of the committee's terms of reference which are more fully set out in the corporate governance 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 act and accordingly nominates Grant Thornton Johannesburg Partnership to continue in office as the independent auditor and noted the appointment of Garron Chaitowitz as the designated auditor for 2018;

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 Grant Thornton Johannesburg Partnership, the external auditor, and Garron Chaitowitz the designated auditor, are independent of the company and of the Group.

The Audit Committee has reviewed sections 3, 8, 13, 15 and 22 and Schedule 8 of the JSE Listings Requirements and confirm that based on the amended requirements of the JSE-accreditation of Auditors, effective 15 October 2017, we are satisfied that:

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;

the auditors have provided to the audit 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

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.

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

CONFIDENTIAL MEETINGS

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

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR

As required by JSE Listings Requirement 3.8(h), the committee reviewed the financial director of the Group, Antonio Lee, and considers his expertise and experience appropriate.

The committee is also satisfied that the expertise, resources and experience of the finance function is adequate.

INTERNAL AUDIT

The Group has appointed its holding company HCI's internal audit department 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 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 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 2018 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

L Govender

Chairman: Audit and risk committee

Cape Town

25 July 2018

INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF EMEDIA HOLDINGS LIMITED

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 11 to 69, which comprise the consolidated and separate statements of financial position as at 31 March 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the 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 2018, 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 in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B). 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.

The following key audit matters relate to the consolidated and separate financial statements.

Key Audit Matter (KAM)	How our audit addressed the KAM
Consolidated Financial Statements	
Goodwill assessment	
IFRS requires goodwill to be reviewed annually for impairment. This annual impairment assessment was considered a KAM for the following reasons: • The significance of the goodwill balance (R2.154 billion). • There are significant judgements involved in forecasting the future cash flows used in the value in use calculations. • The impairment testing resulted in an impairment in the value of goodwill in the current year of R1.5 billion.	We obtained management's value in use calculations and performed the following audit procedures: • Identified the key assumptions in the model; • Obtained from the directors supporting evidence for the key assumptions used; • 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; • We used our valuation specialist to independently evaluate the discount and growth rates used in the model and review the reasonableness of the assumptions

- We considered the adequacy of the Group's disclosure (refer note 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.

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 value of the distribution rights (R211 million).
- The Group's distribution rights comprise various categories which are tested on an annual basis for impairment.
- Distribution rights nearing the end of their useful lives and content deemed to be unsaleable has been identified by management and written off to the value of R7.7 million

We performed 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;
- 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;
- 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;
- We considered on the adequacy of the Group's disclosure (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 value of the programming rights (R871 million).
- The Group's programming rights comprise various categories which are tested on an annual basis for impairment
- 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 in the current 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. For genres other than features the cost is amortised on the first run.
- Included in international programming rights is a write down of movie inventory of 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 their carrying value.

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;
- We considered the adequacy of the Group's disclosure (refer note 12) of the programming rights.

Income tax matter

There is an ongoing disagreement between the South African Revenue Services and e.tv Proprietary Limited as to the timing of the deductibility of the cost of the feature films included in international programming rights which is considered to be a KAM

A follow up has been performed by our tax specialists with a focus on the tax and accounting treatment related to the timing of the programming rights, amortisation deductions and the applicable provisions of the Income Tax Act (refer note 23).

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 and intercompany loans. This annual consideration is a KAM as the balance of interests in subsidiary companies and intercompany loans is material to the separate financial statements. The impairment testing resulted in an impairment in the value of the investment in the subsidiary in the current year of R2.7 billion.	• Our audit procedures included the following: • Considered indicators of impairment; • Obtained the discounted cash flows for the underlying entities to evaluate the recoverability of the interests in subsidiary companies and intercompany loans; • We used our internal valuations specialist to assist us in evaluating the assumptions and methodologies used by the Company in the models used; • Considered the adequacy of the Company's disclosure (refer notes 7 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 Directors' Report, the Audit and Risk Committee's Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and further information contained in the Integrated Annual Report. 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, 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 detailed as 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 benefit 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 Grant Thornton has been the auditor of eMedia Holdings Limited for 4 years

Grant Thornton

GRANT THORNTON

Registered Auditors
Practice Number: 903485E

G M Chaitowitz
Partner
Registered Auditor
Chartered Accountant (SA)

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

25 July 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH

		GROUP 2018 R000's	GROUP 2017 R000's	COMPANY 2018 R000's	COMPANY 2017 R000's
ASSETS					
Non-current assets		5 726 730	7 622 858	3 031 374	5 683 056
Property, plant and equipment	4	784 492	941 584	-	-
Plant and equipment		183 785	323 028	-	-
Owner occupied property		600 707	618 556	-	-
Intangible assets	5	2 537 697	2 596 701	-	-
Goodwill	6	2 153 800	3 778 264	-	-
Interest in subsidiary companies	7	-	-	2 682 218	5 333 900
Equity-accounted investees	8	143 495	203 038	-	-
Long-term receivables	9	14 398	16 456	349 156	349 156
Deferred tax assets	10	92 848	86 814	-	-
Current assets		1 368 035	1 529 469	1 653	1 654
Inventories	11	9 714	20 946	-	-
Programming rights	12	870 674	866 244	-	-
Trade and other receivables	13	384 408	439 962	-	-
Current tax assets		16 950	16 113	-	-
Cash and cash equivalents		86 289	186 204	1 653	1 654
Assets of disposal groups	14	262 792	53 618	-	-
Total assets		7 357 557	9 205 945	3 033 027	5 684 710
EQUITY AND LIABILITIES					
Total equity		5 558 961	7 181 685	3 006 601	5 663 028
Stated capital	15	6 762 797	6 762 797	6 762 797	6 762 797
Treasury shares	16	(10 870)	(7 221)	(10 870)	(7 221)
Reserves		(2 189 959)	(600 432)	(3 745 326)	(1 092 549)
Equity attributable to owners of the parent		4 561 968	6 155 144	3 006 601	5 663 028
Non-controlling interest	39	996 993	1 026 541	-	-
Non-current liabilities		684 252	877 871	-	-
Deferred tax liabilities	10	533 342	540 747	-	-
Borrowings	17	150 910	332 627	-	-
Operating lease liability		-	4 497	-	-
Current liabilities		1 009 169	1 144 769	26 426	21 682
Current tax liabilities		11 512	6 664	-	-
Current portion of borrowings	17	409 452	342 537	26 426	21 682
Trade and other payables	18	587 176	793 757	-	-
Bank overdraft		1 029	1 810	-	-
Liabilities of disposal groups	14	105 175	1 621	-	-
Total liabilities		1 798 596	2 024 260	26 426	21 682
Total equity and liabilities		7 357 557	9 205 945	3 033 027	5 684 710
Net asset value		4 561 968	6 155 144		
Net asset value per share after treasury shares (cents)		1 027	1 384		

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

		GROUP		COMPANY	
		2018	2017 *	2018	2017
	Notes	R000's	R000's	R000's	R000's
Continuing operations					
Revenue	19	**2 196 250**	2 303 112	**-**	-
Cost of sales		**(1 213 056)**	(1 096 441)	**-**	-
Gross profit		**983 194**	1 206 671	**-**	-
Other income		**14 361**	17 230	**-**	-
Administrative and other expenses		**(819 396)**	(819 025)	**(1 097)**	(1 417)
Earnings/(loss) before interest, taxation, depreciation and amortisation	20	**178 159**	404 876	**(1 097)**	(1 417)
Depreciation, amortisation and other impairments	21	**(119 729)**	(136 906)		
Impairments of goodwill and investments	21	**(1 597 041)**	(25 739)	**(2 651 682)**	-
Operating (loss)/profit		**(1 538 611)**	242 231	**(2 652 779)**	(1 417)
Finance income	22	**8 199**	9 333	**-**	-
Finance expenses	22	**(41 437)**	(57 408)	**-**	-
Share of profit/(loss) of equity-accounted investees, net of taxation		**1 289**	(2 241)	**-**	-
(Loss)/profit before taxation		**(1 570 560)**	191 915	**(2 652 779)**	(1 417)
Taxation	23	**(28 866)**	(79 652)	**-**	-
(Loss)/profit for the year from continuing operations		**(1 599 426)**	112 263	**(2 652 779)**	(1 417)
Discontinued operations					
(Loss)/profit for the year from discontinued operations, net of taxation	24	**(13 494)**	48 351	**-**	-
(Loss)/profit for the year		**(1 612 920)**	160 614	**(2 652 779)**	(1 417)
Other comprehensive income, net of related taxation					
Items that are or may be reclassified to profit or loss					
Foreign operations - foreign currency translation differences		**(6 735)**	(2 198)	**-**	-
Reclassification of foreign currency differences on disposal		**(723)**	(65 049)	**-**	-
Other comprehensive loss, net of taxation		**(7 458)**	(67 247)	**-**	-
Total comprehensive (loss)/income for the year		**(1 620 378)**	93 367	**(2 652 779)**	(1 417)
(Loss)/profit attributable to:					
Owners of the Company		**(1 578 773)**	104 760		
Non-controlling interest		**(34 147)**	55 854		
		(1 612 920)	160 614		
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(1 583 821)**	59 242		
Non-controlling interest		**(36 557)**	34 125		
		(1 620 378)	93 367		
(Loss)/earnings per share	25	**(355,20)**	23,53		
(Loss)/earnings per share from continuing operations (cents)	25	**(352,97)**	14,51		
(Loss)/earnings per share from discontinued operations (cents)	25	**(2,23)**	9,02		

