



eMEDIA HOLDINGS LIMITED

**UNAUDITED**

CONSOLIDATED CONDENSED

INTERIM RESULTS

2017

## COMMENTARY

The period under review resulted in the Group ending the period showing a profit from continuing operations of R1.9 million compared to a profit of R103.5 million, in the prior period. The decrease is attributable to the re-negotiated DSTv contract which showed a significant decline in the licence fee revenue the Group receives from Multichoice for the supply of eNCA and five other channels. Cost of sales for the Group however increased by 9% this resulted in the Gross Profit for the Group ending the period on R598.1 million compared to R707.1 million in the prior year, a decrease of 15%. Also included in the profit are the losses attributable to the continued investment into the multi-channel business, (OpenView and e.tv multichannel) of R117.3 million compared to R136.9 million in the prior year. EBITDA for the Group ended the period on R116.9 million compared to R277.3 million for the prior period, a decrease of 57.8% year-on-year.

Programming rights for the Group increased by 34.4% to R929.9 million compared to R691.9 million in the prior year. This is due to a new three-year deal signed with Sony Pictures and includes the purchase of Days of Our Lives and other premium content. This has also seen an increase in Trade Payables of 16.8%. Borrowings for the Group, which mainly consists of mortgage bond financing, has decreased to R675.9 million and this has seen a decrease in finance costs of 21.2%.

The Group's only asset is a 67.7% stake in eMedia Investments Proprietary Limited ("eMedia Investments").

### eMEDIA INVESTMENTS

#### e.tv terrestrial

The six-month period ended 30 September 2017 has seen the market share of e.tv remain relatively constant, but has seen a decline in the key revenue drivers of LSM 5 to 7. e.tv's advertising revenue increased from R664.9 million to R688.9 million, an increase of 4% year-on-year. Programming and other cost of sales increased by 7% from R336.5 million to R359.3 million. Management is reviewing the schedule in order to change slots that are currently unprofitable. Operating expenses increased from R242.5 million to R250.9 million, an increase of 3% year-on-year. e.tv approached ICASA for an amendment to its licence conditions in which it requested that the 30 minute news bulletin be allowed to be scheduled outside of Prime Time. The application was rejected by ICASA and management is reviewing its Prime Time News strategy. As previously reported, litigation was instituted against The Minister of Communications and Others regarding the Broadcasting Digital Migration policy which will have an impact on DTT. Although e.tv lost the application, leave to appeal was granted and e.tv won the appeal at the Supreme Court of Appeal. The losing respondents referred the matter to the Constitutional Court for a final determination. It was heard in February and e.tv lost.

#### e.tv Multichannel and Platco

Included in the results are losses of R117,3 million from the continued investment into the multi-channel businesses. Advertising revenue has increased from R6.5 million in the previous year to R22.2 million. The OpenView platform has increased its viewership capacity with 1 008 114 boxes activated at the end of the period. The millionth box was activated during the month of September and monthly activations continue to be in the region of 35 000 boxes. Platco Digital also entered into a settlement agreement with the SES Satellite signal provider to terminate the 15 year contract on 31 December 2017. The settlement of R100 million included arrear and service payments to 31 December 2017 of R78 million and a termination amount of R22 million. All payments were made in October. The annualised saving in satellite signal fees will amount to R40 million.

#### eSat.tv (eNCA)

eNCA continues to perform well and is the most-watched 24-hour news channel on DSTv with approximately 50% market share. The DSTv agreement for the supply of eNCA and five other channels for five years was signed in May with an effective date of 1 February 2017. Licence fee revenue has reduced from R266.6 million to R140.8 million and structural changes were made to reduce costs. Advertising revenue in eNCA still shows good growth, ending the period on R52.0 million, a 16% increase from R44.9 million in the previous year.

Management continues to review the non-core and peripheral businesses and will exit these businesses when opportunities present themselves. During the current period, the sale of eBotswana and the intangible assets in Lalela (Pty) Ltd and Lalela LLC were completed.

