



eMedia Holdings Limited
**REVIEWED CONDENSED CONSOLIDATED
ANNUAL RESULTS**

FOR THE YEAR ENDED 31 MARCH

2019

COMMENTARY

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

After reflecting a loss of R34.6 million from discontinued operations, the group ended with a profit for the year of R83.1 million. The loss from discontinued operations stems mainly from the closure of the loss-making entities in the Silverline 360 Group viz. Refinery Johannesburg and MovieMart.

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

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

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

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

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

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

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

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

The 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 its DTT and DTH plans. With the sale and our closure of certain non-core assets during the year, the group is focused on its core businesses of broadcasting, content creation and a platform and technology provider.

REVIEWED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2019 R000	Audited 31 March 2018 R000
ASSETS		
Non-current assets	5 779 984	5 726 730
Property, plant and equipment	848 033	784 492
Plant and equipment	230 156	183 785
Owner-occupied property	617 877	600 707
Intangible assets	2 451 759	2 537 697
Goodwill	2 222 048	2 153 800
Equity-accounted investees	153 843	143 495
Long-term receivables	24 726	14 398
Deferred tax assets	79 575	92 848
Current assets	1 359 865	1 368 035
Inventories	14 040	9 714
Programming rights	792 611	870 674
Trade and other receivables	452 023	384 408
Current tax assets	17 864	16 950
Cash and cash equivalents	83 327	86 289
Assets of disposal groups	6 342	262 792
Total assets	7 146 191	7 357 557
EQUITY AND LIABILITIES		
Total equity	5 604 947	5 558 961
Stated capital	6 762 797	6 762 797
Treasury shares	(14 018)	(10 870)
Reserves	(2 148 156)	(2 189 960)
Equity attributable to owners of the company	4 600 623	4 561 967
Non-controlling interest	1 004 324	996 994
Non-current liabilities	650 362	684 252
Deferred tax liabilities	526 630	533 342
Borrowings	123 732	150 910
Current liabilities	887 833	1 009 169
Current tax liabilities	6 219	11 512
Current portion of borrowings	323 092	409 452
Trade and other payables	520 639	587 176
Bank overdraft	37 883	1 029
Liabilities of disposal groups	3 049	105 175
Total liabilities	1 541 244	1 798 596
Total equity and liabilities	7 146 191	7 357 557
Net asset value	4 600 623	4 561 967
Net asset value per share after treasury shares (cents)	1 038	1 027

REVIEWED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12 months 31 March 2019 R000	12 months* 31 March 2018 R000
Continuing operations		
Revenue	2 405 548	2 318 357
Cost of sales	(1 210 504)	(1 199 371)
Gross profit	1 195 044	1 118 986
Other income	25 562	19 842
Administrative and other expenses	(899 317)	(907 663)
Earnings before interest, taxation, depreciation, amortisation and impairments	321 289	231 165
Depreciation, amortisation and impairments	(138 593)	(1 748 738)
Operating profit	182 696	(1 517 573)
Finance income	5 997	6 910
Finance expenses	(31 375)	(44 175)
Share of profit of equity-accounted investees, net of taxation	2 774	1 289
Surplus on disposal of associate	14 275	–
Profit before taxation	174 367	(1 553 549)
Taxation	(56 751)	(32 028)
Profit for the period from continuing operations	117 616	(1 585 577)
Discontinued operations		
Loss for the period from discontinued operations, net of taxation	(34 558)	(27 343)
Profit/(loss) for the period	83 058	(1 612 920)
Other comprehensive income, net of related taxation		
<i>Items that will be reclassified to profit or loss</i>		
Foreign operations – foreign currency translation differences	(2 307)	(6 735)
Reclassification of foreign currency differences on disposal	(1 005)	(723)
Other comprehensive income/(loss), net of taxation	(3 312)	(7 458)
Total comprehensive income/(loss) for the period	79 746	(1 620 378)
Profit/(loss) attributable to:		
Owners of the company	48 149	(1 578 773)
Non-controlling interest	34 909	(34 147)
	83 058	(1 612 920)
Total comprehensive income attributable to:		
Owners of the company	45 907	(1 583 821)
Non-controlling interest	33 839	(36 557)
	79 746	(1 620 378)

* Prior year restated for discontinued operations.