* Restated for discontinued operations, see note 24

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	Stated capital	Treasury shares	Foreign currency translation reserves	Retained income	Equity owners of the parent	Non-controlling interest	Total equity
	R000's	R000's	R000's	R000's	R000's	R000's	R000's
GROUP							
Balance 31 March 2016	6 762 797	-	38 030	(697 704)	6 103 123	988 219	7 091 343
Total comprehensive income/(loss)	-	-	(45 518)	104 760	59 242	34 125	93 367
Profit	-	-	-	104 760	104 760	55 854	160 614
Other comprehensive loss	-	-	(45 518)	-	(45 518)	(21 729)	(67 247)
Foreign operations - foreign currency translation differences	-	-	(1 488)	-	(1 488)	(710)	(2 198)
Reclassification of foreign currency differences on disposal	-	-	(44 030)	-	(44 030)	(21 019)	(65 049)
Transactions with owners of the company	-	(7 221)	-	-	(7 221)	(5 252)	(12 473)
Dividends declared	-	-	-	-	-	(5 252)	(5 252)
Share buy-back	-	(7 221)	-	-	(7 221)	-	(7 221)
Changes in ownership interest	-	-	-	-	-	9 449	9 449
Disposal of share interest	-	-	-	-	-	9 449	9 449
Balance 31 March 2017	**6 762 797**	**(7 221)**	**(7 488)**	**(592 944)**	**6 155 144**	**1 026 541**	**7 181 685**
Total comprehensive 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 loss	**-**	**-**	**(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)**	**(2 177 422)**	**4 561 968**	**996 993**	**5 558 961**
Note	15	16				39	

STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 MARCH

	Stated capital R000's	Treasury shares R000's	Retained income R000's	Equity owners of the parent R000's	Total equity R000's
COMPANY					
Balance 31 March 2016	6 762 797	-	(1 091 132)	5 671 665	5 671 665
Total comprehensive loss	-	-	(1 417)	(1 417)	(1 417)
Loss	-	-	(1 417)	(1 417)	(1 417)
Transactions with owners of the company	-	(7 221)	-	(7 221)	(7 221)
Shares buy-back	-	(7 221)	-	(7 221)	(7 221)
Balance 31 March 2017	6 762 797	(7 221)	(1 092 549)	5 663 028	5 663 028
Total comprehensive loss	-	-	(2 652 779)	(2 652 779)	(2 652 779)
Loss	-	-	(2 652 779)	(2 652 779)	(2 652 779)
Transactions with owners of the company	-	(3 649)	-	(3 649)	(3 649)
Share buy-back	-	(3 649)	-	(3 649)	(3 649)
Balance 31 March 2018	6 762 797	(10 870)	(3 745 326)	3 006 601	3 006 601
Note	15	16			

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH

		GROUP		COMPANY	
		2018	2017	**2018**	2017
	Notes	**R000's**	R000's	**R000's**	R000's
Net cash flows from operating activities		**20 966**	269 096	**(1 097)**	(5 575)
(Loss)/profit for the year		**(1 612 920)**	160 614	**(2 652 779)**	(1 417)
Adjustments for:					
Depreciation	21	**126 274**	130 872	**-**	-
Amortisation of intangible asset	21	**56 560**	76 705	**-**	-
Amortisation of programming rights through cost of sales	21	**571 951**	542 125	**-**	-
Net surplus on disposal of property, plant and equipment	20	**(2 554)**	(4 420)	**-**	-
(Profit)/loss from associates	8	**(1 289)**	2 240	**-**	-
Profit on sale of discontinued operations		**(5 473)**	(35 223)	**-**	-
Impairment of goodwill	6	**1 532 682**	-	**-**	-
Impairment of intangible assets	21	**8 307**	7 390	**-**	-
Impairment of investment in associates	21	**64 359**	23 156	**-**	-
Impairment of other financial assets		**-**	2 582	**-**	-
Impairment of interest in subsidiaries		**-**	-	**2 651 682**	-
Write-off of intangibles through cost of sales		**-**	5 856	**-**	-
Write-off of programming rights through cost of sales	21	**68 845**	-	**-**	-
Write-off of financial assets		**537**	20 309	**-**	-
Write-off of property, plant and equipment		**170**	-	**-**	-
Fair value adjustment of forward exchange contracts		**24 673**	36 014	**-**	-
Other non-cash items		**(3 177)**	(11 204)	**-**	-
Net finance costs		**39 110**	53 631	**-**	-
Tax expense		**33 258**	97 948	**-**	-
		901 313	1 108 595	**(1 097)**	(1 417)
Changes in:					
Inventories		**4 930**	(3 001)	**-**	-
Trade and other receivables		**39 814**	7 671	**-**	-
Trade and other payables		**(191 545)**	248 557	**-**	(4 158)
Programming rights		**(645 226)**	(917 395)	**-**	-
Cash generated from operating activities		**109 286**	444 427	**(1 097)**	(5 575)
Net finance costs paid		**(38 777)**	(49 004)	**-**	-
Taxes paid		**(49 543)**	(126 327)	**-**	-
Unpaid at the beginning of the year		**(9 128)**	6 868	**-**	-
Charged to the profit/(loss)		**52 489**	110 010	**-**	-
Unpaid at the end of the year		**6 227**	9 449	**-**	-

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 MARCH

		GROUP		COMPANY	
		2018	2017	2018	2017
	Notes	R000's	R000's	R000's	R000's
Net cash flow from investing activities		**(42 551)**	(50 858)	**-**	-
Acquisition of property, plant and equipment		**(56 962)**	(78 103)	**-**	-
Acquisition of plant and equipment	4	**(54 449)**	(69 922)	**-**	-
Acquisition of owner-occupied properties	4	**(2 513)**	(8 181)	**-**	-
Proceeds from sale of property, plant and equipment		**27 670**	7 393	**-**	-
Book value of assets disposed		**2 298**	4 472	**-**	-
Surplus/(loss) on disposal		**25 372**	2 921	**-**	-
Advances of financial assets		**2 153**	2 271	**-**	-
Acquisition of subsidiary, net of cash acquired		**-**	(3 749)	**-**	-
Net cash flows of discontinued operations		**16 928**	36 928	**-**	-
Additions to intangible assets	5	**(22 376)**	(10 073)	**-**	-
Loans advanced to equity accounted investees		**(9 964)**	(6 900)	**-**	-
Investment income		**-**	1 375	**-**	-
Net cash flow from financing activities		**(51 403)**	(180 471)	**1 095**	5 858
Repayment of borrowings		**(188 424)**	(170 875)	**4 744**	13 079
Settlement of forward exchange contracts		**(11 743)**	-	**-**	-
Borrowings raised		**150 188**	2 877	**-**	-
Share buy back		**(3 649)**	(7 221)	**(3 649)**	(7 221)
Proceeds from disposal of shares to non-controlling interest		**2 570**	-	**-**	-
Dividends paid to non controlling interest		**(345)**	(5 252)	**-**	-
Net change in cash and cash equivalents		**(72 988)**	37 767	**(2)**	283
Cash and cash equivalents at beginning of the year		**192 510**	159 528	**1 654**	1 370
Effect of movements in exchange rates on cash held		**(2 866)**	(4 785)	**-**	-
Cash and cash equivalents at end of the year		**116 656**	192 510	**1 652**	1 654
Cash and cash equivalents comprise the following					
Cash and cash equivalents		**117 685**	194 320	**1 652**	1 654
Bank balances		**86 289**	186 204	**1 652**	1 654
Cash in disposal group assets held for sale		**31 396**	8 116	**-**	-
Bank overdrafts		**(1 029)**	(1 810)	**-**	-
		116 656	192 510	**1 652**	1 654

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH

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 2018 and comparative figures for the year ended 31 March 2017 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 consolidated and company annual financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the Companies Act of South Africa and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below.

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 intergroup 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.

iii) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis. The carrying amount of goodwill in respect of associates is included in the carrying value of the investment in the 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 multiplatform 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 amortisation period 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 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 are tested annually for impairment.

v) 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 between 2,7 years and 10 years.

vii) Contract-related intangible assets

Contract-related intangible assets relate to the broadcasting rights. No amortisation is accounted for as the useful life is indefinite. Contract-related 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	20 years to indefinite
Broadcast, technical and studio equipment	5 – 8 years
Other equipment and vehicles	3 – 6 years

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 in the current 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. For genres other than features the cost is amortised on the first run. When there is an indicator of an impairement, the programming rights are tested for an impairement.

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 assets and financial liabilities

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.

ii) Loans and receivables

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

An allowance for impairment 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.

iii) 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 re-measurement to fair value is recognised immediately in profit or loss.

iv) 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.

v) 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.

vi) 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.

vii) Trade payables

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

i. Impairment

i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

ii) Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

iii) Non-financial assets

The carrying amounts of the Group's non-financial assets except for investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-live intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets 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.

k. 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 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.

l. Revenue recognition

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 flighting 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.

m. Leases

i) Finance leases

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

ii) The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

iii) Operating leases – The Group as lessee

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

iv) Opertaing leases - The Group as lessor

Opertaing lease income is recognised as an income on a straight-line basis over the lease term.

n. 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 balance sheet.

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. Discontinued operations and disposal group assets and liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH

2. USE OF 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 note 5 and 6 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's assessed if the evidence obtained from the third parties support 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 committee.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH

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 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on classification and measurement, impairment hedge accounting and derecognition: • IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. • The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. • IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. • IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. Based on the analysis performed during the current financial period, IFRS 9 is expected to have a marginal impact on eMedia Holdings Limited..	The Group will apply the IFRS 9 amendments from annual periods beginning 1 April 2018.
IFRS 12 Disclosure of Interest in Other Entities	Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and Discontinued operations. The impact of the adoption of the amendments to IFRS 12 is not anticipated to be significant.	The Group will apply the IFRS 12 amendments from annual periods beginning 1 April 2018.

3. NEW STANDARDS (continued)

<table>
<tr><th>Standard</th><th>Details of Amendment</th><th>Annual periods beginning on or after</th></tr>
<tr><td>IFRS 15
Revenue from Contracts with Customers</td><td>New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The new standard supersedes:
• IAS 11 Construction contracts;
• AS 18 Revenue;
• IFRIC 15 Agreements for the construction of real estate;
• IFRIC 18 Transfers of assets from customers; and
• SIC-31 Revenue—Barter transactions involving advertising services.