**STATEMENT OF FINANCIAL POSITION**

	Unaudited 30 September 2017 R000's	Unaudited 30 September 2016 R000's	Audited 31 March 2017 R000's
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>7 589 977</b>	7 703 468	7 622 858
Property, plant and equipment	<b>903 699</b>	993 942	941 584
Plant and equipment	<b>294 839</b>	343 286	323 028
Owner occupied property	<b>608 860</b>	650 656	618 556
Intangible assets	<b>2 590 434</b>	2 628 304	2 596 701
Goodwill	<b>3 778 264</b>	3 776 769	3 778 264
Equity-accounted investees	<b>209 498</b>	231 637	203 038
Long-term receivables	<b>17 108</b>	17 214	16 456
Deferred tax assets	<b>90 974</b>	55 602	86 814
<b>Current assets</b>	<b>1 605 602</b>	1 492 379	1 529 469
Inventories	<b>18 119</b>	18 477	20 946
Programming rights	<b>929 956</b>	691 906	866 244
Trade and other receivables	<b>462 421</b>	577 187	439 962
Current tax assets	<b>15 154</b>	17 689	16 113
Cash and cash equivalents	<b>179 952</b>	187 120	186 204
<b>Assets of disposal groups</b>	<b>22 985</b>	11 763	53 618
<b>Total assets</b>	<b>9 218 564</b>	9 207 610	9 205 945
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>7 186 738</b>	7 170 029	7 181 685
Stated capital	<b>6 762 797</b>	6 762 797	6 762 797
Treasury shares	<b>(7 913)</b>	(3 230)	(7 221)
Reserves	<b>(605 365)</b>	(611 538)	(600 432)
Equity attributable to owners of the Company	<b>6 149 519</b>	6 148 029	6 155 144
Non-controlling interest	<b>1 037 219</b>	1 022 000	1 026 541
<b>Non-current liabilities</b>	<b>782 917</b>	992 164	877 871
Deferred tax liabilities	<b>537 075</b>	535 152	540 747
Borrowings	<b>241 338</b>	457 012	332 627
Operating lease accruals	<b>4 504</b>	-	4 497
<b>Current liabilities</b>	<b>1 248 909</b>	1 044 701	1 144 768
Current tax liabilities	<b>7 752</b>	12 000	6 664
Current portion of borrowings	<b>434 533</b>	342 613	342 537
Trade and other payables	<b>805 235</b>	689 173	793 757
Bank overdrafts	<b>1 389</b>	915	1 810
<b>Liabilities of disposal groups</b>	<b>-</b>	716	1 621
<b>Total liabilities</b>	<b>2 031 826</b>	2 037 581	2 024 260
<b>Total equity and liabilities</b>	<b>9 218 564</b>	9 207 610	9 205 945
Net asset value	<b>6 149 518</b>	6 148 030	6 155 144
Net asset value per share after treasury shares (cents)	<b>1 383</b>	1 381	1 384

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 Months 30 September 2017 R000's	6 Months * 30 September 2016 R000's	% change	Audited 31 March 2017 R000's
<b>Continuing operations</b>				
Revenue	1 203 634	1 262 542	-4,7%	2 582 733
Cost of sales	(605 515)	(555 411)	-9,0%	(1 176 867)
<b>Gross profit</b>	<b>598 119</b>	707 131	-15,4%	1 405 866
Other income	6 108	27 459	-77,8%	54 945
Administrative and other expenses	(487 231)	(457 320)	-6,5%	(972 546)
Earnings before interest, taxation, depreciation and amortisation	116 996	277 270	-57,8%	488 264
Depreciation, amortisation and impairments	(77 645)	(95 837)	19,0%	(216 817)
<b>Operating profit</b>	<b>39 351</b>	181 433	-78,3%	271 448
Finance income	4 885	5 270	-7,3%	10 916
Finance expenses	(22 306)	(28 298)	21,2%	(64 548)
Share of (loss)/profit of equity-accounted investees, net of taxation	(279)	1 799	-115,5%	(2 241)
<b>Profit before taxation</b>	<b>21 651</b>	160 204	-86,5%	215 575
Taxation	(19 666)	(56 753)		(87 522)
<b>Profit for the period from continuing operations</b>	<b>1 985</b>	103 451	-98,1%	128 053
<b>Discontinued operations</b>				
(Loss)/profit for the period from discontinued operations, net of taxation	(2 714)	28 025		32 561
<b>(Loss)/profit for the period</b>	<b>(729)</b>	131 476	-100,6%	160 614
<b>Other comprehensive income, net of related taxation</b>				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign operations - foreign currency translation differences	5 549	5 231		(2 198)
Reclassification of foreign currency differences on disposal	(724)	(65 049)		(65 049)
<b>Other comprehensive income/(loss), net of taxation</b>	<b>4 825</b>	(59 818)		(67 247)
<b>Total comprehensive income for the period</b>	<b>4 096</b>	71 658		93 367
<b>(Loss)/profit attributable to:</b>				
Owners of the Company	(2 494)	88 626		104 760
Non-controlling interest	1 765	42 850		55 854
	(729)	131 476		160 614
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	772	48 136		59 242
Non-controlling interest	3 324	23 521		34 125
	4 096	71 658		93 367