REVIEWED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R000	Treasury shares R000	Other reserves R000	Accumulated loss R000
Group				
Balance 31 March 2017	6 762 797	(7 221)	(7 488)	(592 945)
Loss	-	-	-	(1 578 773)
Other comprehensive loss – foreign currency translation reserve	-	-	(5 049)	-
Share buyback	-	(3 649)	-	-
Change in ownership	-	-	-	(5 705)
Disposal of share interest	-	-	-	-
Balance 31 March 2018	6 762 797	(10 870)	(12 537)	(2 177 423)
Profit	-	-	-	48 149
Other comprehensive loss – foreign currency translation reserve	-	-	(2 242)	-
Share buyback	-	(3 148)	-	-
Common control transaction	-	-	(4 103)	-
Disposal of share interest	-	-	-	-
Balance 31 March 2019	6 762 797	(14 018)	(18 882)	(2 129 274)

	Equity owners R000	Non-controlling interest R000	Total reserves R000
Group			
Balance 31 March 2017	6 155 143	1 026 542	7 181 685
Loss	(1 578 773)	(34 147)	(1 612 920)
Other comprehensive loss – foreign currency translation reserve	(5 049)	(2 409)	(7 458)
Share buyback	(3 649)	(345)	(3 994)
Change in ownership	(5 705)	5 705	-
Disposal of share interest	-	1 648	1 648
Balance 31 March 2018	4 561 967	996 994	5 558 961
Profit	48 149	34 909	83 058
Other comprehensive loss – foreign currency translation reserve	(2 242)	(1 070)	(3 312)
Share buyback	(3 148)	-	(3 148)
Common control transaction	(4 103)	-	(4 103)
Disposal of share interest	-	(26 509)	(26 509)
Balance 31 March 2019	4 600 623	1 004 324	5 604 947

REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 March 2019 R000	Audited 31 March 2018 R000
Cash from operating activities		
Cash flows from operating activities	293 725	109 286
Net finance costs	(24 290)	(38 777)
Taxes paid	(64 334)	(49 543)
Net cash inflow from operating activities	205 101	20 966
Cash used in investing activities		
Acquisition of property, plant and equipment	(99 561)	(56 962)
Acquisition of plant and equipment	(99 561)	(54 449)
Acquisition of owner-occupied properties	–	(2 513)
Proceeds from sale of property, plant and equipment	6 222	27 670
Book value of assets disposed	8 753	2 298
(Deficit)/surplus on disposal	(2 531)	25 372
Movement in financial assets	(3 198)	2 153
Business combinations/disposals	(13 746)	–
Proceeds on disposal of investment	14 275	
Net cash flows of discontinued operations	–	16 928
Additions to intangible assets	(6 013)	(22 376)
Loans advanced to equity accounting investees	(7 577)	(9 964)
Net cash used in investing activities	(109 598)	(42 551)
Cash from/(used in) financing activities		
Repayment of borrowings	(267 180)	(188 424)
Settlement of forward exchange contracts	–	(11 743)
Borrowings raised	100 000	150 188
Share buyback	–	(3 649)
Proceeds from disposal of shares to non-controlling interest	–	2 570
Dividends paid to non-controlling interest	–	(345)
Net cash from/(used in) financing activities	(167 180)	(51 403)
Net change in cash and cash equivalents	(71 677)	(72 988)
Cash and cash equivalents at the beginning of the year	116 656	192 510
Effect of movements in exchange rates on cash held	418	(2 866)
Cash and cash equivalents at the end of the year	45 397	116 656
Cash and cash equivalents comprise the following:		
Cash and cash equivalents	83 230	117 685
Bank balances	83 230	86 289
Cash in disposal group assets held for sale		31 396
Bank overdrafts	(37 833)	(1 029)
	45 397	116 656

HEADLINE EARNINGS

	Reviewed Gross R000	Reviewed Net R000
For the year ended 31 March 2019		
Earnings attributable to equity owners of the parent		48 149
IAS 16 loss on disposal of plant and equipment	2 531	1 233
IAS 16 impairment of plant and equipment	3 605	1 757
IAS 21 foreign currency translation reserve reclassified to profit or loss	(1 005)	(680)
IAS 28 gain on disposal of associates	(14 275)	(9 663)
IAS 38 impairment of intangible assets	14 579	7 378
IFRS 3 impairment of goodwill	16 604	11 239
IFRS 10 loss on the change of control of subsidiary	386	262
Headline earnings		59 675