Based on the analysis performed during the current financial period, IFRS 15 is not expected to have a material impact on eMedia Holdings Limited.</td><td>The Group will apply IFRS 15 from annual periods beginning 1 April 2018.</td></tr>
<tr><td>IFRS 16
Leases</td><td>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 A10:I16al 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 containsa 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.</td><td>The Group will apply the IFRS 16 amendments from annual periods beginning 1 April 2019.</td></tr>
</table>

3. NEW STANDARDS (continued)

Standard	Details of Amendment	Annual periods beginning on or after
IFRIC 22 Foreign Currency Transactions and Advance Consideration	This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The impact of IFRIC 22 is not anticipated to be significant.	The Group will apply IFRIC 22 from annual periods beginning 1 April 2018.
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH

4. PROPERTY, PLANT AND EQUIPMENT

	GROUP			
	Owner-occupied properties	Equipment and fittings	Motor vehicles	Total
Reconciliation of carrying amount	R000's	R000's	R000's	R000's
2018				
Cost at 31 March 2018	667 419	777 542	19 690	1 464 651
Opening balance	664 906	975 847	31 598	1 672 350
Additions	2 513	52 689	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	15 929	680 159
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)	(1 142)	(6 477)
Carrying value at 31 March 2018	600 707	180 025	3 760	784 492
Rate of (straight line) depreciation	0 - 3.5%	10 - 20%	20%	
Residual values	0%	0%	0%	
2017				
Cost at 31 March 2017	664 906	975 847	31 598	1 672 350
Opening balance	698 892	1 040 128	33 452	1 772 472
Additions	4 983	69 497	3 624	78 104
Acquisition through business combinations	-	9 318	296	9 614
Reclassification to assets held for sale	(25 469)	(631)	-	(26 100)
Written-off (not in use)	(13 500)	(131 836)	(3 645)	(148 981)
Disposals	-	(10 629)	(2 130)	(12 759)
Accumulated depreciation and impairment at 31 March 2017	46 350	661 707	22 709	730 766
Opening balance	41 605	692 934	24 025	758 564
Current period depreciation	20 729	106 258	3 644	130 631
Reclassification to assets held for sale	(2 484)	(252)	-	(2 736)
Written-off (not in use)	(13 500)	(131 836)	(3 645)	(148 981)
Disposals	-	(5 397)	(1 315)	(6 712)
Carrying value at 31 March 2017	618 556	314 140	8 888	941 584

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 is R85.6 million (2017 R26.1 million) at 31 March 2018.

Security

A Standard Bank mortgage bond of R341 million (2017: R341 million) has been registered over owner-occupied properties with a carrying value of R599.6 million (2017: R617 million). See note 17 for details on bank borrowings secured.

Depreciation charge

Depreciation expense of R126 million (2017: R131 million) has been charged to the "depreciation, amortisation and impairment" category and R36.6 million (2017: R34.1 million) has been charged to the "discontinued operations" category.

During the year, the Group wrote-off various assets with a cost of R4 million (2017: R149 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 R000's	Customer-related intangible assets R000's	Contract-related intangible assets R000's	Distribution rights R000's	Programming under development R000's
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 seperately	**-**	**608**	**-**	**9 850**	**10 612**
Foreign exchange differences	**-**	**-**	**-**	**(1 467)**	**-**
Reclassifications	**-**	**-**	**-**	**(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**
2017					
Cost at 31 March 2017	1 938 758	435 902	128 197	363 313	-
Opening balance	1 938 758	435 902	128 197	328 733	-
Assets acquired seperately	-	-	-	19 327	-
Foreign exchange differences	-	-	-	(559)	-
Reclassifications	-	-	-	21 668	-
Write-offs	-	-	-	(5 856)	-
Accumulated amortisation and impairment at 31 March 2017	-	240 818	-	115 250	-
Opening balance	-	200 680	-	55 581	-
Current period amortisation	-	40 138	-	30 611	-
Reclassifications	-	-	-	21 668	-
Impairment losses recognised in profit and loss	-	-	-	7 390	-
Carrying value at 31 March 2017	1 938 758	195 084	128 197	248 063	-
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 R000's	Music libraries R000's	Website domain R000's	Trademarks R000's	Total R000's
2018					
Cost at 31 March 2018	**106 276**	**-**	**97**	**926**	**2 978 024**
Opening balance	**105 055**	**-**	**97**	**841**	**2 972 163**
Assets acquired seperately	**1 221**	**-**	**-**	**85**	**22 376**
Foreign exchange differences	**-**	**-**	**-**	**-**	**(1 467)**
Reclassifications	**-**	**-**	**-**	**-**	**(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**
2017					
Cost at 31 March 2017	105 055	-	97	841	2 972 163
Opening balance	99 402	15 459	97	-	2 946 548
Assets acquired seperately	1 757	339	-	281	21 704
Foreign exchange differences	-	724	-	-	165
Transfer to disposal group held-for-sale	-	(16 596)	-	-	(16 596)
Reclassifications	3 896	74	-	560	26 198
Write-offs	-	-	-	-	(5 856)
Accumulated amortisation and impairment at 31 March 2017	18 810	-	-	582	375 460
Opening balance	10 997	2 505	-	-	269 763
Current period amortisation	3 917	2 016	-	22	76 704
Transfer to disposal group held-for-sale	-	(4 595)	-	-	(4 595)
Reclassifications	3 896	74	-	560	26 198
Impairment losses recognised in profit and loss	-	-	-	-	7 390
Carrying value at 31 March 2017	86 245	-	97	259	2 596 703

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 values	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 cash generating unit are tested for impairment on the same basis as 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 their 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 impair any distribution rights that are not relevant anymore. For the 2018 year a total of R7.7 million (2017: R7.4 miilion) 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 profit or loss and other comprehensive income:

	GROUP	
	2018	2017
	R000's	R000's
Continuing operations		
Cost of sales	**26 510**	34 789
Administrative and other expenses	**30 050**	40 138
	56 560	74 927
Discontinued operations		
Cost of sales	**-**	1 778
Administrative and other expenses	**-**	-
	-	1 778
Amortisation charge for the year	**56 560**	76 705

6. GOODWILL

	GROUP 2018 R000's	GROUP 2017 R000's
Arising on acquisition of shares in subsidiaries	**2 153 800**	3 778 264
Reconciliation of goodwill		
Opening balance	**3 778 264**	3 774 453
- Cost	**3 910 584**	3 914 511
- Accumulated impairment	**(132 320)**	(140 058)
Through business combinations	**-**	3 811
Disposals	**-**	-
- Cost	**-**	(7 738)
- Accumulated impairment	**-**	7 738
Impairment	**(1 532 682)**	-
Reclassification to assets held for sale	**(91 782)**	
Carrying value at year-end	**2 153 800**	3 778 264
- Cost	**3 818 793**	3 910 584
- Accumulated impairment	**(1 664 993)**	(132 320)

Impairment tests for goodwill

The eMedia Holdings Group has five cash generated units (CGUs) being eMedia Investments Proprietary Limited and its subsidiaries, Yired Proprietary Limited, Coleske Artists Proprietary Limited, AIG Proprietary Limited and Silverline Three Sixty Proprietary Limited. The Group has performed impairment testing on these cash generating units that contain goodwill. Goodwill acquired on acquisition for each business combination was tested for impairment. The value of cash-generating units (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 principle 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: 13.23% to 18.03%
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 (2018: R1 501 million; 2017: nil)
- Coleske Artists Proprietary Limited (2018: R31 million; 2017: nil)

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 beyond the budgeted period.

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

	GROUP 2018 R000's	GROUP 2017 R000's
eMedia Investments Proprietary Limited	**1 501 707**	-
Coleske Artists Proprietary Limited	**30 965**	-
Longkloof Limited	**129 597**	129 597
e.Botswana Proprietary Limited	**573**	573
Natural History Unit of Africa Proprietary Limited	**2 151**	2 151
	1 664 993	132 321

7. INTEREST IN SUBSIDIARY COMPANIES

	COMPANY	
	2018	2017
	R000's	R000's
Shares at cost	**5 333 900**	5 333 900
Impairment	**(2 651 682)**	-
Carrying value - eMedia Investments Proprietary Limited	**2 682 218**	5 333 900
Carrying value - interest in subsidiary companies	**2 682 218**	5 333 900

The value of cash-generating unit (CGU) to which the investment 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 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 beyond the budgeted 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 2018 R000's	GROUP 2017 R000's
Reconciliation of investments in associates		
Interest in associates	**143 495**	203 038
Opening balance	**203 038**	230 912
Advances in loans to associates	**9 964**	5 525
Profit/(loss) for the year	**1 289**	(2 240)
Foreign exchange differences	**(6 437)**	(8 003)
Impairment through profit or loss	**(64 359)**	(23 156)
Closing balance	**143 495**	203 038

List of investments in associates

Name of associates	Place of business / country of incorporation	Listed/ Unlisted	GROUP 2018 % holding	GROUP 2018 Carrying amount R000's	GROUP 2017 % holding	GROUP 2017 Carrying amount R000's
Cape Town Film Studios Proprietary Limited	South Africa	Unlisted	**42,5**	**95 681**	42,5	84 848
Dreamworld Management Company Proprietary Limited	South Africa	Unlisted	**50,0**	**47 814**	50,0	47 797
Global Media Alliance Broadcasting Limited	Ghana	Unlisted	**37,0**	**-**	37,0	-
Da Vinci Media GmbH	Germany	Unlisted	**33,0**	**-**	33,0	70 392
				143 495		203 038

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.

Da Vinci Media GmbH is an independent media group dedicated to providing high-quality on-air and on-demand educational programming around the world.