\* 6 Months ended 30 September 2016 restated for discontinued operations

## STATEMENT OF CHANGES IN EQUITY

	Stated Capital R000's	Treasury Shares R000's	Foreign Currency Translation Reserves R000's	Retained Income R000's
<b>Balance 31 March 2016</b>	6 762 797	-	38 030	(697 704)
Profit	-	-	-	104 760
Foreign currency translation reserve	-	-	(45 518)	-
Share buy-back	-	(7 221)	-	-
Disposal of share interest	-	-	-	-
Dividends paid	-	-	-	-
<b>Balance 31 March 2017</b>	<b>6 762 797</b>	<b>(7 221)</b>	<b>(7 488)</b>	<b>(592 944)</b>
Loss	-	-	-	(2 494)
Foreign currency translation reserve	-	-	3 266	-
Share buy-back	-	(692)	-	-
Change in ownership	-	-	-	(5 705)
Disposal of share interest	-	-	-	-
<b>Balance 30 September 2017</b>	<b>6 762 797</b>	<b>(7 913)</b>	<b>(4 222)</b>	<b>(601 143)</b>

	Equity Owners R000's	Non-controlling Interest R000's	Total Equity R000's
<b>Balance 31 March 2016</b>	6 103 123	988 220	7 091 343
Profit	104 760	55 854	160 614
Foreign currency translation reserve	(45 518)	(21 729)	(67 247)
Share buy-back	(7 221)	-	(7 221)
Disposal of share interest	-	9 449	9 449
Dividends paid	-	(5 252)	(5 252)
<b>Balance 31 March 2017</b>	<b>6 155 144</b>	<b>1 026 542</b>	<b>7 181 686</b>
(Loss)/profit	(2 494)	1 765	(730)
Foreign currency translation reserve	3 266	1 559	4 826
Share buy-back	(692)	-	(692)
Change in ownership	(5 705)	5 705	-
Disposal of share interest	-	1 648	1 648
<b>Balance 30 September 2017</b>	<b>6 149 519</b>	<b>1 037 219</b>	<b>7 186 738</b>

