



**e** Media  
Holdings

**REVIEWED  
CONSOLIDATED  
CONDENSED  
ANNUAL RESULTS**  
FOR THE YEAR ENDED 31 MARCH

2018

## COMMENTARY

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, license fee revenue was cut substantially in the current year. In addition, the Group continued to invest in the Openview platform which remains loss making.

e.tv's share of broadcast audience remains under pressure, mostly due to the popularity of local dramas commissioned by the SABC. The group has implemented various schedule changes, including the launch of an additional local drama in April 2018. While the SABC commissions a substantial amount of local programming, at much higher cost than equivalent international content, our ability to commission additional local drama is limited by our production budget and profitability. Our schedule will remain under pressure while the SABC continues to operate under a subsidized regime, however we are confident that our current schedule should arrest any significant decline.

The reduction in the 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 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 have been activated and a total of R74 million (R99 million in 2017) has been 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 breakeven 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 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.

The television market is facing numerous technology and viewership challenges which will require the Group to continually assess its strategic alternatives. Our investment in Openview provides the group with strategic flexibility and is part of our plan to address the challenges of the impending digital migration transition. We continue to engage government on their DTT and DTH plans and we are pleased that the new minister of communications has adopted an open mind and pragmatic approach to the conversion to digital broadcasting. We are optimistic that the department, under her leadership, will manage this transition effectively and choose plans that will enable the transition to happen as expeditiously as possible while limiting the cost thereof to the fiscus and industry participants.

## REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2018 R000's	Audited 31 March 2017 R000's
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>5 726 730</b>	<b>7 622 858</b>
Property, plant and equipment	784 492	941 584
Plant and equipment	188 095	323 028
Owner occupied property	596 397	618 556
Intangible assets	2 537 697	2 596 701
Goodwill	2 153 800	3 778 264
Equity-accounted investees	143 495	203 038
Long-term receivables	14 398	16 457
Deferred tax assets	92 848	86 814
<b>Current assets</b>	<b>1 368 035</b>	<b>1 529 469</b>
Inventories	9 714	20 946
Programming rights	870 674	866 244
Trade and other receivables	384 408	439 962
Current tax assets	16 950	16 113
Cash and cash equivalents	86 289	186 204
<b>Assets of disposal groups</b>	<b>262 792</b>	<b>53 618</b>
<b>Total assets</b>	<b>7 357 557</b>	<b>9 205 945</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>5 558 961</b>	<b>7 181 685</b>
Stated capital	6 762 797	6 762 797
Treasury shares	( 10 870)	( 7 221)
Reserves	( 2 189 959)	( 600 432)
Equity attributable to owners of the Company	4 561 968	6 155 144
Non-controlling interest	996 993	1 026 541
<b>Non-current liabilities</b>	<b>684 252</b>	<b>877 871</b>
Deferred tax liabilities	533 342	540 747
Borrowings	150 910	332 627
Operating lease accruals	-	4 497
<b>Current liabilities</b>	<b>1 009 169</b>	<b>1 144 768</b>
Current tax liabilities	11 512	6 664
Current portion of borrowings	409 452	342 537
Trade and other payables	587 176	793 757
Bank overdraft	1 029	1 810
<b>Liabilities of disposal groups</b>	<b>105 175</b>	<b>1 621</b>
<b>Total liabilities</b>	<b>1 798 596</b>	<b>2 024 260</b>
<b>Total equity and liabilities</b>	<b>7 357 557</b>	<b>9 205 945</b>
Net asset value	4 561 968	6 155 144
Net asset value per share after treasury shares (cents)	1 027	1 384

## REVIEWED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed 31 March 2018 R000's	Restated 31 March 2017* R000's
<b>Continuing operations</b>		
Revenue	2 196 250	2 303 112
Cost of sales	(1 213 056)	(1 096 441)
<b>Gross profit</b>	<b>983 194</b>	<b>1 206 671</b>
Other income	14 361	17 230
Administrative and other expenses	(819 396)	(819 025)
<b>Earnings before interest, taxation, depreciation and amortisation</b>	<b>178 159</b>	<b>404 876</b>
Depreciation, amortisation and other impairments	(119 729)	(136 906)
Impairments of goodwill and investments	(1 597 041)	(25 739)
<b>Operating (loss)/profit</b>	<b>(1 538 611)</b>	<b>242 231</b>
Finance income	8 199	9 333
Finance expenses	(41 437)	(57 408)
Share of profit/(loss) of equity-accounted investees, net of taxation	1 289	(2 241)
<b>(Loss)/profit before taxation</b>	<b>(1 570 560)</b>	<b>191 915</b>
Taxation	(28 866)	(79 652)
<b>(Loss)/profit for the year from continuing operations</b>	<b>(1 599 426)</b>	<b>112 263</b>
<b>Discontinued operations</b>		
(Loss)/profit for the period from discontinued operations, net of taxation	(13 494)	48 351
<b>(Loss)/profit for the period</b>	<b>(1 612 920)</b>	<b>160 614</b>
<b>Other comprehensive loss, net of related taxation</b>		
<i>Items that are or may be reclassified to profit or loss</i>		
Foreign operations - foreign currency translation differences	(6 735)	(2 198)
Reclassification of foreign currency differences on disposal	(723)	(65 049)
<b>Other comprehensive loss, net of taxation</b>	<b>(7 458)</b>	<b>(67 247)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(1 620 378)</b>	<b>93 367</b>
<b>(Loss)/profit attributable to:</b>		
Owners of the Company	(1 578 773)	104 760
Non-controlling interest	(34 147)	55 854
	<b>(1 612 920)</b>	<b>160 614</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the Company	(1 583 821)	59 242
Non-controlling interest	(36 557)	34 125
	<b>(1 620 378)</b>	<b>93 367</b>