The company's subsidiary, eMedia Investments Proprietary Limited, has signed a surety of R50 million (2017: 50 million) and cession of a loan of R111.5 million (2017: 101.9 million) 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 eMedia Investments Proprietary Limited. 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 R000's	Dreamworld Management Company Proprietary Limited R000's	Global Media Alliance Broadcasting Limited R000's	Da Vinci Media GmbH R000's
2018				
Summarised statement 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 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 (in %)	42,5	50,0	37,0	33,0
Reporting entities' share in (R'000)	(7 383)	(7 618)	280	32 397
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	47 813	-	-

8. EQUITY-ACCOUNTED INVESTEES (continued)

	Cape Town Film Studios Proprietary Limited R000's	Dreamworld Management Company Proprietary Limited R000's	Global Media Alliance Broadcasting Limited R000's	Da Vinci Media GmbH R000's
Summarised statements of profit and loss and other comprehensive income				
for the year ended 31 March 2018				
Revenue	**44 798**	**-**	**-**	**24 488**
Profit/(loss) from continued operations	**2 901**	**(693)**	**-**	**1 209**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income/(loss)	**2 901**	**(693)**	**-**	**1 209**
Share of associates's 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	**-**	**-**	**-**	**-**
2017				
Summarised statement of financial position as at 31 March 2017				
Non-current assets	300 801	8 689	13 002	26 961
Current assets	6 325	124	2 918	85 615
Non-current liabilities	(84 834)	-	(5 782)	-
Current liabilities	(242 571)	(23 356)	(9 381)	(21 143)
Net (liabilities)/assets as at 31 March 2017	(20 279)	(14 543)	757	91 433
Reconciliation to carrying amounts				
Closing net assets at 31 March 2017	(20 279)	(14 543)	757	91 433
Reporting entities' share (in %)	42,5	50,0	37,0	33,0
Reporting entities' share in (R'000)	(8 615)	(7 272)	280	30 173
Dividends paid	-	-	-	(1 375)
Loans to associates	95 264	11 666	-	-
Reporting entities' adjustment for fair value*	(1 801)	38 329	926	2 021
Translation	-	-	21 950	6 396
Impairments	-	-	(23 156)	-
Goodwill	-	5 073	-	33 178
Carrying amount as at 31 March 2017	84 848	47 723	-	78 084
Summarised statements of profit and loss and other comprehensive income				
for the year ended 31 March 2017				
Revenue	40 007	-	13 533	87 511
Profit/(loss) from continued operations	3 526	(820)	(14 219)	9 195
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	3 526	(820)	(14 219)	9 195
Share of associates's profit/(loss)	1 498	(410)	(5 261)	3 034
Elimination of unrealised profit or loss	247	-	-	(1 348)
Group's share of associates' profits/(losses)	1 745	(410)	(5 261)	1 686
Dividends received	-	-	-	1 375

8. EQUITY-ACCOUNTED INVESTEES (continued)

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

	Group's share of associates' profits/ (losses) for the year R000's	Intra-group transactions eliminated R000's	Amortisation of intangible assets recognised through business combinations R000's	Total R000's
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**
2017				
Cape Town Film Studios Proprietary Limited	1 498	247	-	1 745
Dreamworld Management Company Proprietary Limited	(410)	-	-	(410)
Global Media Alliance Broadcasting Limited	(5 261)	-	-	(5 261)
Da Vinci Media GmbH	3 034	(1 213)	(135)	1 686
	(1 139)	(966)	(135)	(2 240)

* 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.

At 31 March 2018, Global Media Alliance Broadcasting remains fully impaired as management do not believe that the investment is recoverable based on the historical performance of the business and its current business plan.

At 31 March 2018, the Group fully impaired its investment in Da Vinci Media GmbH (R64.4 million) as management do not believe that the investment is recoverable based on the review of its current business plan. Without financial assistance the company is not profitable and there is significant doubt that financial assistance will continue for future periods. Management has in the past attempted to sell the investment however no willing buyer was found.

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

9. LONG-TERM RECEIVABLES

	GROUP 2018 R000's	2017 R000's
Loans to Group employees	11 763	14 594
Operating lease asset	2 635	1 862
	14 398	16 456
Loans to Group employees		
Opening balance	14 594	19 206
Loans forfeited, cash-settled share options	(904)	-
Loans forfeited, discounted at a rate of 8%	(2 430)	(5 035)
Interest income	1 040	1 249
Amounts written-off	(537)	(37)
Repayment	-	(789)
	11 763	14 594
Loans to Group employees - Interest at 0%	10 724	13 182
Loans to Group employees - Interest bearing	1 039	1 412
	11 763	14 594

Loans to Group employees bears interest from 0% to 8% (2017: 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 prescibed 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.

Loans receivable from subsidiary companies	COMPANY 2018 R000's	2017 R000's
eMedia Investment Proprietary Limited	340 553	340 553
HCI Invest 3 Holdco Proprietary Limited	8 603	8 603
	349 156	349 156

The loan owing by eMedia Investment Proprietary Limited is interest free and is payable on written demand. The company regards this loan as part of the net investment in the subsidiary. Settlement of the loan is neither planned nor likely to occur in the foreseeable future.

The loan owing by HCI Invest 3 Holdco was transferred to eMedia Holdings Limited as part of a dividend in specie transaction. The loan is interest free and has no set terms of repayment.

10. DEFERRED TAXATION

	GROUP	
	2018 R000's	2017 R000's
Movements in deferred taxation		
Opening balance	(453 933)	(487 183)
Current movements recognised in profit or loss	13 439	33 250
	19 177	33 250
- Capital allowances	(2 246)	(1 013)
- Capital allowances on intangible assets	6 722	8 991
- Tax losses	15 768	13 054
- Working capital differences	(1 067)	12 218
Transfer to disposal groups held for sale	(5 738)	-
- Capital allowances	3 815	-
- Tax losses	(5 836)	-
- Working capital differences	(3 717)	-
Closing balance at the end of the year	(440 494)	(453 933)
Analysis of deferred taxation		
Capital allowances	(11 936)	(13 505)
Capital allowances on intangible assets	(502 945)	(509 667)
Revaluation of land	(14 723)	(14 723)
Tax losses	67 914	57 982
Working capital allowances	21 196	25 980
	(440 494)	(453 933)
Composition of deferred taxation		
Deferred tax assets	92 848	86 814
Deferred tax liabilities	(533 342)	(540 747)
	(440 494)	(453 933)

During the year, a major subsidiary of the Group, etv Proprietary Limited, incurred a tax loss of R224.7 million (2017: R173.6 million). Management considered it probable that future taxable profits would be available against which such losses can be utilised and has therefore recognised the tax effect of R62.9 million (2017: R48.6 million). Management also considered it probable that future taxable profits would be available for use against the deferred tax asset balance of R5 million (2017: R9.3 million) relating to other subsidiaries of the Group.

11. INVENTORIES

	GROUP	
	2018	2017
	R000's	R000's
Finished goods	**9 714**	20 946
Inventories are stated at net realisable value	**9 714**	20 946

12. PROGRAMMING RIGHTS

Television programmes		
- International	**753 051**	733 650
- Local	**117 623**	132 594
	870 674	866 244
Reconciliation of carrying amount		
International television programmes		
Opening balance	**733 650**	398 284
Additions	**410 351**	636 580
Amortisations through cost of sales	**(324 503)**	(301 214)
Write off of programming rights expensed in cost of sales	**(66 447)**	-
Closing balance	**753 051**	733 650
Local television programmes		
Opening balance	**132 594**	92 689
Additions	**234 876**	280 815
Amortisations through cost of sales	**(247 449)**	(240 910)
Write off of programming rights expensed in cost of sales	**(2 398)**	-
Closing balance	**117 623**	132 594

Included in international programming rights is a write down of movie inventory of 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 their 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 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 in the current 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. For genres other than features the cost is amortised on the first run.

13. TRADE AND OTHER RECEIVABLES

	GROUP	
	2018 R000's	2017 R000's
Reconciliation of carrying value		
Trade receivables	310 267	358 017
Less: provision for impairment of trade receivables	(2 529)	(5 862)
Trade receivables - net	307 738	352 155
Other receivables	33 537	52 624
Prepayments	43 133	35 183
	384 408	439 962
Fair value of trade receivables		
Trade and other receivables	384 408	439 962

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

Trade receivables neither past due nor impaired

The credit quality of trade and other receivables that are neither past due nor impaired is assessed on an ongoing basis for individual debtors and based on repayment history. A significant amount of the Group's trade debt is in respect of sales to advertisers (agencies), in particular Omnicom Media Group Proprietary Limited (R45.9 million) (2017: R45.8 million), The Mediashop Johannesburg Proprietary Limited (R29.3 million) (2017: R31.3 million), B and B Media Proprietary Limited (R24.1 million) (2017: R11.2 million), MMS Communications South Africa Proprietary Limited (R20.5 million) (2017: nil) and Mindshare South Africa Proprietary Limited (R17.6 million) (2017: R33.0 million).

Trade receivables pledged as security

e.tv Proprietary Limited, a subsidiary of the Group has at 31 March 2018 pledged trade debt with a carrying value of R241.2 million (2017: R256.3 million) to Standard Bank of South Africa in respect of a borrowing facility. The total borrowing facility utilised at 31 March 2018 amounted to R157.5 million (2017: R127.5 million).

Trade receivables past due but not impaired

At 31 March 2018, trade receivables of R31.7 million (2017: R31.2 million) were past due but not impaired. These relate mainly to a number of independent customers for whom there is no history of default. The ageing of these trade receivables is as follows:

	GROUP	
	2018 R000's	2017 R000's
30 to 60 days	16 102	9 611
60 to 90 days	5 284	6 132
More than 90 days	10 291	15 406
	31 677	31 149

13. TRADE AND OTHER RECEIVABLES (continued)

Impairment of trade receivables

At 31 March 2018, the allowance for the impairment of trade receivables amounted to R2.5 million (2017: R5.9 million). These trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Movement in the allowance for impairment of trade receivables is as follows:

	GROUP	
	2018 R000's	2017 R000's
Opening balance	5 862	4 846
Allowance for receivables impaired	6 789	7 140
Amounts written off as uncollectable	(6 849)	(6 124)
Reclassified as held for sale	(3 273)	-
Closing balance	2 529	5 862

In determining the impairments the Group considered, inter alia, disputes with customers, untraceable and slow payers, long overdue accounts and customers placed in liquidation. The Group holds no collateral as security against non-payment of any of the above mentioned trade receivables, but does have credit guarantee insurance to protect against default. There have been no renegotiation of terms.