## STATEMENT OF CASH FLOWS

	Unaudited 30 September 2017 R000's	Unaudited* 30 September 2016 R000's	Audited 31 March 2017 R000's
<b>Cash from operating activities</b>			
Cash flows from operating activities	56 393	161 204	444 427
Net finance costs	(18 815)	(23 028)	(49 004)
Taxes paid	(27 344)	(63 894)	(126 327)
Net cash inflow from operating activities	10 234	74 282	269 096
<b>Cash used in investing activities</b>			
Acquisition of property, plant and equipment	(26 650)	(37 181)	(78 103)
Acquisition of plant and equipment	(26 650)	(37 181)	(69 922)
Acquisition of owner-occupied properties	-	-	(8 181)
Proceeds from sale of property, plant and equipment	3 323	35 237	7 393
Book value of assets disposed	1 864	35 237	4 472
Surplus on disposal	1 459	-	2 921
Movement in financial assets	2 584	1 426	2 271
Acquisition of subsidiary, net of cash acquired	-	(3 749)	(3 749)
Net cash flows of discontinued operations	13 900	1 378	36 928
Additions to intangible assets	(18 503)	(9 322)	(10 073)
Loans advanced to equity accounting investees	(5 055)	(5 910)	(6 900)
Dividends received from equity accounting investees	-	1 375	1 375
Net cash used in investing activities	(30 401)	(16 746)	(50 858)
<b>Cash from (used in) financing activities</b>			
Repayment of borrowings	(82 264)	(95 171)	(170 875)
Borrowings raised	85 726	68 799	2 877
Share buy-back	(692)	-	(7 221)
Change in non-controlling interest	2 570	(63)	-
Dividends paid to non-controlling interest	-	-	(5 252)
Net cash from (used in) financing activities	5 340	(26 435)	(180 471)
<b>Net change in cash and cash equivalents</b>	<b>(14 827)</b>	<b>31 101</b>	<b>37 767</b>
Cash and cash equivalents at beginning of the year	192 510	159 528	159 528
Effect of movements in exchange rates on cash held	880	(269)	(4 785)
<b>Cash and cash equivalents at end of the year</b>	<b>178 563</b>	<b>190 360</b>	<b>192 510</b>
<b>Cash and cash equivalents comprise the following</b>			
Cash and cash equivalents	179 952	191 275	194 320
Bank balances	179 952	187 120	186 204
Cash in disposal group assets held for sale	-	4 155	8 116
Bank overdrafts	(1 389)	(915)	(1 810)
	178 563	190 360	192 510

\* 6 Months ended 30 September 2016 restated for discontinued operations

## EARNINGS, DILUTED AND HEADLINE EARNINGS PER SHARE

	Unaudited Gross R000's	Unaudited Net R000's
<b>For the period ended 30 September 2017</b>		
Loss attributable to equity owners of the parent		(2 494)
IAS 16 gains on disposal of plant and equipment	(988)	(710)
IAS 16 impairment of plant and equipment	7	5
IAS 21 foreign currency translation reserve reclassified to profit or loss	489	489
IFRS 10 gain on the loss of control of a subsidiary	(634)	271
<b>Headline loss</b>		<b>(2 439)</b>
<b>For the period ended 30 September 2016*</b>		
Earnings attributable to equity owners of the parent		88 626
IAS 16 gains on disposal of plant and equipment	(1 201)	(865)
IAS 21 foreign currency translation reserve reclassified to profit or loss	(44 030)	(44 030)
IFRS 10 loss on the loss of control of a subsidiary	20 727	20 727
<b>Headline earnings</b>		<b>64 458</b>

	Unaudited 30 September 2017	Unaudited* 30 September 2016
<b>Basic earnings (R'000)</b>		
<b>(Loss)/earnings</b>	<b>(2 494)</b>	<b>88 626</b>
Continuing operations	1 336	69 520
Discontinued operations	(3 830)	19 106
<b>Headline (loss)/earnings</b>	<b>(2 439)</b>	<b>64 458</b>
Continuing operations	625	68 655
Discontinued operations	(3 065)	(4 197)
<b>Basic earnings per share (cents)</b>		
<b>(Loss)/earnings</b>	<b>(0,56)</b>	<b>19,91</b>
Continuing operations	0,30	15,61
Discontinued operations	(0,86)	4,30
<b>Headline (loss)/earnings</b>	<b>(0,55)</b>	<b>14,48</b>
Continuing operations	0,14	15,42
Discontinued operations	(0,69)	(0,94)
<b>Weighted average number of shares in issue - 30 September ('000)</b>	<b>444 597</b>	<b>445 233</b>
Issued shares as at 30 September ('000)	445 738	445 738
Effect of own shares held ('000)	(1 140)	(504)
<b>Net number of shares in issue - 30 September ('000)</b>	<b>444 489</b>	<b>444 597</b>
Number of shares in issue - 30 September ('000)	445 738	445 738
Number of treasury shares in issue - 30 September ('000)	(1 248)	(1 140)

\* 6 Months ended 30 September 2016 restated for discontinued operations

## BASIS OF PREPARATION

The unaudited consolidated condensed results for the six months to 30 September 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements of IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008 and the Listings Requirements of the JSE Limited. These results do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 March 2017.