\* Prior year restated for discontinued operations

## REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 March 2018 R000's	Restated 31 March 2017* R000's
<b>Cash from operating activities</b>		
Cash flows from operating activities	109 286	444 427
Net finance costs	( 38 777)	( 49 004)
Taxes paid	( 49 543)	( 126 327)
Net cash inflow from operating activities	20 966	269 096
<b>Cash used in investing activities</b>		
Acquisition of property, plant and equipment	( 56 962)	( 78 103)
Acquisition of plant and equipment	( 54 449)	( 69 922)
Acquisition of owner-occupied properties	( 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 on disposal	25 372	2 921
Movement in 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	( 22 376)	( 10 073)
Loans advanced to equity accounting investees	( 9 964)	( 6 900)
Dividends received from equity accounting investees	-	1 375
Net cash used in investing activities	( 42 551)	( 50 858)
<b>Cash from (used in) financing activities</b>		
Repayment of borrowings	( 188 424)	( 170 875)
Settlement of forward exchange contracts	( 11 743)	-
Borrowings raised	150 188	2 877
Share buy back	( 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 cash from (used in) financing activities	( 51 403)	( 180 471)
<b>Net change in cash and cash equivalents</b>	<b>( 72 988)</b>	<b>37 767</b>
Cash and cash equivalents at beginning of the year	192 510	159 528
Effect of movements in exchange rates on cash held	( 2 866)	( 4 785)
<b>Cash and cash equivalents at end of the year</b>	<b>116 656</b>	<b>192 510</b>
<b>Cash and cash equivalents comprise the following</b>		
Cash and cash equivalents	117 685	194 320
Bank balances	86 289	186 204
Cash in disposal group assets held for sale	31 396	8 116
Bank overdrafts	( 1 029)	( 1 810)
	116 656	192 510

\* Prior year restated for discontinued operations

## REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated Capital R000's	Treasury Shares R000's	Other 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	-	-	-	(1 578 773)
Other comprehensive income - FCTR	-	-	(5 049)	-
Share buy-back	-	(3 649)	-	-
Change in ownership	-	-	-	(5 705)
Disposal of share interest	-	-	-	-
Dividends paid	-	-	-	-
<b>Balance 31 March 2018</b>	<b>6 762 797</b>	<b>(10 870)</b>	<b>(12 537)</b>	<b>(2 177 422)</b>

	Equity Owners R000's	Non-controlling Interest R000's	Total Equity R000's
<b>Balance 31 March 2016</b>	6 103 123	988 219	7 091 342
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>1 026 541</b>	<b>7 181 685</b>
Loss	(1 578 773)	(34 147)	(1 612 920)
Other comprehensive income - FCTR	(5 049)	(2 409)	(7 458)
Share buy-back	(3 649)	-	(3 649)
Change in ownership	(5 705)	5 705	-
Disposal of share interest	-	1 648	1 648
Dividends paid	-	(345)	(345)
<b>Balance 31 March 2018</b>	<b>4 561 968</b>	<b>996 993</b>	<b>5 558 961</b>

## HEADLINE EARNINGS

	Reviewed Gross R000's	Restated Net R000's
<b>For the year ended 31 March 2018</b>		
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 and joint ventures	64 359	43 563
IAS 38 impairment of intangible assets	8 307	4 048
IFRS 3 impairment of goodwill	1 532 682	1 522 677
IFRS 10 gain on the loss of control of a subsidiary	( 4 750)	( 2 238)
<b>Headline earnings</b>		( 12 477)
<b>For the year ended 31 March 2017*</b>		
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
<b>Headline earnings</b>		98 039

\* Prior year restated for discontinued operations

## STATISTICS PER SHARE

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

\* Prior year restated for discontinued operations



## NOTES TO THE REVIEWED CONSOLIDATED CONDENSED RESULTS

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008, and the Listing Requirements of the JSE Limited. The accounting policies applied by the group in the preparation of these reviewed condensed consolidated financial information are consistent with those applied by the group in its consolidated financial statements as at, and for, the year ended 31 March 2018. There was no material impact on the financial results identified based on management's assessment of the new standards adopted. As required by the JSE Limited Listings Requirements, the group reports headline earnings in accordance with Circular 2/2015: Headline Earnings as issued by the South African Institute of Chartered Accountants. These financial statements were prepared under the supervision of the financial director, AS Lee (CA)SA.