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

South African Rand	352 213	428 361
US dollar	31 735	11 058
Euros	325	437
British Pound	-	106
Other currencies	135	-
	384 408	439 962

Other receivables		
Included under other receivables are:		
Value Added Taxation	7 231	5 563
Deposits	3 236	5 071
Harlan Special Opportunities Fund LP	10 255	14 979
The loan arose on the advance of funds for the purpose of investing in unlisted equity.		
Other receivables not specified above	12 815	27 011
	33 537	52 624

14. DISPOSAL GROUP ASSETS/LIABILITIES HELD FOR SALE

	GROUP	
	2018 R000's	2017 R000's
Disposal group assets classified as held for sale	**262 792**	53 618
Liabilities associated with the disposal group assets held for sale	**(105 175)**	(1 621)
	157 617	51 997

	GROUP Silverline Three Sixty Proprietary Limited R000's
31 March 2018	
Disposal group assets classified as held for sale	
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

14. DISPOSAL GROUP ASSETS/LIABILITIES HELD FOR SALE (continued)

	GROUP				
	Longkloof Limited group entities	e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	Lalela Music Proprietary Limited and Lalela Music LLC	Sabido Properties Proprietary Limited	Total
	R000's	R000's	R000's	R000's	R000's
31 March 2017					
Disposal group assets classified as held for sale					
Property, plant and equipment	-	2 801	296	22 985	26 082
Intangible assets	-	-	12 001	-	12 001
Deferred tax assets	-	1 797	19	-	1 816
Trade and other receivables	1 689	973	2 942	-	5 604
Cash and cash equivalents	3 900	43	4 172	-	8 116
	5 589	5 614	19 430	22 985	53 618
Liabilities associated with the disposal group assets held for sale					
Deferred tax liability	-	(42)	-	-	(42)
Taxation payable	(176)	-	(145)	-	(321)
Trade and other payables	(54)	(132)	(1 072)	-	(1 258)
	(230)	(174)	(1 217)	-	(1 621)
	5 359	5 440	18 213	22 985	51 997

During the current year ended 31 March 2018 a decision was made to dispose of the Silverline Three Sixty Proprietary 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.

Operations reported as disposal group assets/liabilities held for sale at 31 March 2017 that includes Lalela Music SA Proprietary Limited (a 75% subsidiary), Lalela Music LLC (an 85% subsidiary of Longkloof Limited Group), e.Botswana Proprietary Limited (a 49% subsidiary) and e.tv Botswana Proprietary Limited (an 80% subsidiary) have been disposed of effective 30 June 2017 for the Lalela entities and 30 September 2017 for the Botswana entities.

The commercial building at 73 Richfond Circle, Ridgeside, Umhlanga, KwaZulu-Natal owned by Sabido Properties Proprietary Limited was sold for R25 million on 20 December 2017.

15. STATED CAPITAL

	GROUP AND COMPANY		GROUP AND COMPANY	
	2018	2017	2018	2017
	Number of shares		R000's	R000's
Authorised				
Ordinary shares of R0 each (2017: R0 each)	**70 000 000**	70 000 000	**-**	-
Each ordinary share has the right to 100 votes at general meetings				
N ordinary shares of R0 each (2017: R0 each)	**1 055 000 000**	1 055 000 000	**-**	-
Each N ordinary share has the right to one vote at general meetings				
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	**381 927 359**	381 927 359	**6 429 206**	6 429 206
Balance at the beginning and end of the year	**381 927 359**	381 927 359	**6 429 206**	6 429 206
	445 737 603	445 737 603	**6 762 797**	6 762 797

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

Issue and repurchase of shares

Current year

During the year 444 418 N ordinary shares were repurchased at a total value of R3.6 million. The repurchase of the N ordinary shares were from certain employees of the Group that 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.

16. TREASURY SHARES

	GROUP AND COMPANY			
			Number of shares	
	2018	2017	2018	2017
	R000's	R000's	000's	000's
N Ordinary shares				
Balance at the beginning and the end of the year	**7 221**	-	**1 140**	-
Repurchased *	**3 649**	7 221	**444**	1 140
Balance at the end of the year	**10 870**	7 221	**1 584**	1 140

*The Group repurchased shares in the current year at R8.22 (2017: R6.33).

17. BORROWINGS

	GROUP 2018 R000's	GROUP 2017 R000's
Bank borrowings - interest bearing	394 803	432 024
Instalment sale and finance lease agreements	-	22 180
Foreign exchange contracts	-	18 789
Related party borrowings - non-interest bearing	165 559	202 171
Carrying value of borrowings	560 362	675 164
Current portion of borrowings	(409 452)	(342 537)
Non-current portion of borrowings	150 910	332 627
Secured borrowings		
Bank borrowings - interest bearing	358 196	432 024
Instalment sale and finance lease agreements	-	22 180
	358 196	454 204
Unsecured borrowings		
Bank borrowings - interest bearing	36 607	-
Foreign exchange contracts	-	18 789
Related party borrowings - non-interest bearing	165 559	202 171
	202 166	220 960
Carrying value of borrowings	560 362	675 164

Secured bank borrowings bearing interest at various rates include prime overdraft less 1.5% (2017: prime overdraft less 1.5%) and JIBAR plus 1.60%, 1.75% and 1.80% (2017: JIBAR plus 1.75% and 1.80%), repayable in monthly and quartely instalments. The secured bank borrowings mature until August 2020. A mortgage bond has been registered for R341 million (2017: R341 million).

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 including prime and prime less 0.5%, repayable in monthly instalments over the next 4 years with the last instalment due in April 2021. Secured instalment sale agreements have been secured by technical equipment with a carrying value of R17.9 million (2017: R18.9 million).

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

	2018 R000's	2017 R000's
Property, plant and equipment	599 600	617 000
Trade receivables	241 184	256 300
	840 784	873 300

Unsecured bank borrowings included a demand loan of R36.6 million (2017: Rnil) bearing interest at 9% (2017: 8.65%). The loan was utilised on a short-term basis and is repaid on an ongoing basis.

Unsecured other borrowings includes loans from non-controlling interest entities, in particular Venfin Media Beleggings Proprietary Limited (R156.6 million) (2017: R156.6 million) and other (R3.6 million) (2017: R3.6 million). These loans from non-controlling interest entities bear interest at rates 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 (2017: R8.6 million) from HCI Treasury Proprietary Limited.

During the current year the contingent consideration was reclassified to disposal groups held for sale. The contingent consideration (2018: R30.8 million) (2017: R33.4 million) related to an additional purchase consideration payable on 30 June 2018 and 30 June 2021 (refer to note 30 for more detail).

	2018 R000's	2017 R000's
Maturity of borrowings are as follows:		
Due within 1 year	409 452	342 537
Due within 2 to 5 years	150 910	332 627
	560 362	675 164
Analysis by currency:		
South African Rand	560 362	675 164

17. BORROWINGS (continued)

	GROUP	
	2018 R000's	2017 R000's
Current portion of borrowings		
Loan from HCI Treasury Proprietary Limited	**8 603**	8 603
Loan from eMedia Investments Proprietary Limited	**17 823**	13 079
	26 426	21 682

These loans are interest free and have no set terms for repayment.

As at 31 March 2018, the fair value of non-current borrowings approximate 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.

Movement in the carrying value of borrowings are as follows:

	GROUP					
	Long-term borrowings		Short-term borrowings		Total	
	2018 R000's	2017 R000's	2018 R000's	2017 R000's	2018 R000's	2017 R000's
Carrying value at the beginning of the year	**332 627**	440 644	**342 537**	385 352	**675 164**	825 996
Cash-flows:	**-**	-	**-**	-	**-**	-
Raising of new debt	**8 837**	-	**141 351**	2 877	**150 188**	2 877
Debt repayments	**-**		**(188 424)**	(170 875)	**(188 424)**	(170 875)
Non-cash:	**-**	-	**-**	-	**-**	-
Business combinations	**-**	-	**-**	1 421	**-**	1 421
Reclassification to liabilities held for sale	**(31 887)**	-	**(22 160)**	-	**(54 047)**	-
Reclassification from non current to current	**(160 041)**	(113 894)	**160 041**	113 894	**-**	-
Reclassification to trade and other payables	**-**	-	**(18 789)**	-	**(18 789)**	-
Other	**1 374**	5 877	**(5 104)**	9 868	**(3 730)**	15 745
Carrying value at the end of the year	**150 910**	332 627	**409 452**	342 537	**560 362**	675 164

Standard Bank loan covenant

e.tv Proprietary Limited (""e.tv""), a major subsidiary of the Group have secured bank term loans with a carrying amount of R158 million (2017: R128 million). These loans are repayable in quarterly instalments with the last instalment due in May 2019.