	Restated Gross R000	Restated Net* R000
For the year ended 31 March 2018		
Earnings attributable to equity owners of the parent		(1 578 773)
IAS 16 gains on disposal of plant and equipment	(1 864)	(1 342)
IAS 16 impairment of plant and equipment	108	77
IAS 21 foreign currency translation reserve reclassified to profit or loss	(489)	(489)
IAS 28 impairment of associates and joint ventures	43 563	43 563
IAS 38 impairment of intangible assets	8 307	4 048
IFRS 3 impairment of goodwill	1 522 677	1 522 677
IFRS 10 gain on the loss of control of a subsidiary	(3 215)	(2 238)
Headline earnings		(12 477)

* Prior year restated for discontinued operations.

STATISTICS PER SHARE

	Reviewed 31 March 2019	Restated* 31 March 2018
Basic earnings (R000)		
Earnings/(loss)	48 149	(1 578 773)
Continuing operations	71 540	(1 560 265)
Discontinued operations	(23 391)	(18 508)
Headline earnings/(loss)	59 675	(12 477)
Continuing operations	70 232	8 752
Discontinued operations	(10 557)	(21 229)
Basic earnings per share (cents)		
Earnings/(loss)	10.85	(355.19)
Continuing operations	16.12	(351.03)
Discontinued operations	(5.27)	(4.16)
Headline earnings per share (cents)		
Earnings/(loss)	13.45	(2.81)
Continuing operations	15.83	1.97
Discontinued operations	(2.38)	(4.78)
Weighted average number of shares in issue – 31 March (000)	443 675	444 481
Issued shares as at 1 April (000)	444 153	444 597
Effect of own shares held (000)	(478)	(116)
Net number of shares in issue – 31 March (000)	443 354	444 152
Number of shares in issue – 31 March (000)	445 738	445 737
Number of treasury shares in issue – 31 March (000)	(2 384)	(1 585)

* Prior year restated for discontinued operations.

During the year, the company entered into a share buyback from group employees who resigned, resulting in the buyback of 2 384 074 (2018: 1 584 912) N ordinary shares. The share buyback transaction is accounted for as treasury shares in the statement of changes in equity.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements of IAS 34, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008, and the JSE Limited Listings Requirements. The accounting policies applied by the group in the preparation of the reviewed condensed consolidated financial information are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2018, except for the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. 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 4/2018: Headline Earnings as issued by SAICA. The financial information was prepared under the supervision of the financial director, AS Lee, (CA)SA.

SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the group's consolidated financial statements as at and for the year ended 31 March 2018.

The changes in accounting policies are also expected to be reflected in the group's consolidated financial statements as at and for the year ended 31 March 2019.

The group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018 but they did not have a material effect on the group's financial statements. Therefore, no restatement of prior year numbers is required.

DISCONTINUED OPERATIONS

During the year ended 31 March 2019, a decision was made to close all loss-making entities within the Silverline Three Sixty Proprietary Limited Group. These included The Refinery (Johannesburg) and MovieMart. A further decision was made to dispose of Strika Entertainment, Coleske Artists and Afrikaans is Groot at 31 March 2019. The results of the operations were reclassified to discontinued operations in the statement of comprehensive income and in assets and liabilities of disposal groups held for sale in the statement of financial position.

Operations reported as disposal group assets/liabilities held for sale at 31 March 2019 relate to the Longkloof group of companies.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS (CONTINUED)

DISCONTINUED OPERATIONS (continued)

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

	Reviewed 31 March 2019 R000	Restated* 31 March 2018 R000
Revenue		
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	–	1 537
Silverline Three Sixty Proprietary Limited	22 096	39 171
Coleske Artists Proprietary Limited	1 312	20 429
Afrikaans is Groot Show Proprietary Limited	777	31 618
Strika Entertainment Proprietary Limited	39 542	31 453
Total revenue	63 727	124 208
Loss from discontinued operations		
Longkloof Limited Group	(1 479)	2 208
e.Botswana Proprietary Limited and e.tv Botswana Proprietary Limited	–	3 770
Lalela Music Proprietary Limited and Lalela Music LLC	–	3 976
Silverline Three Sixty Proprietary Limited	(42 342)	(34 644)
Coleske Artists Proprietary Limited	(608)	(1 435)
Afrikaans is Groot Show Proprietary Limited	2 392	563
Strika Entertainment Proprietary Limited	7 392	2 818
Total loss	(34 645)	(22 744)