## DISCONTINUED OPERATIONS

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 finalized 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.

	Reviewed 31 March 2018 R000's	Restated 31 March 2017* R000's
<b>Revenue</b>		
Longkloof Limited Group	-	3 304
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	1 557	4 409
TVPC Media Proprietary Limited	-	749
Shibula Lodge and Spa Proprietary Limited	-	363
Lalela Music Proprietary Limited and Lalela Music LLC	-	13 082
Silverline Three Sixty Proprietary Limited	244 779	279 621
Total revenue	<b>246 336</b>	301 528
<b>(Loss)/profit from discontinued operations</b>		
Longkloof Limited Group	-	33 652
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	(8 060)	(12)
TVPC Media Proprietary Limited	-	(952)
Shibula Lodge and Spa Proprietary Limited	-	(3 124)
Lalela Music Proprietary Limited and Lalela Music LLC	5 394	2 997
Silverline Three Sixty Proprietary Limited	(10 828)	15 790
Total (loss)/profit	<b>(13 494)</b>	48 351

\* Prior year restated for discontinued operations

Disposal group held for sale as disclosed in the statement of financial position consist of the following:

	Property, plant equipment R'000	Intangible assets and Goodwill R'000	Other assets R'000	Total assets R'000
<b>Assets</b>				
<b>31 March 2018, Reviewed</b>				
Silverline Three Sixty Proprietary Limited	85 643	91 782	85 367	262 792

**31 March 2017, Audited**

Longkloof Limited Group	-	-	5 590	5 590
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	2 801	-	2 813	5 614
Lalela Music Proprietary Limited and Lalela Music LLC	295	12 001	7 133	19 429
Sabido Properties Proprietary Limited	22 985	-	-	22 985
Total assets	26 081	12 001	15 536	53 618

	Financial liabilities R000's	Other liabilities R000's	Total liabilities R000's
<b>31 March 2018, Reviewed</b>			
Silverline Three Sixty Proprietary Limited	57 378	47 797	105 175

	Audited 31 March 2017 R000's
<b>Liabilities</b>	
e.Botswana and e.tv Botswana	174
Lalela Music SA and Lalela Music LLC	1 447
Total liabilities	1 621

## CHANGES IN COMPARATIVES

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

## RELATED PARTY TRANSACTIONS

During the year, in the ordinary course of business, certain companies within the group entered into 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:

	Reviewed 31 March 2018 R000's	Audited 31 March 2017 R000's
<b>Income / (expense) transaction values with related parties</b>		
HCI - management fees paid	<b>(16 759)</b>	(15 810)
HCI - internal audit service fee	-	(136)
Venfin - management fees paid	<b>(1 888)</b>	(1 781)
Interest income - interest bearing loans to employees	<b>107</b>	128
Interest income - unwinding of employee loans at 0% interest	<b>1 041</b>	1 249
<b>Balances owing (to) / by related parties</b>		
HCI - working capital loan	<b>(8 602)</b>	(8 602)
HCI Managerial Services Proprietary Limited	<b>(1 700)</b>	(1 555)
Venfin - loan relating to the acquisition of Longkloof Limited	<b>(156 605)</b>	(156 605)
Cape Town Film Studios - associate loan	<b>111 459</b>	101 858
Dreamworld Management Company - associate loan	<b>12 029</b>	11 666
Employees of the Group - loans relating to company shares held by employees	<b>11 763</b>	14 593

### AUDITOR'S REVIEW

These condensed consolidated financial information for the year ended 31 March 2018 have been reviewed by Grant Thornton Johannesburg Partnership, who expressed an unmodified review conclusion. The Auditor's Report does not necessarily report on all of the information contained in this announcement of the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the engagement they should obtain a copy of the Auditor's Report together with the accompanying financial information from the issuer's registered office and website. A copy of the Auditor's Review report is available for inspection at the company's registered office together with the financial information identified in the Auditor's Report.

### CHANGES IN DIRECTORATE AND COMPANY SECRETARIAL

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

Ms Junadi van der Merwe resigned as company secretary and HCI Managerial Services (Pty) Ltd has been appointed with effect from 31 March 2018.

### DIVIDEND TO SHAREHOLDERS

The directors have resolved not to declare a dividend for the year ended 31 March 2018 (2017: Nil).

Signed for and on behalf of the board on 23 May 2018.



A van der Veen  
Chief Executive Officer



AS Lee  
Financial Director

# 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\* (Chairman)  
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

HCI Managerial Services Proprietary Limited

## AUDITORS

Grant Thornton Johannesburg Partnership

Practice Number 903485

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## BANKERS

Standard Bank of South Africa

## SPONSOR

Investec Bank Limited

100 Grayston Drive  
Sandton, Sandown, 2196

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
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## WEBSITE

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