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 e.sat tv's results. The covenants state that for the 12 month rolling period ending on each measurement date, the following conditions must be met:

- e.tv and e.sat tv's combined debt:EBITDA ratio in respect of each measurement period shall be less than 2.0 (two) times; and
- e.tv and e.sat tv'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 item. 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 e.tv'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.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2018 R000's	2017 R000's	2018 R000's	2017 R000's
Trade payables	**408 625**	639 986	**-**	-
Foreign exchange contracts	**31 719**	-	**-**	-
Accruals and other current liabilities	**146 832**	153 771	**-**	-
	587 176	793 757	**-**	-

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

	GROUP	
	2018 R000's	2017 R000's
Accruals and other current liabilities Included under accruals and other current liabilities are:		
Amounts received in advance	**60 033**	48 593
Value Added Taxation	**18 972**	18 040
Leave pay accrual	**24 367**	28 619
Additional accrual raised amounted to R13.6 million (2017: 8.2 million), amounts utilised amounted to R14 million (2017: R9.8 million) and amounts reclassified to disposal groups held for sale amounted R3.8 million (2017: nil).		
Bonus accrual	**4 973**	6 986
Additional accrual raised amounted to R5.8 million (2017: 6.7 million), amounts utilised amounted to R6.3 million (2017: R5.4 million) and amounts reclassified to disposal groups held for sale amounted R1.5 million (2017: R3.5 million).		
Audit fee accrual	**621**	350
Additional accrual raised amounted to R0.6 million (2017: 0.3 million), amounts utilised amounted to R0.3 million (2017: R0.7 million) and amounts reclassified to disposal groups held for sale amounted R0.05 million (2017: R0.7 million).		
Provision for royalties		
This provision for other costs relate 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 Rights Association (SAMPRA). The judgement indicated that royalties of 3% of revenue should be paid in relation to performance royalties. The timing of the settlement is uncertain as the judgement does not address the effective date of the royalty becoming an obligation.		
Balance at the beginning of the year	**2 276**	-
Raised during the year	**1 288**	1 141
Reclassification	**-**	2 718
Utilised during the year	**(1 004)**	(1 583)
Balance at the end of the year	**2 560**	2 276
Payroll and other accruals	**35 306**	48 907
	146 832	153 771

	GROUP	
	2018 R000's	2017 R000's
The carrying amounts of the group's trade and other payables are denominated in the following currencies:		
South African Rand	**232 618**	339 119
US dollar	**354 455**	451 713
Euros	**-**	1 996
British Pound	**103**	929
	587 176	793 757

19. REVENUE

	GROUP 2018 R000's	GROUP 2017 R000's	COMPANY 2018 R000's	COMPANY 2017 R000's
Media and broadcasting revenue	**2 188 716**	2 298 050	-	-
Property and facility income	**7 534**	5 062	-	-
	2 196 250	2 303 112	-	-

The Group has identified two customers that represent 13% and 17% (2017: 14% and 22%) of total revenue.

20. EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION

The following items have been taken into account in arriving at earnings before interest, taxation, depreciation and amortisation:

	GROUP					
	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	R000's	R000's	R000's	R000's	R000's	R000's
Income						
Gain on disposal of property and equipment	**2 554**	2 443	**200**	1 977	**2 754**	4 420
Gains on the loss of control of subsidiaries	**-**	-	**4 750**	-	**4 750**	-
Fair value adjustment gain	**5 917**	29 977	**8**	709	**5 925**	30 686
Expenditure						
Staff costs included in administrative and other expenses	**241 208**	245 505	**80 369**	81 750	**321 577**	327 255
Operating lease charges - premises	**2 154**	3 722	**21 247**	22 027	**23 401**	25 749
Operating lease charges - equipment and vehicles	**716**	722	**1 063**	706	**1 779**	1 428
Consulting fees	**10 912**	11 280	**825**	826	**11 737**	12 106
Loss on disposal of property and equipment	**-**	-	**-**	99	**-**	99
Forex exchange loss	**-**	-	**-**	4 397	**-**	4 397
Repairs and maintenance	**24 817**	21 666	**11 987**	13 823	**36 804**	35 489
Research and development costs	**3 218**	5 770	**3**	-	**3 221**	5 770

21. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	GROUP					
	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	R000's	R000's	R000's	R000's	R000's	R000's
Recognised in profit or loss						
Depreciation	89 722	96 768	36 552	34 104	126 274	130 872
Amortisation of intangible assets	56 560	74 927	-	1 778	56 560	76 705
Amortisation of programming rights	571 951	542 125	-	-	571 951	542 124
Write off of programming rights	68 845	-	-	-	68 845	-
Impairment of goodwill	1 532 682	-	-	-	1 532 682	-
Impairment of intangible assets	8 307	7 390	-	-	8 307	7 390
Impairment of investment in associates	64 359	23 156		-	64 359	23 156
Impairment of other finacial assets	-	2 583	-	-	-	2 583
Write-off of property and equipment	159	-	-	-	159	-
Write-off of intangible assets	-	5 856	-	-	-	5 856
	2 392 585	752 805	36 552	35 882	2 429 137	788 686
Impairment of goodwill and investments included in profit and loss	(1 597 041)	(25 739)	-	-	(1 597 041)	(25 739)
Amortisation included in cost of sales						
- Intangible assets	(26 553)	(34 789)	-		(26 553)	(34 789)
- Programming rights	(571 951)	(542 125)	-	-	(571 951)	(542 124)
Write-off of property and equipment	(159)	-	-	-	(159)	-
Impairment of intangible assets included in cost of sales	(8 307)	(7 390)	-	-	(8 307)	(7 390)
Write off of programming rights included in cost of sales	(68 845)	-	-	-	(68 845)	-
Write-off of intangible assets included in cost of sales	-	(5 856)	-	-	-	(5 856)
	119 729	136 906	36 552	35 882	156 281	172 788
Company: Impairments - interest in subsidiaries	2 651 682	-	-	-	2 651 682	-

22. FINANCE INCOME AND EXPENSES

Recognised in profit or loss						
Finance income						
Interest received from financial institutions	5 327	7 799	673	584	6 000	8 383
Other interest received	2 872	1 534	1 076	1 000	3 948	2 534
	8 199	9 333	1 749	1 584	9 948	10 917
Finance expense						
Interest paid to financial institutions	41 088	51 176	6 194	1 263	47 282	52 439
Tax authorities	-	-	1 374	5 877	1 374	5 877
Other interest paid	349	6 232	53	-	402	6 232
	41 437	57 408	7 621	7 140	49 058	64 548

23. TAXATION

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R000's	R000's	**R000's**	R000's
South African taxes				
Current tax	**47 823**	111 638	**-**	-
Deferred taxation	**(11 321)**	(33 475)	**-**	-
Prior year (over)/under provision	**(7 636)**	1 489	**-**	-
	28 866	79 652	**-**	-
Reconciliation of tax rate	**%**	%	**%**	%
Normal tax rate	**28,0**	28,0	**(28,0)**	(28,0)
Prior year overprovision	**0,1**	0,8	**-**	-
Deferred tax not raised on losses	**(1,3)**	1,2	**-**	-
Impairments not deductible	**(28,3)**	7,4	**28,0**	-
Other non-deductible items	**(0,1)**	2,5	**-**	28,0
Differential tax rates - CGT and foreign	**(0,2)**	1,6	**-**	-
Effective rate	**(1,8)**	41,5	**-**	-

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 R278 million (2017: R266 million) resulting in a tax relief of R78 million (2017: R74 million) at current tax rates of 28% (2017: 28%).

There is a disagreement between the South African Revenue Services and e.tv Proprietary Limited as to the timing of the deductibility of the cost of feature films included in international programming rights.

We have consulted tax specialists and the matter is awaiting a date to be set down in the Tax Court.

24. DISCONTINUED OPERATIONS

	GROUP	
	2018 R000's	2017 R000's
(Loss)/profit from discontinued operations, net of taxation	**(13 494)**	48 351

Silverline Three Sixty Proprietary Limited classified as held for sale

During the current 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 the assets and liabilities disposal group 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:

	2018 R000's	2017 R000's
Revenue	**244 779**	279 621
Operating and other costs	**(252 780)**	(255 961)
(Loss)/profit before taxation	**(8 001)**	23 660
Taxation	**(2 827)**	(7 870)
(Loss)/profit for the year from discontinued operations	**(10 828)**	15 790
Attributable to equity holders of the company	**(11 168)**	15 402
Attributable to non-controlling interest	**340**	388
Loss for the year from discontinued operations	**(10 828)**	15 790

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 previous year the Longkloof Limited Group's entities were reclassified as discontinuing being Power Entertainment Limited and its subsidiaries (a wholly-owned subsidiary), Media Film Services Incorporated and its subsidiary (a wholly-owned subsidiary), Africa Media Group (a wholly-owned subsidiary) and e.tv China Limited and its subsidiary (an 80% subsidiary). The exiting and sale of these companies have been finalised for these entities and are therefore no longer classified as discontinuing operations.

Loss from discontinued operations relating to the Longkloof Limited disposal group are as follows:

	2018 R000's	2017 R000's
Revenue	**-**	3 304
Operating and other cost	**-**	(8 310)
Profit on sale of subsidiary	**-**	38 658
Loss for the year from discontinued operations	**-**	33 652

24. DISCONTINUED OPERATIONS (CONTINUED)

	GROUP				
	Power Entertainment Limited and its subsidiaries	**Media Film Services Incorporated and its subsidiary**	**Africa Media Group**	**e.tv China Limited and its subsidiary**	**Total**
	R000's	R000's	R000's	R000's	R000's
2017					
Revenue	3 304	-	-	-	3 304
Operating and other costs	(8 310)	-	-	-	(8 310)
Profit on sale of subsidiary	44 790	-	-	(6 132)	38 658
(Loss)/profit for the year from discontinued operations	39 784	-	-	(6 132)	33 652

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

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:

	GROUP	
	2018	2017
	R000's	R000's
Revenue	**1 557**	4 409
Operating and other costs	**(9 659)**	(4 421)
Loss before taxation	**(8 102)**	(12)
Taxation	**42**	-
Loss for the year from discontinued operations	**(8 060)**	(12)

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

24. DISCONTINUED OPERATIONS (CONTINUED)

TVPC Media Proprietary Limited classified as discontinued operations

During the previous year a decision was made by the eMedia Investments Proprietary Limited board of directors to dispose of the Group's interest in TVPC Media Proprietary Limited (a 70% subsidiary). TVPC Media Proprietary Limited was sold, effective 1 July 2016.