* Prior year restated for discontinued operations.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS (CONTINUED)

DISCONTINUED OPERATIONS (continued)

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

	Property, plant and equipment R000	Intangible assets and goodwill R000	Other assets R000	Total assets R000
Assets				
31 March 2019, reviewed				
Longkloof Limited Group			6 342	6 342
Total assets	-	-	6 342	6 342
Assets				
31 March 2018, audited				
Silverline Three Sixty Proprietary Limited	85 643	91 782	85 367	262 792
Total assets	85 643	91 782	85 367	262 792
	Financial liabilities R000	Other liabilities R000	Total liabilities R000	
Liabilities				
31 March 2019, reviewed				
Longkloof Limited Group		3 049	3 049	
Total liabilities	-	3 049	3 049	
Liabilities				
31 March 2018, audited				
Silverline Three Sixty Proprietary Limited			105 175	
Total liabilities			105 175	

Audited
31 March
2018
R000

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS (CONTINUED)

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 2019 R000	Restated 31 March 2018 R000
Income/(expense) transaction values with related parties		
HCI – management fees paid	(20 429)	(16 759)
Venfin – management fees paid	(2 002)	(1 888)
GRIPP Advisory – internal audit service fee	(2 538)	–
Interest income – interest-bearing loans to employees		107
Interest income – unwinding of employee loans at 0% interest	736	1 041
Balances owing (to)/by related parties		
HCI – working capital loan	(8 602)	(8 602)
HCI Managerial Services Proprietary Limited	(1 747)	(1 700)
Venfin – loan relating to the acquisition of Longkloof Limited	(156 605)	(156 605)
Cape Town Film Studios – associate loan	118 728	111 459
Dreamworld Management Company – associate loan	12 340	12 029
Employees of the group – loans relating to company shares held by employees	9 351	11 763

AUDITOR'S REVIEW REPORT

The condensed consolidated financial information for the year ended 31 March 2019 has been reviewed by BDO South Africa Incorporated, who expressed an unmodified review conclusion. The auditor's review report does not necessarily report on all 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 review report together with the accompanying financial information from the issuer's registered office. 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 review report.

CHANGES IN DIRECTORATE AND COMPANY SECRETARIAL

Chief executive officer, Mohamed Khaik Sherrif, was appointed to the board on 13 November 2018 after the resignation of the previous chief executive officer, Andre van der Veen, who resigned on 30 November 2018.

Yunis Shaik was appointed to the board on 3 July 2018.

DIVIDEND TO SHAREHOLDERS

The directors of eMedia Holdings have resolved to declare a final dividend (relating to both ordinary (share code: EMH) and N ordinary (share code: EMN) shares for the year ended 31 March 2019 of 8 cents per share (2018: nil). The dividend will be subject to a local dividend withholding tax at a rate of 20%, which will result in a net interim dividend to those shareholders not exempt from paying dividend withholding tax of 6.40 cents per ordinary share and 8 cents per ordinary share for those shareholders who are exempt from dividend withholding tax. In terms of dividend withholding tax legislation, any dividend withholding tax amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or central securities depository participant (collectively "regulated intermediary") on behalf of shareholders. All shareholders should declare their status to their regulated intermediary as they may qualify for a reduced dividend withholding tax rate or exemption. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Tuesday, 11 June 2019
Commence trading ex dividend	Wednesday, 12 June 2019
Record date	Friday, 14 June 2019
Payment date	Tuesday, 18 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 June 2019 and Friday, 14 June 2019, both dates inclusive.

eMedia Holdings' tax reference number is 9650/144/71/1.

Signed for and on behalf of the board on 23 May 2019 by:


MK Sherrif
Chief executive officer


AS Lee
Financial director

CORPORATE INFORMATION

eMEDIA HOLDINGS LIMITED

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

COMPANY REGISTRATION NUMBER

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

JSE SHARE CODES

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

REGISTERED OFFICE

5 Summit Road
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DIRECTORS

JA Copelyn* (chairman)
K Sherrif (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

Computershare Investor Services Proprietary Limited
Rosebank Towers
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