These results have been prepared under the supervision of the Financial Director, A S Lee (CA) SA, and have not been audited or reviewed by the Group's auditors, Grant Thornton Johannesburg Partnership.

## SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated condensed results have been prepared under the historical cost convention, except for the revaluation of financial instruments. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

## STATED CAPITAL

As at 30 September 2017, the Company repurchased 1 248 259 N ordinary shares which are being treated as treasury shares.

## DISPOSAL GROUP ASSETS/LIABILITIES HELD FOR SALE

The sale of operations reported as disposal group assets/liabilities held for sale at 31 March 2017 that include Lalela Music SA (Pty) Ltd (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 finalised 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 remains classified as an asset held for sale.

Discontinued operations as disclosed in the statement of comprehensive income consist of the following:

	Unaudited 30 September 2017 R000's	Unaudited 30 September 2016 R000's
<b>Revenue</b>		
Longkloof Limited Group	-	3 303
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	<b>1 557</b>	1 596
TVPC Media Proprietary Limited	-	749
Shibula Lodge and Spa Proprietary Limited	-	363
Lalela Music Proprietary Limited and Lalela Music LLC	-	3 736
Total revenue	<b>1 557</b>	9 747
<b>(Loss)/profit from discontinued operations</b>		
Longkloof Limited Group	<b>(865)</b>	29 383
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	<b>(8 060)</b>	(544)
TVPC Media Proprietary Limited	-	340
Shibula Lodge and Spa Proprietary Limited	-	(952)
Lalela Music Proprietary Limited and Lalela Music LLC	<b>6 211</b>	(202)
Total (loss)/profit	<b>(2 714)</b>	28 025



Disposal groups held for sale as disclosed in the statement of financial position comprise the following:

	Property, Plant Equipment R000's	Other Assets R000's	Total Assets R000's
<b>Assets</b>			
<b>30 September 2017</b>			
Sabido Properties Proprietary Limited	22 985	-	22 985
Total assets	22 985	-	22 985
<b>30 September 2016</b>			
Longkloof Limited Group	-	6 465	6 465
e.Botswana Proprietary Limited	784	2 629	3 413
e.tv Botswana Proprietary Limited	1 865	20	1 885
Total assets	2 649	9 114	11 763

	Unaudited 30 September 2017 R000's	Unaudited 30 September 2016 R000's
<b>Liabilities</b>		
Longkloof Limited Group subsidiaries and associates	-	(702)
e.Botswana and e.tv Botswana	-	(14)
Total liabilities	-	(716)

## CHANGE IN COMPARATIVES

The results of discontinued operations have been separately disclosed on the face of the statement of comprehensive income.

## CHANGES IN DIRECTORATE AND COMPANY SECRETARIAL

Chief executive officer, A van der Veen, was appointed to the board on 14 November 2017.

## DIVIDEND TO SHAREHOLDERS

The directors have resolved not to declare an interim dividend for the period ended 30 September 2017.

On behalf of the board

**A van der Veen**  
Chief Executive Officer

**A S Lee**  
Financial Director

Cape Town  
22 November 2017

# CORPORATE INFORMATION

## eMEDIA HOLDINGS LIMITED

The company's shares are under the Media sector of the JSE.

## COMPANY REGISTRATION NUMBER

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

## JSE SHARE CODES:

Ordinary Shares: EMH IZIN: ZAE000208898  
N-Ordinary Shares: EMN IZIN: ZAE000209524

## REGISTERED OFFICE

5 Summit Road  
Dunkeld West  
Hyde Park  
Johannesburg, 2196

Private Bag X9944  
Sandton, 2146

## DIRECTORS:

J A Copelyn\* (Chairperson)  
A van der Veen (Chief executive officer)  
A S Lee (Financial director)  
T G Govender\*  
V E Mphande\*<sup>^</sup>  
L Govender\*<sup>^</sup>  
R D Watson\*<sup>^</sup>

(\* Non-executive <sup>^</sup> Independent)

## COMPANY SECRETARY

Junadi Van der Merwe

## AUDITORS

Grant Thornton Johannesburg Partnership

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## BANKERS

Standard Bank of South Africa

## SPONSOR

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## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196

PO Box 61051  
Marshalltown, 2107

## WEBSITE

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