Loss from discontinued operations relating toTVPC Media Proprietary Limited:

	GROUP	
	2018	2017
	R000's	R000's
Revenue	**-**	749
Operating and other cost	**-**	(409)
Loss on sale of subsidiaries	**-**	(3 464)
Loss before taxation	**-**	(3 124)
Taxation	**-**	-
Loss for the year from discontinued operations	**-**	(3 124)
Attributable to equity holders of the company	**-**	(3 260)
Attributable to non-controlling interest	**-**	136
Loss for the year from discontinued operations	**-**	(3 124)

Lalela Music SA Proprietary Limited and Lalela Music LLC classified as held for sale

During the previous year ended 31 March 2017 a decision was made by the eMedia Investments Proprietary Limited board of directors to dispose of 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:

	GROUP	
	2018	2017
	R000's	R000's
Revenue	**-**	13 082
Operating and other cost	**7 002**	(8 650)
Loss before taxation	**7 002**	4 432
Taxation	**(1 608)**	(1 435)
Loss for the year from discontinued operations	**5 394**	2 997
Attributable to equity holders of the company	**4 270**	2 365
Attributable to non-controlling interest	**1 124**	632
Loss for the year from discontinued operations	**5 394**	2 997

Aggregated cash inflow/ (outflow) for disposal groups and discontinued operations

	GROUP	
	2018	2017
	R000's	R000's
Cash flows from operating activities	**13 417**	19 890
Cash flows (used in) investing activities	**(4 972)**	(10 934)
Cash flows (used in) financing activities	**(2 796)**	(1 049)
	5 649	7 907

25. EARNINGS, DILUTED AND HEADLINE EARNINGS PER SHARE

	GROUP	
	Gross R000's	Net R000's
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	(2 754)	(1 342)
IAS 16 impairment of plant and equipment	159	77
IAS 21 foreign currency translation reserve reclassified to profit or loss	(723)	(489)
IAS 28 impairment of associates	64 359	43 563
IAS 38 impairment of intangible assets	8 307	4 048
IAS 36 impairment of goodwill	1 532 682	1 522 677
IFRS 10 gain on the loss of control of a subsidiary	(4 750)	(2 238)
Headline loss		(12 477)
For the year ended 31 March 2017		
Earnings attributable to equity owners of the parent		104 760
IAS 16 gains on disposal of plant and equipment	(2 995)	(2 156)
IAS 21 foreign currency translation reserve reclassified to profit or loss	(44 030)	(44 030)
IAS 36 impairment of other assets	15 674	15 674
IAS 38 impairment of intangible assets	5 002	3 602
IFRS 10 loss on the loss of control of a subsidiary	20 189	20 189
Headline earnings		98 039

	GROUP	
	2018 R000's	2017 R000's
Basic earnings (R'000)		
(Loss)/earnings	(1 578 773)	104 760
Continuing operations	(1 568 878)	64 601
Discontinued operations	(9 895)	40 159
Headline (loss)/earnings	(12 477)	98 039
Continuing operations	139	81 721
Discontinued operations	(12 616)	16 318
Basic earnings per share (cents)		
(Loss)/earnings	(355,20)	23,53
Continuing operations	(352,97)	14,51
Discontinued operations	(2,23)	9,02
Headline earnings per share (cents)		
(Loss)/earnings	(2,81)	22,01
Continuing operations	0,03	18,35
Discontinued operations	(2,84)	3,66
Weighted average number of shares in issue - 31 March ('000)	444 481	445 359
Issued shares as at 1 April ('000)	444 597	445 737
Effect of own shares held ('000)	(116)	(378)
Net number of shares in issue - 31 March ('000)	444 152	444 597
Number of shares in issue - 31 March ('000)	445 737	445 737
Number of treasury shares in issue - 31 March ('000)	(1 585)	(1 140)

26. DIRECTORS' EMOLUMENTS

	Salary R000's	Bonus R000's	Retirement and medical contributions R000's	Share options R000's	Directors' fees R000's	Other benefits R000's	Total R000's
For the year ended 31 March 2018							
Executive directors*							
A van der Veen **	**1 889**	**2 209**	**-**	**10 023**	**-**	**214**	**14 335**
A S Lee	**2 533**	**783**	**211**	**-**	**-**	**-**	**3 527**
Non-executive directors							
J Copelyn (Chairman)	**6 980**	**3 927**	**-**	**4 051**	**-**	**816**	**15 774**
E V Mphande	**-**	**-**	**-**	**-**	**1 152**	**-**	**1 152**
R Watson	**-**	**-**	**-**	**-**	**751**	**-**	**751**
L Govender	**-**	**-**	**-**	**-**	**173**	**-**	**173**
TG Govender	**2 271**	**1 107**	**-**	**1 715**	**-**	**425**	**5 518**
Prescribed officers							
M Rosin (Chief Operating Officer)	**3 837**	**1 183**	**320**	**-**	**-**	**-**	**5 340**
K Sherrif (Chief Commercial Officer)	**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**

** Appointed 14 November 2017

	Salary R000's	Bonus R000's	Retirement and medical contributions R000's	Share options R000's	Directors' fees R000's	Other benefits R000's	Total R000's
For the year ended 31 March 2017							
Executive directors *							
T G Govender	3 380	1 690	-	1 640	-	585	7 295
A S Lee	2 356	1 552	194	-	-	-	4 102
Non-executive directors							
J Copelyn (Chairman)	6 493	4 870	-	3 803	-	833	15 999
E V Mphande	-	-	-	-	804	-	804
R Watson	-	-	-	-	657	-	657
L Govender	-	-	-	-	238	-	238
Prescribed officers							
M Rosin (Chief Operating Officer)	3 569	2 351	278	-	-	-	6 198
K Sherrif (Chief Commercial Officer)	3 569	2 351	278	-	-	-	6 198
Paid by Hosken Consolidated Investments Limited's subsidiaries not in the eMedia Holdings Group	(9 873)	(6 560)	-	(5 443)	(972)	(1 418)	(24 266)
	9 494	6 254	750	-	727	-	17 225

*There is no distinction made in the remuneration pages of the executive directors and services for carrying on the business of the Group

27. LEASES

	GROUP 2018 R000's	2017 R000's
Operating leases - as lessor (income)		
Non-cancellable operating lease rentals are receivable as follows:		
Less than one year	**3 988**	13 724
Between one and five years	**19 271**	29 110
More than five years	**19 525**	87 260
	42 784	130 094

Certain of the Group's commercial property is held to generate rental income from external parties. A lease agreement was entered into with 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.

	2018	2017
Operating leases - as lessee (expense)		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**17 847**	23 318
In second to fifth year inclusive	**32 778**	54 608
	50 625	77 926

28. BORROWING FACILITIES

	2018	2017
Available facilities	**101 833**	101 833
Net utilised	**(37 636)**	(1 810)
Unutilised balance	**64 197**	100 023

As at 31 March 2018 borrowing facilities comprised a demand loan facility of R100 million (2017: R100 million) and a bank overdraft facility of R1.9 million (2017: 1.9 million)

29. COMMITMENTS

	2018 R000's	2017 R000's
Commitments authorised by the board of directors but not yet contracted:		
Plant and equipment	**86 590**	96 143
Programming rights	**395 627**	486 492
	482 217	582 635

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 2018 amounting to R40 million within one year, R211 million after one year to five years and R184 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 additional purchase price will be calculated as follows:
(Net Profit After Tax for 2016, 2017 and 2018) plus (Lower of Net Profit After Tax for 2016, 2017 and 2018 or R5 million per annum for 2016, 2017 and 2018) x 2 x 49%

The previous owners have agreed to a restraint of trade until 30 June 2018. If they break this restraint, the purchase price changes. If they leave prior to June 2018, then the purchase price will be actual Net Profit After Tax for any completed year plus the lower of actual Net Profit After Tax or R5 million for the years subsequent to leaving. This is subject to a penalty as follows:

Leave during the year ended 30 June 2017 (year 2) – only 50% of the total additional purchase price will be paid;

Leave during the year ended 30 June 2018 (year 3) – only 75% of the total additional purchase price will be paid;

If the sellers do break the restraint, their shares will immediately be transferred to the Group and they will lose the right to dividends. However, any purchase price that will accrue to them between 2016 and 2018 will only be paid on 30 September 2018.

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 a further 24% of the shares on 1 July 2018. The purchase price will be the higher of R5 million or (Average Net Profit After Tax for 2016, 2017 and 2018) x 6 x 24%.

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% (2017: 8.5%) and Net Profit After Tax, were in the range of R6.5 million to R7.4 million (2017: R6.7 million to R10.1 million).

The contingent consideration has been classified as liabilities held for sale.

31. POST-YEAR-END EVENTS

The directors are not aware of any event or circumstance occuring 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 2018 or the financial position at that date.

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 arm's length transactions with one another. These intra-group transactions have been eliminated on consolidation.

Transactions with Hosken Consolidated Investments Limited ("HCI") (ultimate holding company), entities in which HCI 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:

	2018 R000's	2017 R000's
Income / (expense) transaction values with related parties		
HCI - management fees paid	**(16 759)**	(15 810)
HCI - internal audit service fee	**-**	(136)
Venfin - management fees paid	**(1 888)**	(1 781)
Interest income - interest bearing loans to employees	**107**	128
Interest income - unwinding of employee loans at 0% interest	**1 041**	1 249
Balances owing (to)/by related parties		
HCI - working capital loan	**(8 602)**	(8 602)
HCI Managerial Services Proprietary Limited - creditor	**(1 700)**	(1 555)
Venfin - loan relating to the acquisition of Longkloof Limited	**(156 605)**	(156 605)
Cape Town Film Studios - associate loan	**111 459**	101 858
Dreamworld Management Company - associate loan	**12 029**	11 666
Employees of the Group - loans relating to company shares held by employees	**11 763**	14 593

Loans to associates

Loans to associates are disclosed as equity-accounted investees on the face of the Statement of Financial Position.

	2018 R000's	2017 R000's
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	**14 813**	17 225

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 Intergrated Annual Report, page 17.

Company

The ultimate holding company is Hosken Consolidated Investment Limited.

Related parties

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

34. FINANCIAL INSTRUMENTS

	GROUP 2018 R000's	GROUP 2017 R000's
Financial assets		
The carrying amount of financial assets, which also represent the maximum credit exposure and reasonably approximate their fair values, are as follows:		
Loans and receivables	**612 065**	705 685
Fair value through profit or loss	**10 255**	14 979
	622 320	720 664

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

	Loans and receivables R000's	Fair value through profit or loss R000's	Non-financial assets R000's	Total R000's
2018				
Equity-accounted investees	**116 899**	**-**	**26 596**	**143 495**
Long-term receivables	**11 763**	**-**	**2 635**	**14 398**
Trade and other receivables	**323 789**	**10 255**	**50 364**	**384 408**
Cash and cash equivalents	**86 289**	**-**	**-**	**86 289**
Assets of disposal groups	**73 325**	**-**	**189 467**	**262 792**
	612 065	**10 255**	**269 062**	**891 382**
2017				
Equity-accounted investees	**106 930**	-	96 108	203 038
Long-term receivables	**14 594**	-	1 862	16 456
Trade and other receivables	**384 237**	14 979	40 746	439 962
Cash and cash equivalents	**186 204**	-	-	186 204
Assets of disposal groups	**13 719**	-	39 899	53 618
	705 685	14 979	178 615	899 279

	GROUP 2018 R000's	GROUP 2017 R000's
Financial liabilities		
The carrying amount of financial liabilities, which also reasonably approximate their fair values, are as follows:		
Fair value through profit or loss	**31 719**	18 789
Measured at amortised cost	**1 199 720**	1 435 160
	1 231 439	1 453 949

34. FINANCIAL INSTRUMENTS (continued)

	Fair value through profit or loss R000's	Measured at amortised cost R000's	Non-financial liabilities R000's	Total R000's
2018				
Forward exchange contracts	**31 719**	**-**	**-**	**31 719**
Borrowings - non current	**-**	**150 910**	**-**	**150 910**
Borrowings - current	**-**	**409 452**	**-**	**409 452**
Trade and other payables	**-**	**536 485**	**18 972**	**555 457**
Bank overdraft	**-**	**1 029**	**-**	**1 029**
Liabilities of disposal groups	**-**	**101 844**	**3 331**	**105 175**
	31 719	**1 199 720**	**22 303**	**1 253 742**
2017				
Forward exchange contracts	18 789	-	-	18 789
Borrowings - non current	-	332 627	-	332 627
Borrowings - current	-	323 748	-	323 748
Trade and other payables	-	775 717	18 040	793 757
Bank overdraft	-	1 810	-	1 810
Liabilities of disposal groups	-	1 258	363	1 621
	18 789	1 435 160	18 403	1 472 352

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 R000's	1 - 3 years R000's	3 - 5 years R000's	Over 5 years R000's	Total
2018					
Assets					
Equity-accounted investees	-	-	-	116 899	116 899
Long-term receivables	-	11 763	-	-	11 763
Trade and other receivables	334 044	-	-	-	334 044
Cash and cash equivalents	86 289	-	-	-	86 289
Assets of disposal groups	73 325	-	-	-	73 325
Total financial assets	493 658	11 763	-	116 899	622 320
Liabilities					
Forward exchange contracts	31 719	-	-	-	31 719
Borrowings	409 452	150 910		-	560 362
Trade and other payables	536 485	-	-	-	536 485
Bank overdraft	1 029	-	-	-	1 029
Liabilities of disposal groups	101 844	-	-	-	101 844
Total financial liabilities - non-derivatives	1 080 529	150 910	-	-	1 231 439
Net financial (liabilities)/assets	(586 871)	(139 147)	-	116 899	(609 119)
2017					
Assets					
Equity-accounted investees	-	-	-	106 930	106 930
Long-term receivables	-	14 594	-	-	14 594
Trade and other receivables	399 216	-	-	-	399 216
Cash and cash equivalents	186 204	-	-	-	186 204
Assets of disposal groups	13 719	-	-	-	13 719
Total financial assets	599 139	14 594	-	106 930	720 664
Liabilities					
Forward exchange contracts	18 789	-	-	-	18 789
Borrowings	323 748	206 409	126 218	-	656 375
Trade and other payables	775 717	-	-	-	775 717
Bank overdraft	1 810	-	-	-	1 810
Liabilities of disposal groups	1 258	-	-	-	1 258
Total financial liabilities - non-derivatives	1 121 322	206 409	126 218	-	1 453 949
Net financial (liabilities)/assets	(522 183)	(191 815)	(126 218)	106 930	(733 285)

34. FINANCIAL INSTRUMENTS (continued)

Contractual undiscounted cash flows

	Less than 1 year R000's	1 - 3 years R000's	3 - 5 years R000's	Over 5 years R000's	Total R000's
2018					
Liabilities - contractual undiscounted cash flows					
Borrowings	**428 704**	**167 247**			**595 951**
Trade and other payables	**536 485**				**536 485**
Bank overdraft	**1 137**				**1 137**
Liabilities of disposal groups	**101 844**				**101 844**
Total financial liabilities - non-derivatives	**1 068 170**	**167 247**	**-**	**-**	**1 235 417**
2017					
Liabilities - contractual undiscounted cash flows					
Borrowings	342 852	242 825	131 189	-	716 866
Trade and other payables	775 717	-	-	-	775 717
Bank overdraft	2 000	-	-	-	2 000
Liabilities of disposal groups	1 258	-	-	-	1 258
Total financial liabilities - non-derivatives	1 121 827	242 825	131 189	-	1 495 841

Fair value of financial instruments

The fair value 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)

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

34. FINANCIAL INSTRUMENTS (continued)

	Fair value			
	Level 1	Level 2	Level 3	Total
2018	R000's	R000's	R000's	R000's
Financial assets measured at fair value				
Harlan Special Opportunities Fund LP	-	**10 255**	-	**10 255**
Financial liabilities measured at fair value				
Forward exchange contracts	-	**31 719**	-	**31 719**

	Fair value			
	Level 1	Level 2	Level 3	Total
2017	R000's	R000's	R000's	R000's
Financial assets measured at fair value				
Harlan Special Opportunities Fund LP	-	14 979	-	14 979
	-	14 979	-	14 979
Financial liabilities measured at fair value				
Forward exchange contracts	-	18 789	-	18 789
	-	18 789	-	18 789

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.

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 a 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 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 applied.

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 a consistent basis.

	2018 **R000's**	2017 R000's
Effect on profit and loss:		
Local currency:		
British Pound	**71**	349
Euro	**(807)**	(199)
United States Dollar	**16 161**	114 399

35. FINANCIAL RISK MANAGEMENT (continued)

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

Interest rate risk

The Group's primary interest rate risk arises from long-term borrowings. 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 R394.8 million (2017: R454.2 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 R43.4 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 additional material 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. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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 R000's	Covered R000's	Total R000's
2018				
Foreign currency monetary items are as follows:				
Foreign receivables	**GBP**	**-**	**-**	**-**
	EUR	**325**	**-**	**325**
	USD	**31 735**		**31 735**
		32 060	**-**	**32 060**
Foreign payables				
	GBP	**103**	**-**	**103**
	EUR	**-**	**-**	**-**
	USD	**180 428**	**174 027**	**354 455**
		180 531	**174 027**	**354 558**

	Currency	Uncovered R000's	Covered R000's	Total R000's
2017				
Foreign currency monetary items are as follows:				
Foreign receivables	GBP	106	-	106
	EUR	437	-	437
	USD	11 058	-	11 058
		11 601	-	11 601
Foreign payables				
	GBP	929	-	929
	EUR	1 996	-	1 996
	USD	87 006	364 706	451 713
		89 931	364 706	454 638

	Average rate		Reporting date	
	2018	2017	2018	2017
The following significant exchange rates applied during the year:				
British Pound	**16,9475**	18,5882	**16,9209**	16,9741
Euro	**14,6648**	15,5769	**14,8185**	14,5110
United States Dollar	**12,7357**	14,1446	**11,9625**	13,5088

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 seperate 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)

Direct holdings	Issued capital 2018 R	Issued capital 2017 R	'% Interest 2018 %	'% Interest 2017 %	Shares at book value 2018 R	Shares at book value 2017 R
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.

Indirect holdings	Issued capital 2018 R	Issued capital 2017 R	% Effective interest 2018 %	% Effective interest 2017 %	Shares at book value 2018 R	Shares at book value 2017 R
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 360 Proprietary Limited	**200**	200	**67,7**	67,7	**20 791 900**	20 791 900
e.sat 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 2018 R	Company Loans at book value 2017 R
eMedia Investment Proprietary Limited	**340 553 328**	340 553 328
eMedia Investment Proprietary Limited - working capital loan	**(17 823)**	(13 079)
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 holdings) 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. The company regards this loan as part of the net investment in the subsidiary. Settlement of this loan is neither planned nor likely to occur in the foreseeable future.

The loan owing by HCI Invest 3 Holdco is interest free and has no set terms of repayment.

Longkloof Limited is incorporated and operate in the Channel Islands and all other subsidiary companies (indirect holdings) 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 liabilties.

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		(Loss) profit allocated to NCI for the year	
	2018 R000's	2017 R000's	2018 R000's	2017 R000's
eMedia Investments Proprietary Limited	32,31%	32,31%	(36 261)	50 687
Other subsidiaries			2 114	5 167
			(34 147)	55 854

	Other comprehensive loss allocated to NCI for the year		Accumulated NCI	
	2018 R000's	2017 R000's	2018 R000's	2017 R000's
eMedia Investments Proprietary Limited	(2 410)	(21 729)	971 894	1 010 566
Other subsidiaries	-	-	25 099	15 975
	(2 410)	(21 729)	996 993	1 026 541

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

Summarised statement of financial position		
Non-current assets	1 340 157	1 704 561
Current assets	1 384 470	1 540 798
Assets of disposal groups	262 792	53 618
Non-current liabilities	(166 585)	(353 481)
Current liabilities	(1 340 749)	(1 475 988)
Liabilities of disposal groups	(105 175)	(1 621)
Summarised statement of comprehensive income		
Revenue	2 196 250	2 303 112
(Loss)/profit for the year	(86 820)	194 106
Other comprehensive loss	(7 458)	(67 247)
Total comprehensive (loss)/income for the year	(94 278)	126 859
Summarised cash flows		
Cash flows from operating activities	22 063	270 514
Cash flows from investing activities	(42 550)	(50 857)
Cash flows from financing activities	(52 498)	(182 172)

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

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JA Copelyn* (Chairman)
A van der Veen (Chief executive officer)
AS Lee (Financial director)
TG Govender*
Y Shaik*
VE Mphande*^
L Govender*^
RD Watson*^

(*Non-executive ^Independent)

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited

TRANSFER SECRETARIES

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eMedia Holdings

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